

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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**(ii) LCY**

LCY, a Malaysian aged 76, is the Promoter and our substantial shareholder, Non-Independent Executive Director and Group Chief Executive Officer. He was appointed to our Board on 9 February 2021.

As our Executive Director and Group Chief Executive Officer, he oversees our Group's overall manufacturing services and day-to-day management of our operations.

He graduated with a Bachelor of Engineering Degree from University of Melbourne, Australia, in November 1968 and obtained his Certificate of Degree of Bachelor of Mechanical Engineering in March 1969.

He began his career with Marfleet and Weight Manufacturing, Melbourne Pty. Ltd. in December 1968 as a trainee design engineer where he was involved in the design and manufacture of mining haulage equipment for two years. In 1970, he left the company to pursue his career in Malaysia.

In 1971, he joined Singapore Electronics & Engineering Pte Ltd as Mechanical Engineer and was subsequently promoted to the position of Head of Mechanical Engineering Department in April 1972. In 1973, he left the company and joined Mars Electronics & Engineering Sdn Bhd as Head of Mechanical Engineering Department until 1979. Thereafter, he joined Federal Cables Wires & Metal Manufacturing Bhd as General Manager until June 1986. He took a 6-months career break before he joined Universal Cable (M) Berhad as Technical Consultant in 1987. In 1988, he was promoted to General Manager of Universal Cable (M) Berhad. In 1991, he resigned as General Manager and relocated to Perth, Australia in January 1992 until June 1996.

He returned to Malaysia and joined Leader Universal Group of Companies ("**Leader Universal Group**"). He held several positions including Sales and Marketing Director, Senior Director of Sales and Marketing and Managing Director. In his last designation as Managing Director of Universal Cable (M) Berhad, which was a company within the Leader Universal Group, he was responsible for the business operations of Universal Cable (M) Berhad. In April 2004, he left Universal Cable (M) Berhad and joined BCM Electronics as the Chief Executive Officer.

In August 2017, he incorporated MSH together with LHC to acquire BCM Electronics from Comintel Corporation. In January 2018, he was appointed as a director of BCM Electronics. For the avoidance of doubt, save for being the Chief Executive Officer of BCM Electronics, he did not hold any position in Comintel Corporation or its subsidiaries prior to the completion of the MBO of BCM Electronics. He was appointed as our Group Chief Executive Officer on 25 March 2021.

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### (iii) LHC

LHC, a Malaysian male aged 56, is the Promoter and our substantial shareholder and Non-Independent Executive Director and Group Chief Financial Officer. He was appointed to our Board on 9 February 2021.

As our Executive Director and Group Chief Financial Officer, he is responsible for our overseeing the overall finance function of our Group.

He graduated with an honours degree in Management Studies from University of Waikato, New Zealand, in April 1992. He has been a member of the New Zealand Institute of Chartered Accountants since November 1995 and in December 2014, he became a Chartered Accountant with the Chartered Accountants Australia and New Zealand after the amalgamation of the Institute of Chartered Accountants in Australia and the New Zealand Institute of Chartered Accountants. He has been a Registered Accountant with the MIA since Oct 1996 and a Chartered Accountant (Malaysia) ("**CA(M)**") of the MIA since June 2001.

He began his career with Russ Ooi & Associates (a member firm of RSM International then) in April 1992 as an audit assistant and his last position when he left in April 1994 was audit senior. In May 1994, he joined Comintel Sdn Bhd as an accountant where he was responsible for the overall management of accounting and finance function of the company and its subsidiaries, and held various positions in Comintel Corporation group of companies ("**Comintel Group**") including Chief Financial Officer and Deputy Chief Executive Officer where his last designation was Executive Director before he left in January 2018.

In August 2017, he incorporated MSH together with LCY to acquire BCM Electronics from Comintel Corporation. After the MBO of BCM Electronics, he resigned from all the positions he held in the Comintel Group in January 2018 and assumed his current position as executive director of BCM Electronics. He was appointed as our Group Chief Financial Officer on 25 March 2021.

### (iv) MSL

MSL, a company incorporated on 6 October 2017 as a limited liability company in the BVI under the BVI Companies Act 2004 is our substantial shareholder.

The principal activity of MSL is investment holding.

As at the LPD, the issued share capital of MSL is USD2 comprising 2 ordinary shares. The shareholders and their respective shareholding in MSL as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
LHC	Malaysian	1	50.0	-	-
LCY	Malaysian	1	50.0	-	-

As at the LPD, the directors of MSL are LCY and LHC.

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.1.3 Changes in shareholdings

Save for the issuance of our Shares to the Promoter and our substantial shareholder pursuant to the Pre-IPO Restructuring as detailed in Section 6.1.3 of this Prospectus, there has been no change in the Promoters' and our substantial shareholders' shareholdings in our Company for the past three (3) years preceding the LPD.

### 9.1.4 Amounts/Benefits paid/given or proposed to be paid to the Promoters and our substantial shareholders

Save for the dividend paid to the Promoter as disclosed below and the aggregate remuneration and benefits in-kind paid or proposed to be paid to the Promoters who are also our Executive Directors as disclosed in Section 9.2.4 of this Prospectus, no amounts have been paid or benefits given or proposed to be paid or given to the Promoters and our substantial shareholders within the two years preceding the date of this Prospectus and up to the LPD:

	<u>FYE</u> <u>31 January 2020</u>	<u>FYE</u> <u>31 January 2021</u>	<u>From 1 February</u> <u>2021 up to the LPD</u>
	RM'000	RM'000	RM'000
MSH	38,622	4,930	3,287
LCY	-	-	-
LHC	-	-	-
MSL	-	-	-

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**9.2 BOARD OF DIRECTORS**

**9.2.1 Particulars and shareholdings**

The following table sets out particulars of our Directors and their respective direct and indirect shareholdings in our Company before and after our IPO:

Name	Nationality	Before our IPO			After our IPO		
		Direct	Indirect	No. of Shares	Direct	Indirect	No. of Shares
		No. of Shares	( <sup>1</sup> )%		( <sup>1</sup> )%	No. of Shares	
		'000		'000		'000	( <sup>2</sup> )%
Datin Normaliza Binti Kairon	Malaysian	-	-	-	( <sup>3</sup> )260	-	( <sup>4</sup> )-
F'ng Meow Cheng	Malaysian	-	-	-	( <sup>3</sup> )180	-	( <sup>4</sup> )-
Nor Shahrir Bin Nor Shahid	Malaysian	-	-	-	( <sup>3</sup> )180	-	( <sup>4</sup> )-
Yee Swee Meng	Malaysian	-	-	-	( <sup>3</sup> )180	-	( <sup>4</sup> )-
LCY	Malaysian	-	-	( <sup>5</sup> )281,170	( <sup>3</sup> )100	( <sup>5</sup> )254,310	( <sup>4</sup> )-
LHC	Malaysian	-	-	( <sup>5</sup> )281,170	( <sup>3</sup> )100	( <sup>5</sup> )254,310	( <sup>4</sup> )-

**Notes:**

- (1) Based on our issued Shares before our IPO of 281,170,000 ATech Shares.
- (2) Based on our enlarged issued Shares after our IPO of 358,180,000 ATech Shares.
- (3) Assuming the Directors subscribe in full our Shares allocated to them as an Eligible Person pursuant to the Retail Offering.
- (4) Negligible.
- (5) Deemed interested by virtue of his interest in our Company via MSH pursuant to Section 8(4) of the Act.

None of our Directors represent any corporate shareholder on our Board. Further, there are no family relationships between our Directors.

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.2.2 Profiles of our Directors

#### (i) Datin Normaliza Binti Kairon

Datin Normaliza Binti Kairon, a Malaysian aged 50, is our Chairperson and Independent Non-Executive Director. She was appointed to our Board on 2 April 2021.

She graduated with a Bachelor of Accounting from Universiti Malaya in August 1995 and later obtained her Master of Business Administration (majoring in Finance) from Open University Malaysia in December 2006. She is a CA(M) and a member of the MIA since September 1998. She is a member of CPA Australia since July 2014 and obtained the Certified Practising Accountant Australia certificate in December 2015.

She began her career with Edaran Otomobil Nasional Berhad as a management trainee of Group Financial Division in July 1995 and resigned as an executive in August 1998. Subsequently, she joined the SC as Senior Corporate Analyst of Financial and Corporate Surveillance Department in August 1998 where she was responsible for providing financial statement analysis and monitoring corporate development. She held the designation of Senior Associate of Equity Compliance Unit of the Take-Overs & Mergers Department, tasked to review corporate proposals for compliance with the Foreign Investment Committee Guidelines when she left the SC in March 2008.

In May 2009, she joined Maybank as Assistant Vice President of Financial Reporting, Finance & Treasury Operations Divisions where she was responsible for the financial accounting analysis of Maybank group of companies. She left Maybank in November 2009. In April 2010, she joined Perusahaan Otomobil Nasional Sdn Bhd as Manager of Group Analysis, Group Finance where she assisted in the development and implementation of the company's transformation programme.

In June 2011, she joined Teraju Bumiputera Corporation Berhad ("**TERAJU**"), initially as Manager of Funding Department and she was later promoted to the position of Associate Director of the Funding Department, where she was responsible for the financial services and funding related tasks including her supervisory and advisory role for the Facilitation Fund initiative, a collaboration with the Public Private Partnership Unit of the Prime Minister's Department.

Upon completing her CPA Australia course, she joined Kumpulan Perbadanan Kemajuan Negeri Perak ("**PKNP**"), as a Director of Investment and Economics of Perak South-Region Development in January 2016 where she was responsible for investor facilitation and eco-system management. She left PKNP in July 2016 to pursue her interest in sustainable development agenda.

Since 2016, she has voluntarily attended various financial reporting, legal & governance, strategic management and boardroom training modules, including the Integrated Reporting workshop with certification from the International Integrated Reporting Council in 2020 and Sustainable Development Goals ("**SDG**") by the United Nations' SDG Academy in 2019 and 2020. In August 2020, she was also a speaker for a webinar organised by Malaysian Students' Council of Australia for the topic of "Environment and Sustainability – Post-Covid Conservation and Malaysian Sustainability Concerns". She is currently pursuing a doctorate programme in the field of Sustainable Development and Corporate Governance at the Nottingham University Business School, University of Nottingham, Malaysia.

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**(ii) F'ng Meow Cheng**

F'ng Meow Cheng, a Malaysian aged 55, is our Independent Non-Executive Director. She was appointed to our Board on 2 April 2021.

She graduated from University of Southwestern Louisiana, USA with a Bachelor of Science in Business Administration in May 1991 and obtained her Master of Management from the Australian Institute of Business in November 2016. She has been a member of the Malaysian Institute of Certified Public Accountants and MIA since 1997 and 1998 respectively.

She began her career in November 1991 with Sony Electronics (M) Sdn Bhd, a company involved in the manufacturing of consumer electronic products, as System Planner where she assisted in organisational corporate planning as well as drafting of standard operating procedures to ensure compliance with the international standards of quality. Subsequently, she left the company to join Russ Ooi & Associates (a member firm of RSM International then) in October 1992 as junior auditor. She left Russ Ooi & Associates in September 1996 as Assistant Manager and joined another audit firm, H.B. Ooi & Co. as Manager in April 1997 where she was mainly involved in audit, taxation and consultancy services. She left in February 1998 and joined another audit firm, K.B. Tan & Co. as Manager in March 1998 where she was also mainly involved in audit, taxation and consultancy services. She then left the main office in Klang, Selangor and took on the responsibility to set up and manage a new branch office in Bukit Mertajam, Penang in November 1998. In November 2002, the firm name of K.B. Tan & Co was changed to MC F'ng & Associates and she has since become a sole practitioner at the accounting firm providing auditing, taxation and consulting services.

She is currently an Independent Non-Executive Director of UWC Berhad, a company listed on the Main Market of Bursa Securities.

**(iii) Nor Shahmir Bin Nor Shahid**

Nor Shahmir Bin Nor Shahid, a Malaysian aged 51, is our Independent Non-Executive Director. He was appointed to our Board on 2 April 2021.

He has 23 years of experience in cross-border banking, financial advisory, international and regional project finance, corporate finance, Islamic debt capital market, syndications and investment banking where he held various senior management positions in development banks, investment banks and commercial banks.

He graduated from the International Islamic University Malaysia in July 1995 and obtained his Bachelor of Accounting in August 1995. He has been a member of the MIA as a Chartered Accountant since April 2018.

He began his career in July 1995 as an executive with Malaysian International Merchant Bankers Berhad where he was involved in various corporate exercises including reverse take-overs, initial public offerings and fund raising. In October 1997, he left Malaysian International Merchant Bankers Berhad and subsequently joined KPMG Corporate Finance Sdn Bhd as a principal consultant where he was responsible for various engagements in corporate finance advisory, mergers and acquisitions and project finance.

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

He left KPMG Corporate Finance Sdn Bhd in November 2003 and subsequently joined Bank Muamalat Malaysia Berhad as Associate Director of Investment Banking Department where he was mainly involved in Islamic debt capital market transactions. He left Bank Muamalat Malaysia Berhad in December 2006 and joined Josor Capital Sdn Bhd in January 2007 as Senior Vice President of Private Equity and Investments responsible for providing full-scale investment banking solutions for the investment banking group catered specially for the Asian markets.

In October 2007, he went to Qatar and joined Al Khalij Commercial Bank ("**Al-Khaliji Bank**") as Head of Debt Capital Markets where he was responsible for loan syndications and debt capital market business of Al-Khaliji Bank in Qatar. In January 2009, he returned to Malaysia and continued his career with MIDF Amanah Investment Bank Berhad ("**MIDF Investment**") as Senior Vice President where he was responsible in originating and structuring Islamic debt capital market issuances and project finance advisory transactions. He left MIDF Investment in June 2011 and joined Export Import Bank of Malaysia Berhad in July 2011 as Senior Vice President and Head of Banking until March 2018. In April 2018, he joined Ipmuda Berhad as Chief Operating Officer where his role was to oversee the corporate and business operations, human resources, finance and also oversee the transformation and acceleration programmes of the company. He left Ipmuda Berhad in August 2020 and is now an independent corporate advisory specialist for his clients.

### (iv) **Yee Swee Meng**

Yee Swee Meng, a Malaysian aged 62, is our Independent Non-Executive Director. He was appointed to our Board on 2 July 2021.

He graduated from University of Guelph, Ontario, Canada with a Bachelor of Arts in Economic in February 1984. He has been a fellow member of CPA Australia since May 2019 and obtained the recognition as a Certified Practising Accountant Australia in August 2017. He is a CA(M) and a member of the MIA since March 2018 and is a member of the ASEAN Chartered Professional Accountants Coordinating Committee since August 2018.

He began his career in November 1985 with Metroplex Berhad as Finance Executive where he was responsible for financing transactions. He left the company in January 1989 and subsequently joined Supreme Finance (M) Berhad as Branch Executive and managed the branch operations. In May 1991, he left Supreme Finance (M) Berhad and joined MBF Finance Berhad as Head of Corporate Division where he was involved in the marketing of corporate loans. He left MBF Finance Berhad in March 1992 and joined Primework (M) Sdn Bhd as Financial Controller where he was responsible for the management of all finance and accounting operations including developing financial strategy and cash flow management. In May 1995, he left Primework (M) Sdn Bhd and joined STS Technic Bhd as Group Corporate Manager and was also appointed as executive director of a subsidiary of STS Technic Bhd where he oversaw the corporate development and investment activities of the group companies.

In September 2001, he left STS Technic Bhd and relocated to Indonesia. In December 2001, he joined RGM International Pte Ltd as Senior Financial Controller where his main role was to manage the financial aspects of the company.

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(Cont'd)*

In December 2003, he left RGM International Pte Ltd and returned to Malaysia. Upon his return to Malaysia, he took a career break for family reasons. He joined Unichamp Mineral Sdn Bhd in May 2004 as General Manager of Finance Administration where his main role was to advise the company's board of directors on all financial matters, management control, mergers and acquisitions transactions and other strategy issues.

He left Unichamp Mineral Sdn Bhd in September 2007 and joined V.S. Industry Berhad group of companies ("**V.S. Industry Group**") in February 2008. Between February 2008 and August 2017, he held three roles within the V.S. Industry Group, namely Finance Controller, Finance Director of VS Industry Vietnam Joint Stock Company and General Director of VS Technology Pte Ltd. His responsibilities included, among others, advising the board of directors on all financial matters, management control, policies, mergers and acquisitions and other strategy issues.

In August 2017, he left the V.S. Industry Group and took a career break before he joined Sunpro Capital Group Ltd, Vietnam as Finance Director Cum Executive Chairman Special Assistant in September 2018 where he managed the finance department and was responsible for all aspects of the company's business.

After he left Sunpro Capital Group Ltd, Vietnam in June 2019, he focuses on financial advisory work where he provides financial advice such as investment management and tax planning.

**(v) LCY**

LCY is our Non-Independent Executive Director and Group Chief Executive Officer. His profile is set out in Section 9.1.2(ii) of this Prospectus.

**(vi) LHC**

LHC is our Non-Independent Executive Director and Group Chief Financial Officer. His profile is set out in Section 9.1.2(iii) of this Prospectus.



**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**9.2.3 Principal directorships and principal business activities of our Directors outside our Group**

The following table sets out the principal directorships and principal business activities of our Directors outside our Group as at the LPD ("Present Involvement") and principal directorships of our Directors outside our Group in the past five (5) years preceding the LPD ("Past Involvement"):

**(i) Datin Normaliza Binti Kairon**

Datin Normaliza Binti Kairon does not have any principal directorships and principal business activities outside our Group as at the LPD and did not hold any principal directorship outside our Group in the past five years preceding the LPD.

**(ii) F'ng Meow Cheng**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest %
<b>Present Involvement:</b>					
AEMC Consulting	Corporate and management advisory services	Sole proprietor	17 January 2013	-	-
Astaman Development Sdn Bhd	Property development where the company is a joint venture partner providing land for development	Director	2 September 2004	-	-
CBL Global Sdn Bhd	Investment in real properties	Director/ Shareholder	3 July 2009	-	50.00
KS Wan Properties Sdn Bhd	Investment in real properties	Director/ Shareholder	18 July 2014	-	99.99
Lebar Mekar Development Bhd	Investment holding in a company involved in provision of construction services	Shareholder	-	-	5.00

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Name of company</b>	<b>Principal activities</b>	<b>Designation</b>	<b>Date of appointment</b>	<b>Date of resignation</b>	<b>Equity interest</b>
MC F'NG Consultancy Sdn Bhd	Provision of tax compliance and consultation, financial and management services	Director/ Shareholder	30 March 2006	-	99.98 %
Muncul Megah Development Sdn Bhd	Investment in real properties	Director/ Shareholder	16 February 2007	-	99.99
Sierra Avenue BPO Sdn Bhd	Provision of business process outsourcing services	Director/ Shareholder	4 January 2021	-	50.00
SNS Network Technology Berhad	Retail sale of computers, computer equipment and supplies	Director	28 September 2021	-	-
UWC Berhad	Investment holding company of subsidiaries involved in provision of precision sheet metal fabrication and value-added assembly services	Independent Non-Executive Director	7 November 2018	-	-
<b>Past Involvement:</b>					
HS Life Venture	Trading in household products, kitchen wares, costumes, accessories, health foods, foodwares and foodstuffs	Sole proprietor	1 July 2009	Ceased to be sole proprietor on 17 October 2017	
Mcmillan Andrew Mathew Bhd	Engaged in provision of consultancy, taxation and accounting services	Director	22 July 2014	1 August 2016	-

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

(iii) Nor Shahmir Bin Nor Shahid

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest %
<b>Present Involvement:</b>					
Bizmart Trading Sdn Bhd	Provision stores, wholesale of other foodstuffs and business management consultancy services	Director	2 August 2021	-	-
Global Allied Sdn Bhd	Trading in all kinds of steel products for construction (in the process of winding-up)	Director	13 July 2018	-	-
Green Epitome Sdn Bhd	Investment holding in properties and securities and trading of goods	Director	31 October 2021	-	-
Hos Agro Sdn Bhd	To sell, purchase, lease or otherwise deal in agriculture land and act as dealers, retailers, distributors etc. of agriculture products and technology used in farming	Director/ Shareholder	15 October 2020	-	50.00
Mai Borong Sdn Bhd	Wholesale of meat, fish, fruits and vegetables, provision of stores, wholesale of a variety of goods without any particular specialisation	Director	10 July 2021	-	-

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest %
WC Rawa Management Sdn Bhd	Investment holding in companies of companies related to the wholesale, trading of provisions and integrated supply chain management for the grocery retail industry	Director	31 May 2021	-	-
Widuri Capital Advisors Sdn Bhd	Financial consultancy services, business management consultancy services and investment advisory services	Director	29 January 2021	-	-
<b>Past Involvement:</b>					
Armor Master Sdn Bhd	Investment holding in companies in building materials trading activities	Director	13 July 2018	15 July 2020	-
Artiin Sdn Bhd	Investment holding in companies in the business of trading of building materials (Dissolved)	Director	13 July 2018	Ceased to be a director on 6 May 2019	-
Budimex Sdn Bhd	Trading agent of building materials	Director	13 July 2018	15 July 2020	-
Eager Vest Sdn Bhd	Investment holding in companies related to trading of building materials	Director	13 July 2018	15 July 2020	-
Glorious Future Sdn Bhd	Investment holding in companies related to trading of building materials	Director	13 July 2018	15 July 2020	-

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
Jentayu Life Sdn Bhd	<ul style="list-style-type: none"> <li>• Retail sale of construction materials, hardware, paints and glass</li> <li>• Retail sale of household furniture</li> <li>• Buying, selling, renting and operating of self-owned or leased real estate – non-residential buildings</li> </ul>	Director	4 March 2019	15 July 2020	-%
Jentayu (MM2H) Sdn Bhd	Business of providing related services for Malaysia My Second Home programme	Director	13 July 2018	15 July 2020	-
Mudacare Sdn Bhd	To carry on the business of trading in medical supplies and all other activities in relation thereto	Director	13 July 2018	15 July 2020	-
Perfect Furniture Fittings Systems Sdn Bhd	Investment holding of companies related to trading of building materials (Dissolved)	Director	13 July 2018	Ceased to be director on 24 January 2020	-
Perak Metal Industries Sdn Bhd	Manufacture and sale of locks and hinges (Dormant)	Director	13 July 2018	15 July 2020	-
Ipmda Architectural Products Sdn Bhd	Trading in locksets and architectural hardware products	Director	6 January 2020	15 July 2020	-
Ipmda Buildermart Sdn Bhd	Trading in building materials	Director	6 January 2020	15 July 2020	-

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest %
Ipmuda Building Materials Sdn Bhd	Investment holding of companies related to trading of building materials (Dissolved)	Director	13 July 2018	Ceased to be director on 11 October 2019	-
Ipmuda Development Sdn Bhd	Trading in building materials	Director	7 January 2020	15 July 2020	-
Ipmuda Edar Sdn Bhd	Trading and distribution of lubricants and fuel	Director	6 January 2020	15 July 2020	-
Ipmuda Lanco Sdn Bhd	Wholesale of other construction materials, hardware, plumbing and heating equipment and supplies	Director	13 July 2018	15 July 2020	-
Ipmuda Oil & Gas Sdn Bhd	Wholesale of other construction materials, hardware, plumbing and heating equipment and supplies	Director	13 July 2018	15 July 2020	-
Ipmuda Properties Sdn Bhd	Property development	Director	12 July 2018	15 July 2020	-
Ipmuda Tradelinks Sdn Bhd	Wholesale for other construction materials, hardware, plumbing and heating equipment and supplies	Director	13 July 2018	15 July 2020	-
Ipmuda Utara Sdn Bhd	Trading of building materials	Director	7 January 2020	15 July 2020	-
Roset-BLG Sdn Bhd	Letting of properties	Director	12 July 2018	15 July 2020	-
Roset Interiors Sdn Bhd	Distributor and retailer for the supply and installation of kitchen cabinets, wardrobes, electrical appliances, sinks and tap fittings	Director	3 September 2018	15 July 2020	-

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest %
Roset Properties Sdn Bhd	Management of real estate on a fee or contract basis	Director	13 July 2018	15 July 2020	-
Sitolly Co. Sdn Bhd	Licensed money lending activities	Director	15 January 2019	15 July 2020	-
Toriki Metal Engineering Snd Bhd	Property holding	Director	13 July 2018	15 July 2020	-
Uniherbal Sdn Bhd	Other retail sale not in stores, stalls or markets	Director	13 July 2018	15 July 2020	-
Victory Rally Sdn Bhd	Property holding	Director	13 July 2018	15 July 2020	-

**(iv) Yee Swee Meng**

Yee Swee Meng does not have any principal directorships and principal business activities outside our Group as at the LPD and did not hold any principal directorship outside our Group in the past five (5) years preceding the LPD.

**(v) LCY**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest %
<b>Present Involvement:</b> MSH	Investment holding investment in our Company	with Director/ Shareholder	25 August 2017	-	27.50
<b>Past Involvement:</b>	-	-	-	-	-

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

(vi) LHC

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest %
<b>Present Involvement:</b>					
Asalribu (M) Sdn Bhd	Tuition centre	Shareholder	-	-	5.00
MSH	Investment holding with investment in our Company	Director/ Shareholder	25 August 2017	-	27.50
Omnilite Sdn Bhd	Investment holding in shares in a public listed company	Shareholder	-	-	3.94
Park Excellent Sdn Bhd	Tuition centre	Shareholder	-	-	6.67
<b>Past Involvement:</b>					
Comintel Corporation	Investment holding in telecommunication, manufacturing and companies	with Director	28 June 2004	23 January 2018	-
Comintel Green Sdn Bhd	Carrying out business in renewable and green technology products and other energy efficient solutions	Director	2 September 2002	15 March 2018	-
Comintel Tech Services Sdn Bhd	Electronic systems testing and repair, development of test programs and the provision of integrated logistic support	Director	18 November 1998	15 March 2018	-



**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest %
Elite Eco Solutions Sdn Bhd	Manufacture of miscellaneous electrical equipment other than motors, generators and transformers, batteries and accumulators, wires and wiring devices, lighting equipment or domestic appliances	Director	12 September 2017	30 September 2017	-
Omniite Sdn Bhd	Investment holding in shares in a public listed company	Director	31 January 1997	26 November 2015	
Phreenux Sdn Bhd	Struck-off on 18 January 2019	Director/ Shareholder	17 December 2009	Ceased to be director and shareholder on 28 January 2019	50.00

The involvement of our Directors in the business activities outside our Group as stated above will not affect their commitment and responsibilities as well as contribution to our Group in their respective roles as our Directors.

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**9.2.4 Directors' remuneration and material benefits-in-kind**

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid or proposed to be paid to our Directors for services rendered in all capacities to our Group for the FYE 31 January 2021 and FYE 31 January 2022 are as follows:

FYE 31 January 2021 (paid)	Salaries	Fees	Bonus	Security Organisation	EPF and Social	Allowances	Benefits-in-kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Datin Normaliza Binti Kairon	-	-	-	-	-	-	-	-
F'ng Meow Cheng	-	-	-	-	-	-	-	-
Nor Shahmir Bin Nor Shahid	-	-	-	-	-	-	-	-
Yee Swee Meng	-	-	-	-	-	-	-	-
LCY	579.2	-	-	32.3	-	-	24	635.5
LHC	483.2	-	-	58.9	-	-	24	566.1
<b>FYE 31 January 2022 (Proposed to be paid)</b>	<b>Salaries</b>	<b>Fees</b>	<b>Bonus</b>	<b>Security Organisation</b>	<b>EPF and Social</b>	<b>Allowances</b>	<b>Benefits-in-kind</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Datin Normaliza Binti Kairon	-	12	-	-	-	2	-	14
F'ng Meow Cheng	-	12	-	-	-	2	-	14
Nor Shahmir Bin Nor Shahid	-	12	-	-	-	2	-	14
Yee Swee Meng	-	12	-	-	-	2	-	14
LCY	516	-	129	31.5	-	-	24	700.5
LHC	420	-	105	64	-	-	24	613

The remuneration of our Directors which includes our Directors' fees, bonuses, and such other allowances as well as other benefits must be considered and recommended by our Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.3 BOARD PRACTICES

#### 9.3.1 Directors' term of office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The number of years that our Directors have served in office as at the LPD and the date of expiration of their respective term of office are as follows:

Director	Designation	Date of appointment	Date of expiration of the current term of office at AGM	No. of year(s) in office
Datin Normaliza Binti Kairon	Independent Non-Executive Director / Chairperson	2 April 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year
F'ng Meow Cheng	Independent Non-Executive Director	2 April 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year
Nor Shahmir Bin Nor Shahid	Independent Non-Executive Director	2 April 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year
Yee Swee Meng	Independent Non-Executive Director	2 July 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year
LCY	Non-Independent Executive Director / Group Chief Executive Officer	9 February 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year
LHC	Non-Independent Executive Director / Group Chief Financial Officer	9 February 2021	Subject to retirement at the AGM in year 2022	Less than one (1) year

According to our Constitution, all our Directors (including the Executive Directors) shall retire from office at the first AGM of our Company, and one-third of our Directors are subject to retirement by rotation such that each Director shall retire once in every three years or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office at each AGM.

Our Directors to retire every year shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed as Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

A Director appointed by our Board to fill in a casual vacancy or as an addition to our existing Board, shall hold office only until the next AGM of our Company and shall then be eligible for re-election.

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (*Cont'd*)

### 9.3.2 Audit Committee

Our Audit Committee was established by our Board on 2 April 2021. Our Audit Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Name	Designation	Directorship
Nor Shahmir Bin Nor Shahid	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
F'ng Meow Cheng	Member	Independent Non-Executive Director

The terms of reference of our Audit Committee, among others, include the following:

- (i) To review the audit plan and audit report with the external auditors;
- (ii) To review the assistance given by our Company's auditors and to meet with the external auditors without executive Board members' presence at least twice a year;
- (iii) To review the quarterly results and yearend financial statements of our Company and our Group, prior to the approval by our Board, focusing particularly on:
  - (a) Changes in or implementation of major accounting policies changes;
  - (b) Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed; and
  - (c) Compliance with accounting standards, regulatory and other legal requirements.
- (iv) To review any related party transaction and conflict of interest situation that may arise within our Company and our Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (v) To review the adequacy of the scope, functions, competency and resources of the internal audit functions including appointment and removal, scope of work, performance evaluation and budget relating thereto, and to ensure that it has the necessary authority to carry out its work;
- (vi) To review any internal audit plan, processes, the results of the internal audit assessments, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (vii) To review any evaluation made on the systems of internal controls with the internal and external auditors;
- (viii) To review and approve non-audit services before services are rendered by the external auditors and its affiliates;
- (ix) To recommend to our Board the appointment or re-appointment of the external auditors at the general meeting, after taking into consideration the independence and suitability of the external auditors and matters relating to the resignation or removal of the external auditors;

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (x) To consider any resignation or removal of the external auditors, and to furnish such written explanation or representation from the external auditors to Bursa Securities;
- (xi) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointments;
- (xii) The Chairperson of the Committee should engage on a continuous basis with senior management, the internal audit and the external auditors in order to be kept informed of matters affecting our Group;
- (xiii) To prepare and review the Audit Committee report in accordance with Paragraph 15.15 of the Listing Requirements;
- (xiv) To report promptly to Bursa Securities on any matter reported by it to our Board, which has not been satisfactorily resolved resulting in the breach of the Listing Requirements; and
- (xv) To undertake such other functions as may be agreed by our Audit Committee and our Board.

Our Audit Committee may obtain advice from independent parties and other professionals in discharging their duties.

### 9.3.3 Remuneration Committee

Our Remuneration Committee was established by our Board on 2 April 2021. Our Remuneration Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Yee Swee Meng	Chairperson	Independent Non-Executive Director
Nor Shahmir Bin Nor Shahid	Member	Independent Non-Executive Director
F'ng Meow Cheng	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee, among others, include the following:

- (i) To formulate and review the policy framework and making recommendation to our Board on the annual remuneration packages and benefits extended to the Executive Director and senior management, taking into account the performance of each individual as well as corporate performance;
- (ii) To review the remuneration and benefits accorded to the Non-Executive Directors to ensure that the level of remuneration commensurate with the experience and level of responsibilities undertaken; and
- (iii) To ensure the fees and benefits payable to the Non-Executive Directors, fees and any non-contractual benefits payable to the Executive Directors (if any), and any compensation for loss of employment of an Executive Director or former Director of our Group (if any) shall be approved at a general meeting.

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 9.3.4 Nomination Committee

Our Nomination Committee was established by our Board on 2 April 2021. Our Nomination Committee currently comprises the following members, all of whom are Independent Non-Executive Directors:

Name	Designation	Directorship
F'ng Meow Cheng	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
Nor Shahmir Bin Nor Shahid	Member	Independent Non-Executive Director

The terms of reference of our Nomination Committee, among others, include the following:

- (i) To propose new nominees for our Board, taking into consideration the candidates' skills, knowledge, expertise and experience; professionalism; integrity; and in the case of candidates for the position of Independent Non-Executive Directors, our Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors;
- (ii) To make appropriate recommendations to our Board on matters of renewal or extension of Directors' term and re-appointment of retiring Directors;
- (iii) To recommend to our Board, Directors to fill the seats on Board committees;
- (iv) To assess our Directors on an ongoing basis;
- (v) To review and assess performance of Non-Executive Directors annually based on skills, experience and core competencies which Non-Executive Directors should bring to our Board and submit its recommendations to our Board;
- (vi) To review the structure, size, diversity (including gender diversity) and composition of our Board at least once in a year, and make recommendations to our Board on any adjustments that are deemed necessary;
- (vii) To carry out the process implemented by our Board on an annual basis for assessing the effectiveness of our Board as a whole, our Board committees and for assessing the contribution, time commitment and protocols for new directorships of each individual Director including the Independent Non-Executive Directors and the Group Chief Executive Officer;
- (viii) To assist our Board in annual review of the independence of the Independent Non-Executive Director;
- (ix) To review succession planning of our Board, Board committees and key management personnel including the Group Chief Executive Officer;
- (x) To review the term of office and performance of our Audit Committee and each of its members annually to determine whether our Audit Committee members have carried out their duties in accordance to its terms of reference;
- (xi) To identify and recommend the appropriate continuing education/training programmes for our Board members, and conduct Board induction programmes for newly appointed Board members;

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (xii) Our Board, subject to the assessment of our Nomination Committee, shall justify and seek annual shareholders' approval through a two-tier voting process in accordance with paragraph 5.3 of the MCCG's practice in the event it intends to retain an independent Director, a person who has served in that capacity for more than nine (9) years; and
- (xiii) To prepare and review the Nomination Committee Report in accordance with Paragraph 15.08A(3) of the Listing Requirements.

### 9.3.5 Risk Management Committee

Our Risk Management Committee was established by our Board on 2 April 2021. Our Risk Management Committee currently comprises the following members, a majority of which are Independent Non-Executive Directors:

Name	Designation	Directorship
Nor Shahmir Bin Nor Shahid	Chairperson	Independent Non-Executive Director
Yee Swee Meng	Member	Independent Non-Executive Director
LHC	Member	Non-Independent Executive Director/ Group Chief Financial Officer

The terms of reference of our Risk Management Committee, among others, include the following:

- (i) Determine that there is a robust process in place for identifying, managing, and monitoring critical risks; oversee execution of that process; and ensure it is continuously improved as the business environment changes;
- (ii) Determine that there are policies and procedures established and in place for whistleblowing and to prevent bribery and corruption, and to ensure that each of the policy will be continuously reviewed;
- (iii) Provide timely input to management on critical risk issues;
- (iv) Engage management in an ongoing risk appetite dialogue as conditions and circumstances change and new opportunities arise;
- (v) Oversee the conduct, and review the results, of company-wide risk assessments, including the identification and reporting of critical risks;
- (vi) Oversee the management of certain risks, with regard to the complexity and significance of these risk exposures;
- (vii) Provide advice to our Board on risk strategies and coordinate the activities of the various standing Board committees for risk oversight; and
- (viii) Promote a healthy risk culture and watch for dysfunctional behaviour that could undermine the effectiveness of the risk management process (e.g. excessive risk-taking due to misaligned key performance indicators and remuneration schemes).

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**9.4 KEY SENIOR MANAGEMENT**

**9.4.1 Particulars and shareholdings**

Other than the Executive Directors, LCY and LHC, whose shareholdings before and after our IPO are set out in Sections 9.1.1 and 9.2.1 of this Prospectus, the particulars of our other key senior management and their respective direct and indirect shareholdings in our Company before and after our IPO are as follows:

Name	Designation	Nationality	Before our IPO		After our IPO	
			Direct	Indirect	Direct	Indirect
			No. of Shares '000	No. of Shares '000	No. of Shares '000	No. of Shares '000
Chong Kean Seong	Senior Director of Operation	Malaysian	-	-	(3)100	(4)-
Seah Chin Sen	Senior Director of Supply Chain Management	Malaysian	-	-	(3)90	(4)-
Chieng Chee Boon	Senior Director of Quality Assurance and Manufacturing Planning	Malaysian	-	-	(3)90	(4)-
Khoo Boo Eng	Director of Business Development	Malaysian	-	-	(3)40	(4)-
Valli Kumaran A/L Ramachandran	Director of Finance	Malaysian	-	-	(3)40	(4)-
Hafiz Bin Hashim	Director of Test Systems Engineering	Malaysian	-	-	(3)40	(4)-

**Notes:**

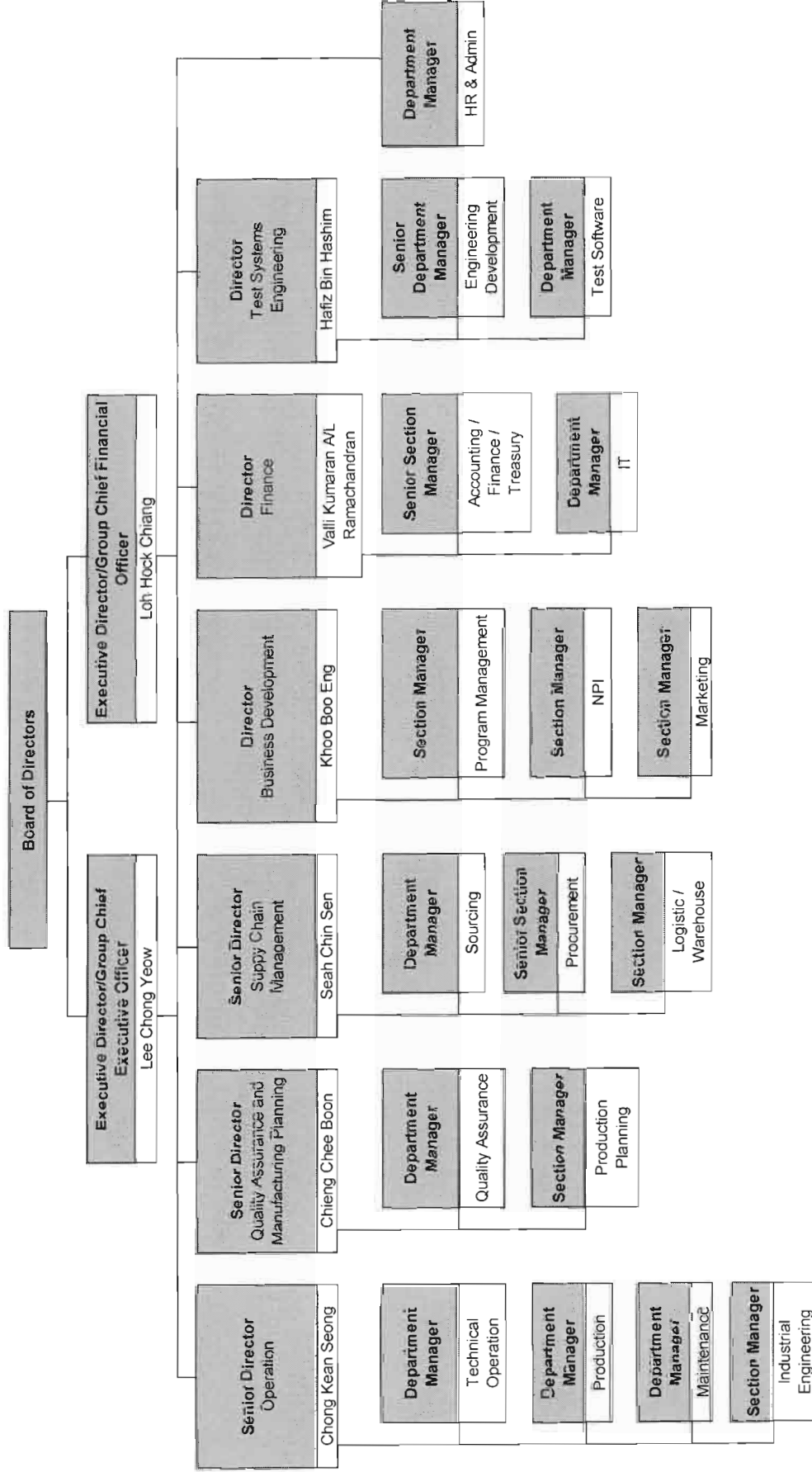
- (1) Based on our issued Shares before our IPO of 281,170,000 ATech Shares.
- (2) Based on our enlarged issued Shares after our IPO of 358,180,000 ATech Shares.
- (3) Assuming the key senior management subscribe in full our Shares allocated to them as an Eligible Person pursuant to the Retail Offering.
- (4) Negligible.



9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

9.4.2 Management reporting structure

Our management reporting structure is as follows:



## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.4.3 Profiles of our key senior management

The profiles of our Executive Directors, LCY and LHC who are also part of our key senior management, are set out in Section 9.1.2 of this Prospectus.

#### (i) **Chong Kean Seong**

Chong Kean Seong, a Malaysian aged 49, is our Senior Director of Operation. He has overall responsibility for engineering and production activities which include resources allocation, production build schedule, product roll yield and production continuous improvement activities. He has more than 20 years working experience in manufacturing industry.

He graduated with a Diploma in Technology (Mechanical and Manufacturing Engineering) from Tunku Abdul Rahman College in May 1996. He later received a Master of Science in Manufacturing Systems Engineering from Queens University of Belfast, Northern Ireland in November 1997.

He began his career as a Process Engineer with Motorola Technology Sdn Bhd in Penang in November 1997 where he was responsible for driving daily production line maintenance, initiating and leading continuous improvement activities. He left the company in February 2001 and joined BCM Electronics as Section Manager of Engineering (Technical Operations) Department in March 2001. In August 2006, he was promoted to Head of Engineering (Technical Operations) Department and subsequently in May 2014, he was promoted to Director of Engineering Department. In May 2021, he was re-designated as Senior Director of Operation in May 2021 where he assumed his current responsibilities.

#### (ii) **Seah Chin Sen**

Seah Chin Sen, a Malaysian aged 52, is our Senior Director of Supply Chain Management. He is responsible for overseeing supply chain management activities. He has more than 20 years working experience in manufacturing industry.

He graduated with a Bachelor of Arts with specialisation in Geography from Universiti Sains Malaysia in August 1994.

He began his career as a Buyer Analyst with Motorola Technology Penang in April 1994 where he was responsible for purchasing components to support manufacturing line. In April 1996, he left the company and joined BCM Electronics as Senior Material Officer. He was promoted several times during his employment with BCM Electronics, namely Material Section Head in June 1997, Material Section Manager in November 1999, Material Manager in November 2000 and Senior Department Head in August 2006.

In January 2010, he was then promoted to the position of Director of Supply Chain Management. In May 2021, he was re-designated as Senior Director of Supply Chain Management where he assumed his current responsibilities.

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### (iii) **Chieng Chee Boon**

Chieng Chee Boon, a Malaysian aged 49, is our Senior Director of Quality Assurance and Manufacturing Planning. He is responsible for the plantwide quality management system and manufacturing planning department. He graduated with a Bachelor of Science from University of South Alabama, USA in December 1996. He has more than 20 years of working experience in manufacturing industry.

He began his career with Unico Technology Sdn Bhd as Statistician and Quality Assurance Engineer in April 1997. In January 1999, he left the company and joined Thundercom Sdn Bhd as Assistance Operation Manager. In October 1999, he left Thundercom Sdn Bhd and subsequently joined BCM Electronics as Section Head of Business Development Department. He was promoted several times during his employment with BCM Electronics, namely Quality Assurance Section Manager in May 2000, Quality Assurance Manager in November 2000 and Head of Department for Quality Assurance Department in October 2002. In August 2004, he was assigned to lead the Business Development Department and Industrial Engineering Department, before becoming Senior Manager of Quality Assurance Department in August 2006.

In June 2013, he was promoted to the position of Director of Quality Assurance Department and Manufacturing Planning Department. In May 2021, he was re-designated as Senior Director of Quality Assurance and Planning where he assumed his current responsibilities.

### (iv) **Khoo Boo Eng**

Khoo Boo Eng, a Malaysian aged 60, is our Director of Business Development. He is responsible for pursuing new business leads for the growth of the business of our Group. He has more than 30 years working experience in manufacturing industry.

He graduated with a Bachelor of Engineering from Universiti Malaya in August 1985.

He began his career with Motorola Technology Sdn Bhd in Penang as Research and Development Engineer in October 1985 where he specialised in receiver and transmitter circuitry of Motorola walkie talkie radio and manufacturing walkie talkie. In June 1998, he was assigned to Motorola, Beijing, China as Director of Sales. In May 2005, he left the position and joined Hytera Communications Corporation Limited ("**Hytera**") in Shenzhen, China, as Senior Vice President where he was responsible for international sales, research and development department and supply chain management. In August 2008, he left Hytera and took a career break before joining Sepura plc in November 2009 as Regional Director where he was responsible for sales.

In December 2010, he left the company and subsequently joined Alcatel-Lucent in Shanghai, China, as Vice President where he was responsible for sales and business development. In January 2014, he joined Stadium Group PLC in Chang Ping, Dong Guan District of Guang Dong Province, China as Director of Sales. In February 2014, he was assigned to become Director of Sales of Stadium Group PLC, Hong Kong before returning to Malaysia in July 2015 for a career break.

In February 2016, he joined BCM Electronics as Director of Business Development where he assumed his current responsibilities.

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT** *(Cont'd)*

**(v) Valli Kumaran A/L Ramachandran**

Valli Kumaran A/L Ramachandran, a Malaysian aged 49, is our Director of Finance. He is responsible for managing the finance functions of our Group which include financial planning and review, cash flow management and financial reporting.

He obtained a Bachelor of Business Administration from Universiti Utara Malaysia in July 1997. He has more than 20 years of working experience in accounting and finance.

He began his career with BCM Electronics in June 1997 as Finance Assistant where he was responsible for account payables. He was promoted several times during his employment with BCM Electronics, namely Finance Analyst II in May 1998, Finance Officer in May 2000, Section Head of Finance Department in November 2000, Senior Section Manager of Finance Department in September 2004, Manager of Finance Department in January 2010 and Senior Manager of Finance & IT Department in January 2011.

In June 2015, he was promoted to his current position of Director of Finance where he assumed his current responsibilities.

**(vi) Hafiz Bin Hashim**

Hafiz Bin Hashim, a Malaysian aged 49, is our Director of Test Systems Engineering. He is responsible for overseeing test systems engineering functions. He has more than 20 years working experience in manufacturing industry.

He obtained a Certificate of Electronics and Computer Technology from Ungku Omar Polytechnic in June 1992.

He began his career as Technician with Motorola Corporation Sdn Bhd in June 1992 where he was responsible for product analysing and test process control. He was promoted to the position of Senior Technician in June 1993 and Technical Group Leader in June 1994. In May 1995, he left the company and joined BCM Electronics as Test Engineer. He was promoted several times in Test Systems Engineering Department during his employment with BCM Electronics, namely Senior Product Engineer in November 1997, Engineering Section Head in May 2000, Section Manager in August 2004, Senior Section Manager in September 2004 and Department Manager in September 2008.

In January 2010, he was promoted to the position of Senior Department Manager. In April 2021, he was re-designated as Director of Test Systems Engineering where he assumed his current responsibilities.

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**9.4.4 Principal directorships and principal business activities of our key senior management outside our Group**

Other than our Executive Directors, LCY and LHC, whose principal directorships and involvement in principal business activities outside our Group as at the LPD as well as their principal directorships outside our Group in the past five (5) years preceding the LPD are disclosed in Section 9.2.3 of this Prospectus, the principal directorships and principal business activities of our key senior management outside our Group as at the LPD (“**Present Involvement**”) as well as principal directorships of our key senior management in the past five (5) years preceding the LPD (“**Past Involvement**”) are as follows:

**(i) Chong Kean Seong**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%

**Present Involvement:**

Titanium	Investment holding of shares	Shareholder	-	-	10.00
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**Past Involvement:**

None	-	-	-	-	-
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**(ii) Seah Chin Sen**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest
					%

**Present Involvement:**

Titanium	Investment holding of shares	Shareholder	-	-	10.00
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**Past Involvement:**

None	-	-	-	-	-
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**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

(iii) **Chieng Chee Boon**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest %
<b>Present Involvement:</b>					
Titanium	Investment holding of shares	Shareholder	-	-	10.00
<b>Past Involvement:</b>					
None	-	-	-	-	-

(iv) **Khoo Boo Eng**

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest %
<b>Present Involvement:</b>					
Titanium	Investment holding of shares	Director	15 December 2020	-	7.66
<b>Past Involvement:</b>					
T & B Pinecone Enterprise	Trading and consultation	Sole proprietor	2 November 2015	Ceased to be sole proprietor on 6 November 2019	-

**9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

(v) Valli Kumaran A/L Ramachandran

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
<b>Present Involvement:</b>					
Titanium	Investment holding of shares	Shareholder	-	-	7.66
<b>Past Involvement:</b>					
None	-	-	-	-	-

(vi) Hafiz Bin Hashim

Name of company	Principal activities	Designation	Date of appointment	Date of resignation	Equity interest (%)
<b>Present Involvement:</b>					
Titanium	Investment holding of shares	Shareholder	-	-	7.66
<b>Past Involvement:</b>					
An Nur Zada Enterprise	Hana Preparation, process, storage and serving of foods for sale	Sole proprietor	15 July 2016	Ceased to be sole proprietor on 24 August 2016	-

The involvement of our key senior management in the business activities outside our Group as stated above will not affect their continued contribution to the day-to-day management and operations of our Group.

## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

### 9.4.5 Key senior management's remuneration and material benefits-in-kind

Save for the remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid to our Executive Directors as disclosed in Section 9.2.4 of this Prospectus, the aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation) paid or proposed to be paid to our other key senior management for services rendered in all capacities to our Group for the FYE 31 January 2021 and FYE 31 January 2022 are as follows:

Key senior management	Remuneration band (FYE 31 January)	
	2021 (Paid)	2022 (Proposed to be paid)
	RM'000	RM'000
Chong Kean Seong	250-300	250-300
Seah Chin Sen	250-300	250-300
Chieng Chee Boon	250-300	250-300
Khoo Boo Eng	250-300	250-300
Valli Kumaran A/L Ramachandran	200-250	200-250
Hafiz Bin Hashim	150-200	200-250

### 9.5 ASSOCIATIONS OR FAMILY RELATIONSHIPS BETWEEN THE PROMOTERS, OUR SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT

Save as disclosed below, there are no associations or family relationships between the Promoters, our substantial shareholders, Directors and key senior management:

- (i) LCY who is the Promoter, indirect substantial shareholder, Executive Director and Group Chief Executive Officer is also the controlling shareholder and director of MSH which in turn is the substantial shareholder of ATech; and
- (ii) LHC who is the Promoter, indirect substantial shareholder, Executive Director and Group Chief Financial Officer is also the controlling shareholder and director of MSH which in turn is the substantial shareholder of ATech.

### 9.6 DECLARATION BY THE PROMOTERS, DIRECTORS AND KEY SENIOR MANAGEMENT

As at the LPD, none of the Promoters, Directors or key senior management has been involved in any of the following events (whether in or outside Malaysia):

- (i) in the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which such person was a partner or any corporation of which such person was a director or key senior management;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) in the last 10 years, charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) in the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;



## 9. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT *(Cont'd)*

- (v) in the last 10 years, the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;
- (vi) the subject of any order, judgment or ruling of any court, government or regulatory authority or body temporarily enjoining such person from engaging in any type of business practice or activity;
- (vii) in the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and
- (viii) any unsatisfied judgment against such person.

### 9.7 EXISTING OR PROPOSED SERVICE CONTRACTS

As at the date of this Prospectus, there are no existing or proposed service contracts between our Company and our Directors or key senior management which provide for benefits upon termination of employment.

### 9.8 MANAGEMENT SUCCESSION PLAN

We recognise the importance of management succession for business continuity and hence, have taken the following steps with the aim of retaining our key senior management and at the same time, grooming our lower and middle management staff:

- (i) career development, which is not just done through training but via a blended learning approach which include learning by doing, coaching and mentoring. We also practice cross functional taskforce, short term assignment and job rotation (where situation warrants), and by so doing, we are able to identify our staffs' strengths and talent, and channel these talents to the appropriate functions;
- (ii) career progression, where our key senior management has been and will continue to be grooming lower and middle management staff to gradually assume greater responsibilities and eventually the responsibilities of our key senior management after due assessments and reviews of our staffs' ability, knowledge, skills, leadership and performance contribution;
- (iii) direct interaction and inclusive involvement with our customers and suppliers, where we ensure that our key senior management as well as our lower and middle management staff participate in our engagements and dealings with our customers and suppliers to build greater trust and ensure a continuous working relationship at all levels;
- (iv) leadership development, where our key senior management are required to continuously enhance their cross functional knowledge to develop and enhance their business acumen and all-around understanding of our business and operations as part of our leadership succession planning;
- (v) competitive remuneration and benefits based upon annual staff performance review; and
- (vi) implementing the ESS pursuant to our Listing.

If the need arises, we will recruit qualified and competent personnel with knowledge and expertise of our business to enhance our operations. By enhancing our corporate profile as a listed issuer, we expect to be able to attract more qualified personnel to play an active role in the growth and success of our Group.

**10. RELATED PARTY TRANSACTIONS**

**10.1 OUR GROUP'S RELATED PARTY TRANSACTIONS**

**10.1.1 Material related party transactions**

Save for the Pre-IPO Restructuring as disclosed below, there are no other material related party transactions entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors, major shareholders and/or persons connected to them for the FYE Under Review, FPE 31 August 2021 and up to the LPD:

Transacting party	Nature of relationship	Nature of transaction	Transaction value				
			FYE 31 January 2019	FYE 31 January 2020	FYE 31 January 2021	FPE 31 August 2021	From 1 September 2021 up to the LPD
			RM '000	RM '000	RM '000	RM '000	RM '000
Our Company (purchaser) and MSH (vendor)	MSH is our major shareholder	Acquisition by our Company of the entire equity interest in BCM Electronics from MSH in accordance with the share sale agreement dated 20 July 2021 and the supplemental letter to the share sale agreement dated 3 November 2021 entered into between our Company and MSH pursuant to the Pre-IPO Restructuring. The Pre-IPO Restructuring was completed on 3 November 2021.	-	-	-	-	(1)84,351
	LCY and LHC are our Directors and major shareholders and also the directors and substantial shareholders of MSH						
	MSL is our major shareholder, a substantial shareholder of MSH and a person connected to LCY and LHC						

See Section 6.1.3 of this Prospectus for further details of the Pre-IPO Restructuring.

**Note:**

(1) The purchase consideration represents a PB Multiple of approximately 1.0 time of the audited NA value of BCM Electronics as at 31 January 2021 of approximately RM84.1 million. The purchase consideration was satisfied entirely by the issuance of 281,169,999 Consideration Shares.

## 10. RELATED PARTY TRANSACTIONS *(Cont'd)*

Our Directors confirm that the Pre-IPO Restructuring was carried out on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to third party and are not detrimental to our non-interested shareholders.

After our Listing, we will be required to seek our shareholders' approval each time we enter into a material related party transaction in accordance with the Listing Requirements. However, if such related party transactions are deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such recurrent related party transactions during the validity period of the mandate.

In addition, to safeguard the interest of our Group and our non-interested shareholders, and to mitigate and potential conflict of interest situation, our Audit Committee and our Risk Management Committee will, among others, supervise and monitor any recurrent related party transaction and the terms thereof and report to our Board for further action. Where necessary, our Board would make appropriate disclosure in our annual report with regard to any recurrent related party transaction entered into by us.

### 10.1.2 Related party transactions entered into that are unusual in their nature or conditions

There are no related party transactions that are unusual in their nature or conditions, involving goods, services, tangible or intangible assets, to which we were a party to in respect of the FYE Under Review, FPE 31 August 2021 and up to the LPD.

### 10.1.3 Material outstanding loans and/or financial assistance (including guarantees of any kind) made to or for the benefit of related parties

There are no material outstanding loans or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of our related parties in respect of the FYE Under Review, FPE 31 August 2021 and up to the LPD.

## 10.2 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS

### 10.2.1 Audit Committee and Risk Management Committee review

Our Audit Committee and our Risk Management Committee review related party transactions and conflicts of interest situations that may arise within our Company or our Group. Our Audit Committee and our Risk Management Committee also review any transaction, procedure or course of conduct that raises questions of management integrity, including our related party transactions. In reviewing the related party transactions, the following, among others, will be considered:

- (a) the rationale and the cost/benefit to our Company is first considered;
- (b) where possible, comparative quotes will be taken into consideration;
- (c) that the transactions are based on normal commercial terms and not more favourable to the related parties than those generally available to third parties dealing on an arm's length basis; and
- (d) that the transactions are not detrimental to our Company's non-interested shareholders.

All reviews by our Audit Committee and our Risk Management Committee are reported to our Board for its further action.

**10. RELATED PARTY TRANSACTIONS (Cont'd)**

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**10.2.2 Our Group's policy on related party transactions**

Related party transactions by their very nature, involve conflicts of interest between our Group and the related parties with whom our Group has entered into such transactions. Some of the officers and the directors of our Group are also officers, directors and in some cases, shareholders of the related parties of our Group, as disclosed in this Prospectus and, with respect to these related party transactions, may individually and in aggregate have conflicts of interest. It is the policy of our Group that all related party transactions are carried out on normal commercial terms which are not more favourable to the related parties than those generally available to the public dealing on an arm's length basis with our Group and are not detrimental to our non-interested shareholders.

In addition, we plan to adopt a comprehensive corporate governance framework that meets best practice principles to mitigate any potential conflict of interest situations and intend for the framework to be guided by the Listing Requirements and the MCCG upon our Listing. The procedures which may form part of the framework including, among others, the following:

- (i) our Board shall ensure that at least half of our Board members are Independent Directors and will undertake an annual assessment of our Independent Directors;
- (ii) our Directors will be required to declare any direct or indirect interest that they may have in any business enterprise that is engaged in or proposed to be engaged in a transaction with our Group, whether or not they believe it is a material transaction. Upon such disclosure, the interested Director shall be required to abstain from deliberation and voting on any resolution related to the related party transaction; and
- (iii) all existing or potential related party transactions would have to be disclosed by the interested party for management reporting. Our management will propose the transactions to our Audit Committee and our Risk Management Committee for evaluation and assessment who would, in turn, make a recommendation to our Board.

## 11. CONFLICT OF INTEREST

### 11.1 INTEREST IN ENTITIES WHICH ARE CARRYING ON A SIMILAR TRADE AS THAT OF OUR GROUP OR WHICH ARE OUR CUSTOMERS AND/OR OUR SUPPLIERS

As at the LPD, none of our Directors and substantial shareholders has any interest, direct or indirect, in any entities which are carrying on a similar trade as that of our Group or which are our customers and/or our suppliers.

### 11.2 DECLARATION BY ADVISERS ON CONFLICTS OF INTEREST

#### (i) Maybank IB

Maybank IB, being the Principal Adviser, Sole Bookrunner and Sole Underwriter for our IPO, and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, assets and funds management and credit transaction services businesses.

The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group, our shareholders and/or our affiliates and/or any other entity or person, hold long or short positions in securities issued by our Company and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates.

This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, Maybank and Maybank Islamic (a subsidiary of Maybank) have extended credit facilities to MSH and BCM Electronics amounting to approximately RM23.0 million and RM126.8 million respectively in their ordinary course of business. Our Group is proposing to partly repay, and MSH is proposing to fully repay, the borrowings owing to Maybank using the proceeds raised from the Public Issue and Offer for Sale, respectively.

Notwithstanding, Maybank IB is of the view that the abovementioned does not give rise to a conflict of interest situation in its capacity as Principal Adviser, Sole Bookrunner and Sole Underwriter for our IPO due to the following:

- (a) Maybank and Maybank Islamic are each a licensed commercial bank and a licensed Islamic bank, respectively, and the extension of credit facilities to our Group and MSH arose in the ordinary course of business of the Maybank Group;
- (b) the conduct of the Maybank Group in its banking business is strictly regulated by, among others, the Financial Services Act, 2013, Islamic Financial Services Act, 2013 and the Maybank Group's own internal controls and checks; and

**11. CONFLICT OF INTEREST (Cont'd)**

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- (c) the total aggregate outstanding amount owed by our Group and MSH to the Maybank Group of about RM149.8 million is not material when compared to the audited consolidated NA of Maybank as at 31 December 2020 of RM84.4 billion.

Maybank IB confirms that there is no existing or potential conflict of interest situation in its capacity as Principal Adviser, Sole Bookrunner and Sole Underwriter for our IPO.

**(ii) Wong Beh & Toh**

Wong Beh & Toh confirms that there is no existing or potential conflict of interest situation in its capacity as the legal adviser to our Company as to Malaysian law in relation to our IPO.

**(iii) Adnan Sundra & Low**

Adnan Sundra & Low confirms that there is no existing or potential conflict of interest situation in its capacity as the legal adviser to the Sole Bookrunner and Sole Underwriter as to Malaysian law in relation to our IPO.

**(iv) Auditors and Reporting Accountants**

Grant Thornton Malaysia PLT confirms that there is no existing or potential conflict of interest situation in its capacity as the Auditors and Reporting Accountants for our Company in relation to our IPO.

**(v) Vital Factor**

Vital Factor confirms that there is no existing or potential conflict of interest situation in its capacity as the IMR in relation to our IPO.

**(vi) Valuer**

C H Williams Talhar & Wong Sdn Bhd confirms that there is no existing or potential conflict of interest situation in its capacity as the Valuer in relation to our IPO.

## 12. FINANCIAL INFORMATION

### 12.1 HISTORICAL FINANCIAL INFORMATION

The historical financial information for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPEs 31 August 2020 and 31 August 2021 presented below have been extracted from the combined financial statements contained in the Accountants' Report included in Section 13 of this Prospectus ("**Combined Financial Statements**"). Our Combined Financial Statements are prepared in accordance with MFRS and IFRS.

The following selected historical combined financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 12.2 of this Prospectus together with the Accountants' Report set out in Section 13 of this Prospectus.

#### Selected financial information from the historical combined statements of comprehensive income

	FYE 31 January			FPE 31 August	
	Audited			Unaudited	Audited
	2019	2020	2021	2020	2021
	RM	RM	RM	RM	RM
Revenue	358,171,456	389,305,417	362,165,317	185,616,333	200,037,506
Cost of sales	(315,384,240)	(343,100,470)	(332,092,384)	(172,542,750)	(175,528,062)
<b>Gross profit</b>	<b>42,787,216</b>	<b>46,204,947</b>	<b>30,072,933</b>	<b>13,073,583</b>	<b>24,509,444</b>
Other income	441,484	275,306	1,200,645	1,094,960	199,157
Administrative expenses	(8,942,724)	(9,733,890)	(9,113,932)	(4,809,360)	(5,409,393)
Selling and distribution expenses	(633,191)	(363,458)	(201,851)	(106,357)	(119,883)
<b>Operating profit</b>	<b>33,652,785</b>	<b>36,382,905</b>	<b>21,957,795</b>	<b>9,252,826</b>	<b>19,179,325</b>
Finance costs	(2,612,379)	(4,006,327)	(4,138,574)	(2,487,660)	(2,260,622)
<b>PBT</b>	<b>31,040,406</b>	<b>32,376,578</b>	<b>17,819,221</b>	<b>6,765,166</b>	<b>16,918,703</b>
Income tax expense	(7,159,272)	(8,780,363)	(2,723,710)	(1,509,210)	(3,716,000)
<b>PAT</b>	<b>23,881,134</b>	<b>23,596,215</b>	<b>15,095,511</b>	<b>5,255,956</b>	<b>13,202,703</b>
Other comprehensive income, net of tax	-	-	1,581,749	-	-
<b>Total comprehensive income</b>	<b>23,881,134</b>	<b>23,596,215</b>	<b>16,677,260</b>	<b>5,255,956</b>	<b>13,202,703</b>

	FYE 31 January			FPE 31 August	
	2019	2020	2021	2020	2021
<b>Supplementary financial information</b>					
EBITDA <sup>(1)</sup> (RM)	35,989,593	39,272,174	26,885,341	11,538,689	22,337,093
Gross profit margin <sup>(2)</sup> (%)	11.9	11.9	8.3	7.0	12.3
EBITDA margin <sup>(3)</sup> (%)	10.0	10.1	7.4	6.2	11.2
PBT margin <sup>(4)</sup> (%)	8.7	8.3	4.9	3.6	8.5
Effective tax rate <sup>(5)</sup> (%)	23.1	27.1	15.3	22.3	22.0
PAT margin <sup>(6)</sup> (%)	6.7	6.1	4.2	2.8	6.6
Basic/Diluted EPS <sup>(7)</sup> (sen)	6.67	6.59	4.21	1.47	3.69

**12. FINANCIAL INFORMATION (Cont'd)****Notes:**

- (1) EBITDA is calculated as PAT plus: (i) income tax expense; (ii) finance costs; (iii) depreciation of property, plant and equipment; and (iv) fair value loss on investment in quoted shares, less (v) interest income.

The following table reconciles our PAT to EBITDA for the financial years/period indicated:

	FYE 31 January			FPE 31 August	
	2019	2020	2021	2020	2021
	RM	RM	RM	RM	RM
PAT	23,881,134	23,596,215	15,095,511	5,255,956	13,202,703
Add/(Less):					
Income tax expense	7,159,272	8,780,363	2,723,710	1,509,210	3,716,000
Finance costs	2,612,379	4,006,327	4,138,574	2,487,660	2,260,622
Interest income	(275,306)	(178,110)	(202,522)	(131,121)	(75,893)
Fair value loss on investment in quoted shares	-	-	636,022	10,531	217,050
Depreciation	2,612,114	3,067,379	4,494,046	2,406,453	3,016,611
<b>EBITDA</b>	<b>35,989,593</b>	<b>39,272,174</b>	<b>26,885,341</b>	<b>11,538,689</b>	<b>22,337,093</b>

- (2) Computed based on gross profit divided by revenue.
- (3) Computed based on EBITDA divided by revenue.
- (4) Computed based on PBT divided by revenue.
- (5) For more information, see Section 12.2.11 of this Prospectus and Note 22 of the Accountants' Report included in Section 13 of this Prospectus.
- (6) Computed based on PAT divided by revenue.
- (7) Computed based on PAT divided by our enlarged issued Shares of 358,180,000 upon our Listing in each of the respective financial year/period.

**Selected financial information from the historical combined statements of financial position**

	As at 31 January			As at 31 August
	Audited			
	2019	2020	2021	2021
	RM	RM	RM	RM
Total non-current assets	39,125,719	47,208,644	56,197,987	62,898,092
Total current assets	211,464,527	202,202,060	225,366,145	246,149,998
<b>Total assets</b>	<b>250,590,246</b>	<b>249,410,704</b>	<b>281,564,132</b>	<b>309,048,090</b>
Total non-current liabilities	2,991,094	43,067,723	31,193,501	19,317,908
Total current liabilities	160,242,976	134,012,697	166,293,569	195,737,404
<b>Total liabilities</b>	<b>163,234,070</b>	<b>177,080,420</b>	<b>197,487,070</b>	<b>215,055,312</b>



**12. FINANCIAL INFORMATION (Cont'd)**

	As at 31 January			As at 31 August
	Audited			
	2019	2020	2021	2021
	RM	RM	RM	RM
<b>Net assets</b>	<b>87,356,176</b>	<b>72,330,284</b>	<b>84,077,062</b>	<b>93,992,778</b>
Net current assets	51,221,551	68,189,363	59,072,576	50,412,594
Share capital	45,864,068	45,864,068	45,864,068	45,864,069
Revaluation reserve	5,550,782	5,550,782	6,563,220	6,453,833
Retained earnings	35,941,326	20,915,434	31,649,774	41,674,876
<b>Total equity</b>	<b>87,356,176</b>	<b>72,330,284</b>	<b>84,077,062</b>	<b>93,992,778</b>
Total borrowings	83,974,776	127,678,772	136,317,263	127,195,903
Net borrowings <sup>(1)</sup>	67,000,931	100,274,608	119,208,692	111,266,237
Gearing ratio <sup>(2)</sup> (times)	0.96	1.77	1.62	1.35
Net gearing ratio <sup>(3)</sup> (times)	0.77	1.39	1.42	1.18

**Notes:**

- (1) Computed based on total borrowings less cash and bank balances as at the end of the year/period.
- (2) Computed based on total borrowings divided by total equity as at the end of the year/period.
- (3) Computed based on net borrowings (total borrowings less cash and bank balances) divided by total equity as at the end of the year/period.

**12.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis of our financial condition and results of operations is based on our combined financial information with respect to the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, which have been derived from the Accountants' Report as set out in Section 13 of this Prospectus.

There are no accounting policies which are peculiar to our Group because of the nature of the business and industry which we are involved in. For further details on the accounting policies of our Group, see Note 3 of the Accountants' Report as set out in Section 13 of this Prospectus.

**12.2.1 Overview of our business**

We are an EMS provider focusing on industrial electronic products. During the FYE 31 January 2020, we commenced the manufacturing of semiconductor components comprising multicomponent IC for IoT applications and the mass production of these semiconductor components commenced during the FYE 31 January 2021. The products that we manufacture are mainly for industrial use.

As an EMS provider, we offer a range of contract manufacturing services including engineering support services, prototyping, board assembly, mechanical assembly, testing, labelling, packaging and direct shipment fulfillment. We provide EMS services for PCBA, subassemblies, box build and system build products.

## 12. FINANCIAL INFORMATION (Cont'd)

The majority of our manufacturing contracts are turnkey contracts where we are responsible for sourcing and procuring parts and components required to manufacture products as input materials, commonly from our customers' approved suppliers.

See Section 7 of this Prospectus for further details of our business.

### 12.2.2 Significant factors affecting our financial conditions and results of operations

Significant factors that had affected and are expected to continue to affect our financial condition and results of operations are as follows:

**(a) Customers' demand for the provision of EMS**

Our business performance is dependent on customers' demand for the provision of EMS which is based on purchase orders. In this respect, any reduction in the customers' purchase orders and/or non-renewal upon expiry or termination in supply agreement may adversely affect our business, financial condition and results of operations. This was demonstrated by our revenue for the FYE Under Review where our revenue experienced an increase of 8.7% for the FYE 31 January 2020 compared to the FYE 31 January 2019 and a decrease of 7.0% for the FYE 31 January 2021 compared to the FYE 31 January 2020 as a result of higher and lower customer orders, respectively. For the FPE 31 August 2021, our revenue increased by 7.8% compared to the FPE 31 August 2020 as a result of higher customer orders. See Section 12.2.5 for the year-on-year and period-on-period analysis of our revenue by products.

**(b) Reliance on a small group of customers and our ability to retain our major customers**

We are reliant on a small group of customers where the revenue from our top five (5) major customers accounted for 89.5%, 91.3%, 90.9% and 88.5% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively. We have agreements with our top five (5) major customers. The agreements enable the commencement of business relationship while setting out the general terms and conditions of our scope of services with their respective validity periods, excluding any minimum or exclusive purchase requirement. Purchase orders will be issued by our major customers pursuant to the agreements as and when they require the relevant electronic products to be supplied to them. The purchase orders are issued at our major customers' discretion and there can be no assurance that purchase orders will be issued during the validity periods of the agreements. Any significant reduction in sales from our major customers or the loss of any of our major customers, if not replaced, would materially and adversely affect our results of operations.

**12. FINANCIAL INFORMATION (Cont'd)**

Nevertheless, we have established a strong relationship with our major customers over the years, spanning from 5 years to 24 years with a track record of meeting their requirements or quality standards throughout the years. During the FYE 31 January 2020, we also expanded our services into a new segment, namely semiconductor components manufacturing for multicomponent IC by entering into Customer F Electronics Manufacturing Services Agreement with Customer F. As part of our expansion plans, we envisage having a total of seven (7) production lines dedicated to semiconductor component manufacturing for Customer F by the end of 2023 to cater for its expected business growth and increased demand moving forward based on the mutual understanding in terms of the quantity they require and taking into consideration the prospect of the industry including the projected growth of the semiconductor and electronics market in the near term as set out in Section 8 of this Prospectus. We have maintained and will continuously strive to meet our customers' expectations by paying close attention to their feedback and working in tandem with their requirements to further improve the quality of its products and services. We believe our established track record provides us with the platform to continue addressing growth and opportunities within the electronics industry.

**(c) We incur initial development cost in the products that we design and this may affect our profitability**

We carry out product development including prototyping for our own design products. This requires us to incur initial product development costs including engineering and design support, material and labour cost, logistics cost, testing, production overhead for pilot production, and complying to regulatory standards and certifications. For the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, our initial product development cost was RM2.1 million, RM1.5 million, RM1.1 million and RM0.3 million, which represented 4.8%, 3.3%, 3.7% and 1.3% of our gross profit respectively. In the event that we are not successful in commercialising our new products, we would not be able to recover our product development costs.

**(d) Our business is exposed to inventory risk**

As an EMS provider, we are mostly responsible for the planning, sourcing and purchase of input materials including electronic components, electrical and mechanical parts, and consumables. We purchase input materials based on purchase orders, forecasts or expected orders provided by our customers.

In most situations, we plan and purchase input materials ahead of their usage based on 52-week rolling forecasts or purchase orders provided by customers. Prior to making purchases, we would normally obtain acknowledgements from our customers. In some situations, the required minimum purchase quantity may exceed our customers' forecasts or purchase orders. In the event that we face cancellations of purchase orders or purchase orders are lower than forecasts, and we are unable to obtain reimbursements for the unused materials or face delays in reimbursement, this may affect our operating financial results. This may cause us to write-off excess or unused stocks in due time, which will affect our working capital and financial condition.

**12. FINANCIAL INFORMATION (Cont'd)**

For the FYE 31 January 2019, inventory of RM2.4 million was written off primarily due to materials for Customer B (RM0.4 million) and Customer D (RM2.0 million) that were kept for more than one year and thereafter were not required. Materials for Customer B was purchased in excess of Customer B's requirement and was not able to be used in the manufacturing of other products. Materials for Customer D was written off after consultation with Customer D as this was a one-off incident where we purchased the materials ahead to meet expected orders but due to unforeseen market circumstances, there were no forthcoming orders. There was no inventory written off for the FYEs 31 January 2020 and 31 January 2021, and FPE 31 August 2021.

Under normal business conditions, our inventory policy is based on regular interval reviews on a monthly basis where an appropriate amount of inventory is ordered after each review for adequacy and reasonable stock level.

Pursuant to the COVID-19 pandemic and disruption in the global supply chain including global shortages of semiconductors in 2020 and 2021, we carry out daily and weekly reviews to optimise production planning, procurement of materials and allocation of production facilities.

**(e) Prolonged COVID-19 or any other contagious or virulent diseases**

The spread or outbreak of the COVID-19 or any contagious or virulent diseases may potentially affect our business operations. If any of the employees in our manufacturing plant is infected with the COVID-19 or any contagious or virulent diseases, we may be required to temporarily shut down our operations for an uncertain period of time to contain the spread of such disease.

As part of the efforts to reduce and control the spread of COVID-19 in the country, the Government implemented several preventive measures including the MCO, commencing from 18 March 2020. Our manufacturing activities were suspended from 18 March 2020 for 5 days and were in partial operations for 37 days during the first MCO in March 2020. Since the resumption of our business on 24 March 2020, we continue to operate and take precautionary measures by adhering to the SOP issued by the Government during the impositions of the MCO measures including the CMCO and the RMCO in 2020 and reimpositions of the MCO up to 31 May 2021. Under Phase 1 of the NRP which commenced on 1 June 2021, the E&E manufacturing industry is regarded as essential service. In this respect our business operations continue to operate according to specified guidelines and the latest SOP since then.

***Impact on our business, financial condition and results of operations for the FYE 31 January 2021***

For the FYE 31 January 2021, we faced delays in obtaining certain input materials for our EMS operations as there were disruptions in the global supply chain arising from the COVID-19 pandemic. In addition, our EMS operations also experienced delays in fulfilment of sales orders to our customers due to the restrictions imposed by the Government during the MCO period. Upon the resumption of our manufacturing operations, we continue to take the necessary precautions while working under the various constraints imposed by the Government during the MCO as mentioned above.

## 12. FINANCIAL INFORMATION (Cont'd)

Pursuant to the above business interruptions, our revenue from EMS business declined by 44.3% in the first quarter of the FYE 31 January 2021 compared to the fourth quarter of the previous financial year. During the first quarter of the FYE 31 January 2021, we experienced a temporary suspension of our EMS operations by five (5) days with partial operations for 37 days during the MCO period. In this respect, our manufacturing operations were affected in the first half of the year due to MCO restrictions and disruption in the supply of materials arising from the COVID-19 pandemic. In this respect, the manufacturing activities in the second half of year was higher to make up for lost time from the lower manufacturing activity in the first half of the year.

Our financial performance was further affected as we continued to incur factory overhead and administrative expenses including staff cost, depreciation expenses, finance cost as well as other administrative costs. We also incurred additional medical cost for testing of our staff and factory workers. For the FYE 31 January 2021, medical and related costs incurred was RM0.2 million including COVID-19 tests cost. Although we have resumed full operations since 29 April 2020 for the FYE 31 January 2021, our revenue and profitability for the FYE 31 January 2021 were impacted due to interruptions in our operations as mentioned above. Our revenue decreased by 7.0% or RM27.1 million and PBT decreased by 45.0% or RM14.6 million for the FYE 31 January 2021.

### ***Impact on our business, financial condition and results of operations for the FYE 31 January 2022***

Pursuant to the FMCO that started on 1 June 2021, we continue to operate according to specified guidelines and the latest SOP where our business operations operate at 60% capacity of workforce during Phase 1 of the NRP. Our EMS operations were affected due to the restrictions imposed during the FMCO period, which resulted in delays in the fulfilment of sales orders to our customers.

### ***Impact on our supply chain***

For the FYE 31 January 2021 and FPE 31 August 2021, we faced delays in obtaining certain input materials, mainly PCB, capacitors, inductors, plastic components and metal parts from our suppliers as there were disruptions in the global supply chain. Consequently, we had to delay the fulfilment of sales orders to our customers for the FYE 31 January 2021 and FPE 31 August 2021.

According to the IMR, during the second quarter of 2021, the global E&E sector continued to experience a shortage of semiconductor due to the increase in demand for electronic products caused by the COVID-19 pandemic as well as the increased use of semiconductors in automobiles.

In this respect, our business is susceptible to any outbreaks of diseases affecting Malaysia including global pandemics that cause interruptions in our business operations, which are beyond our control, and which will adversely affect our business and financial performance. For further details, see Section 5 of this Prospectus. Since March 2020 and up to the LPD, 234 of our employees from our head office and manufacturing plant were tested positive for COVID-19. For further details, see Section 7.16 of this Prospectus.

Although the various MCO measures are temporary in nature, if the outbreak of COVID-19 in Malaysia is worsen or prolonged, depending on the tightening or relaxation of any preventive measures or SOP by the Government, we may not able to carry out our business activities and this would affect the schedule of delivery as agreed with our customers.

## 12. FINANCIAL INFORMATION (Cont'd)

In addition, we may also face delays in implementing our on-going and future expansion plan including the installation of new production lines and completion of on-going construction of the new manufacturing plant by end of 2021 and capital expenditure in accordance with the expected timeline as set out in Section 7.4 of this Prospectus, due to the COVID-19 pandemic. Failure to implement our business strategies in a timely manner may adversely affect our future business and financial performance.

### (f) Government/economic/fiscal/monetary policies

Our business is subject to risks relating to government, economic, fiscal or monetary policies in Malaysia and in the countries in which we serve. Any unfavourable changes in such government policies, economic conditions, or fiscal or monetary policies may materially affect our operations in Malaysia. For further details, see Section 5 of this Prospectus.

### 12.2.3 Significant accounting estimates and judgements

The preparation of financial statements requires our 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. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

#### (a) Judgements made in applying accounting policies

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amount recognised in the financial statements as disclosed in Section 13 of this Prospectus.

#### (b) Key sources of estimation uncertainty

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

##### (i) Revaluation of PPE

We measured the land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. We engaged an independent valuer to determine the fair value as at the end of reporting period for the FYE Under Review. The carrying amount of the land and buildings as at the end of said reporting period and the relevant revaluation bases and fair value, are as disclosed in Note 4 of the Accountants' Report in Section 13 of this Prospectus.

##### (ii) Inventories

Our inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, our management takes into account the most reliable evidence available at the time the estimate is made. Possible changes in these estimates could result in revisions to the valuation of inventories.

**12. FINANCIAL INFORMATION (Cont'd)**

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- (iii) Provision for expected credit losses of trade receivables and contract assets

We use a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar credit risk characteristics.

The provision matrix is initially based on our historical observed default rates. We will calibrate the matrix to adjust the historical credit loss experience with forward looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. See Note 28.3 of the Accountants' Report in Section 13 of this Prospectus for further details of the expected credit losses.

**12.2.4 Overview of our results of operations**

For the FYE Under Review and FPE 31 August 2021, our revenue was derived from the provision of EMS for industrial electronic products. During the FYE 31 January 2020, we commenced the manufacturing of semiconductor components in the form of multicomponent IC for IoT applications and the mass production of these semiconductor components commenced during the FYE 31 January 2021.

Revenue from the sale of manufactured goods is recognised at the point when control over the goods has been transferred to our customers upon our customers' acceptance for the delivery of the goods. Accordingly, revenue from the sales of communication devices and accessories is recognised upon delivery to customers' designated hub and all other form of sales is recognised based on the issuance of invoice after the delivery of goods to destination points. Invoices for hub sales are issued when the goods are picked up by the customer or within 60 days from the date of delivery to customers' designated hub (regardless of whether the goods are picked up by the customer), whichever is earlier.

For the FYE Under Review and FPE 31 August 2021, products sold to multinational companies located in Malaysia were mainly transacted in USD, while products sold to multinational companies in foreign countries were priced and transacted in various foreign currencies including USD and EUR.

12. FINANCIAL INFORMATION (Cont'd)

Between the FYE 31 January 2019 and 2021, our revenue increased at a CAGR of 0.6%, from RM358.2 million from the FYE 31 January 2019 to RM362.2 million from the FYE 31 January 2021.

For the FYE 31 January 2021 and FPE 31 August 2021, revenue from EMS for communications and IoT products represented RM324.1 million (89.5%) and RM167.17 million (83.6%) of our revenue respectively, comprising the following:

- subassemblies for communication devices and accessories; and
- box build for communication devices and accessories and IoT devices and system build for train communication systems.

For the FYE 31 January 2021 and FPE 31 August 2021, revenue from EMS for electronic devices which includes telematic instrumentation, power and energy management and control devices, and optoelectronics devices, accounted for RM34.1 million (9.4%) and RM27.6 million (13.8%) of our revenue respectively.

Revenue from our new segment, EMS for semiconductor components which includes multicomponent IC, namely communication IoT modules remains small as we only commenced prototyping in the second half of the FYE 31 January 2020. For the FYE 31 January 2021 and FPE 31 August 2021, revenue from this new segment was RM4.0 million and RM5.3 million respectively.

See Section 12.2.5 of this Prospectus for the year-on-year and period-on-period analysis of revenue by products.

We have successfully gained access to both local as well as foreign markets and this is supported by our customer base which is spread across 11 countries (as shown below) covering Asia Pacific, Americas and Europe for the FYE Under Review and FPE 31 August 2021.

Revenue contribution from our top three countries, namely the USA, Malaysia and Singapore, collectively accounted for 93.6%, 92.7%, 89.3% and 88.5% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively.

Figure 12.1 Revenue by Products

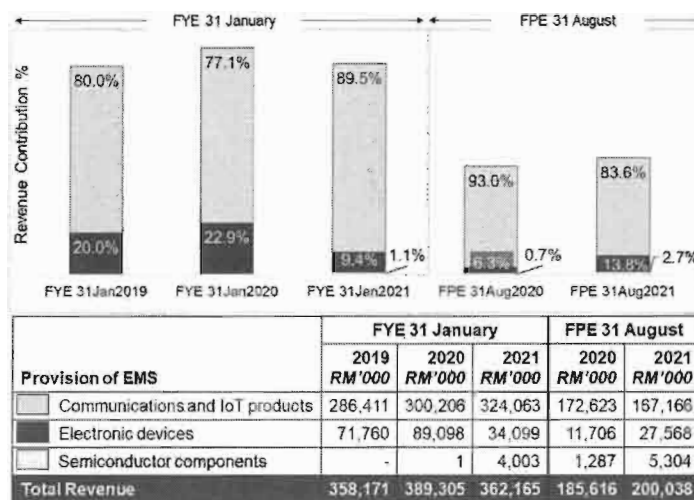
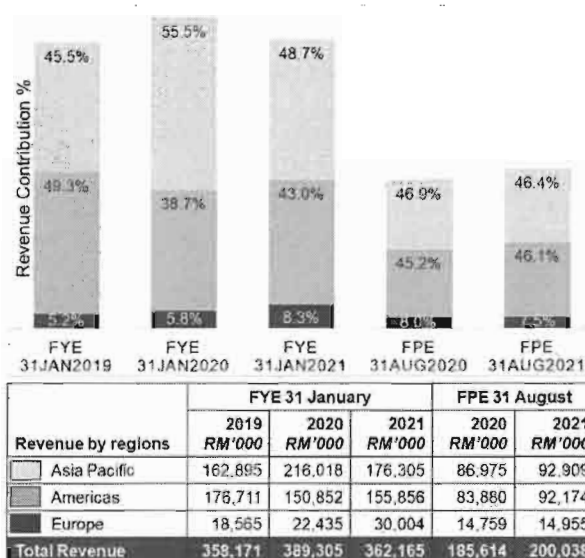
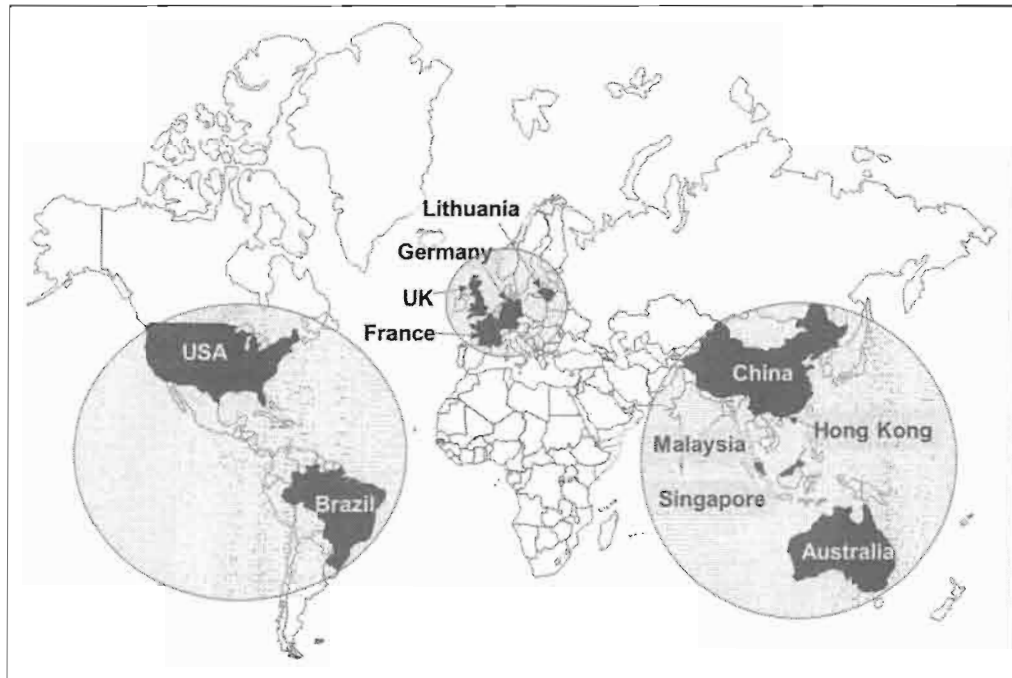


Figure 12.2 Revenue by Geographical Markets





**12. FINANCIAL INFORMATION (Cont'd)**

See Sections 7.1.2 and 12.2.5 of this Prospectus for the breakdown of our revenue by geographical markets.

**12. FINANCIAL INFORMATION (Cont'd)**

**12.2.5 Revenue**

**(i) Revenue segmented by products**

Revenue	FYE 31 January						FPE 31 August					
	2019		2020		2021		2020		2021		2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
<b>EMS for industrial electronic products</b>												
Communications and IoT products	286,411	80.0	300,206	77.1	324,063	89.5	172,623	93.0	167,166	83.5		
Electronic devices	71,760	20.0	89,098	22.9	34,099	9.4	11,706	6.3	27,568	13.8		
Semiconductor components	-	-	1	*	4,003	1.1	1,287	0.7	5,304	2.7		
<b>Total</b>	<b>358,171</b>	<b>100.0</b>	<b>389,305</b>	<b>100.0</b>	<b>362,165</b>	<b>100.0</b>	<b>185,616</b>	<b>100.0</b>	<b>200,038</b>	<b>100.0</b>		

\* Less than 0.1%.

12. FINANCIAL INFORMATION (Cont'd)

	Revenue segmented by geographical markets									
	FYE 31 January			FPE 31 August						
	2019	2020	2021	2020	2021	2021				
Revenue	RM'000	%	RM'000	%	RM'000	%				
<b>Asia Pacific</b>										
Malaysia	111,820	31.2	133,345	34.3	142,707	39.4	74,151	39.9	65,156	32.6
Singapore	47,603	13.3	76,796	19.7	24,972	6.9	9,086	4.9	19,622	9.8
Australia	1,787	0.5	2,979	0.8	225	0.1	180	0.1	259	0.1
Hong Kong	882	0.2	1,757	0.4	7,971	2.2	3,267	1.7	7,338	3.7
China	803	0.2	1,141	0.3	430	0.1	290	0.2	534	0.2
<b>Sub-total</b>	<b>162,895</b>	<b>45.4</b>	<b>216,018</b>	<b>55.5</b>	<b>176,305</b>	<b>48.7</b>	<b>86,974</b>	<b>46.8</b>	<b>92,909</b>	<b>46.4</b>
<b>Americas</b>										
USA	175,805	49.1	150,487	38.7	155,641	43.0	83,724	45.1	92,174	46.1
Brazil	906	0.3	365	*	215	*	156	0.1	-	-
<b>Sub-total</b>	<b>176,711</b>	<b>49.4</b>	<b>150,852</b>	<b>38.7</b>	<b>155,856</b>	<b>43.0</b>	<b>83,880</b>	<b>45.2</b>	<b>92,174</b>	<b>46.1</b>
<b>Europe</b>										
Germany	15,131	4.2	18,544	4.8	23,548	6.5	11,862	6.4	9,763	4.9
UK	3,434	1.0	3,753	1.0	2,208	0.6	1,459	0.8	-	-
Lithuania	-	-	127	*	2,231	0.6	1,427	0.8	1,808	0.9
France	-	-	11	*	2,017	0.6	12	*	3,384	1.7
<b>Sub-total</b>	<b>18,565</b>	<b>5.2</b>	<b>22,435</b>	<b>5.8</b>	<b>30,004</b>	<b>8.3</b>	<b>14,760</b>	<b>8.0</b>	<b>14,955</b>	<b>7.5</b>
<b>Total</b>	<b>358,171</b>	<b>100.0</b>	<b>389,305</b>	<b>100.0</b>	<b>362,165</b>	<b>100.0</b>	<b>185,616</b>	<b>100.0</b>	<b>200,038</b>	<b>100.0</b>

\* Less than 0.1%.

**12. FINANCIAL INFORMATION (Cont'd)****(a) FYE 31 January 2020 compared to FYE 31 January 2019**

Our revenue increased by RM31.1 million or 8.7% from RM358.2 million for the FYE 31 January 2019 to RM389.3 million for the FYE 31 January 2020. This was mainly attributed to the provision of EMS for the following products:

- Revenue from electronic devices increased by RM17.3 million or 24.1% from RM71.8 million for the FYE 31 January 2019 to RM89.1 million for the FYE 31 January 2020, mainly due to higher orders from Customer D for telematic instrumentation devices. Revenue from this product increased by RM31.8 million or 64.8% from RM49.1 million for the FYE 31 January 2019 to RM80.9 million for the FYE 31 January 2020 with sales volume of telematic instrumentation devices increasing by 29.7% for the FYE 31 January 2020.

However, the increase in revenue from electronic devices was partially offset by a decrease in revenue from the sale of power and energy management and control devices for alternating current to direct current power converter by RM14.3 million or 86.7% from RM16.5 million for the FYE 31 January 2019 to RM2.2 million for the FYE 31 January 2020. The decline was due to no purchase order from a customer for the FYE 31 January 2020 and we have not provided EMS services to the said customer since then.

- Revenue from communication and IoT products increased by RM13.8 million or 4.8% from RM286.4 million for the FYE 31 January 2019 to RM300.2 million for the FYE 31 January 2020. We received higher customer orders from Customer A, Customer B and Customer E for communication devices and accessories pertaining to subassemblies and box build communication devices and accessories for the FYE 31 January 2020 where our revenue from these products increased by RM29.2 million or 14.0% from RM208.7 million for the FYE 31 January 2019 to RM237.9 million for the FYE 31 January 2020 with sales volume of these communication devices and accessories increasing by 11.2% for the FYE 31 January 2020.

However, the increase in revenue from communication devices and accessories was partially offset by a decrease in revenue from Customer C for IoT devices which are used in asset monitoring and tracking applications by RM15.4 million or 19.8% from RM77.7 million for the FYE 31 January 2019 to RM62.3 million for the FYE 31 January 2020 as we received lower customer orders for the IoT devices with sales volume of these IoT devices declining by 15.8% for the FYE 31 January 2020.

For the FYE 31 January 2020, we expanded our services into a new segment, namely semiconductor components manufacturing for multicomponent IC which is an electronic part used in the manufacturing of electronic devices. The revenue contribution from this new segment represents less than 0.1% of our revenue for the FYE 31 January 2020. Nevertheless, since the commencement of the manufacturing of semiconductor components in the FYE 31 January 2020 and up to the FPE 31 August 2021, a total of 3.0 million pieces of multicomponent IC have been manufactured and delivered to Customer F.

**12. FINANCIAL INFORMATION (Cont'd)****(b) FYE 31 January 2021 compared to FYE 31 January 2020**

Our revenue decreased by RM27.1 million or 7.0% from RM389.3 million for the FYE 31 January 2020 to RM362.2 million for the FYE 31 January 2021. This was mainly due to the decrease in revenue from the electronic devices segment.

Revenue from electronic devices decreased by RM55.0 million or 61.7%, from RM89.1 million for the FYE 31 January 2020 to RM34.1 million for the FYE 31 January 2021. This was mainly due to lower customer orders from Customer D for telematic instrumentation devices where revenue from this product decreased by RM52.3 million from RM80.9 million for the FYE 31 January 2020 to RM28.6 million for the FYE 31 January 2021 with sales volume of telematic instrumentation devices decreasing by 53.7% for the FYE 31 January 2021.

The decline in revenue from electronic devices was partially offset by the increase in revenue from the following product segments:

- Revenue from communication and IoT products increased by RM23.9 million or 8.0% from RM300.2 million for the FYE 31 January 2020 to RM324.1 million for the FYE 31 January 2021. We received higher customer orders from Customer A, Customer B and Customer E for communication devices and accessories pertaining to subassemblies and box build communication devices and accessories where our revenue increased by RM20.6 million or 8.7% from RM237.9 million for the FYE 31 January 2020 to RM258.5 million for the FYE 31 January 2021 with sales volume of these products also increasing by 10.0% for the FYE 31 January 2021.
- Revenue from semiconductor components manufacturing, namely multicomponent IC, increased from RM1,000 for the FYE 31 January 2020 to RM4.0 million for the FYE 31 January 2021 as a result of higher orders for multicomponent IC received from Customer F for the financial year as we commenced mass production of the multicomponent IC in 2020 subsequent to the pilot production in the FYE 31 January 2020.

**(c) FPE 31 August 2021 compared to FPE 31 August 2020**

Our revenue increased by RM14.4 million or 7.8% to RM200.0 million for the FPE 31 August 2021 compared to RM185.6 million for the FPE 31 August 2020. This was mainly due to the increase in revenue from the electronic devices segment as well as the semiconductor components segment.

Revenue from electronic devices increased by RM15.9 million or 135.5% to RM27.6 million for the FPE 31 August 2021 compared to RM11.7 million for the FPE 31 August 2020. This was mainly due to higher customer orders from Customer D for telematic instrumentation devices where revenue from this product increased by RM13.3 million to RM22.8 million for the FPE 31 August 2021 compared to from RM9.5 million for the FPE 31 August 2020 where the sales volume of telematic instrumentation devices increased by 97.4% for the FPE 31 August 2021.

The growth was also contributed by an increase in revenue from semiconductor components manufacturing by RM4.0 million or 312.1% to RM5.3 million for the FPE 31 August 2021 compared to RM1.3 million for the FPE 31 August 2020. This was contributed by higher orders for multicomponent IC received from Customer F which was also supported by an increase in production capacity by 104.5% to 765 million placement points for the FPE 31 August 2021 compared to 374 million placement points for the FPE 31 August 2020.

**12. FINANCIAL INFORMATION (Cont'd)**

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The increase in revenue from electronic devices and semiconductor components segments was partially offset by the decrease in revenue from the communication and IoT products segment by RM5.5 million or 3.2% to RM167.2 million for the FPE 31 August 2021 compared to RM172.6 million for the FPE 31 August 2020. This was mainly contributed by the decrease in revenue from Customer A, Customer B and Customer E for communication devices and accessories pertaining to subassemblies and box build communication devices and accessories for the FPE 31 August 2021 where revenue from these products decreased by RM24.9 million or 17.7% to RM115.7 million for the FPE 31 August 2021 compared to RM140.5 million for the FPE 31 August 2020 as we experienced lower delivery in fulfilling orders of these customers with sales volume declining by 11.4% for the FPE 31 August 2021. This was impacted by the FMCO and restrictions imposed during the NRP Phase 1 period coupled with the increase in positive COVID-19 cases amongst our staff between July and August 2021, which have resulted in disruptions of operations due to staffing and allocation of workers.

The decrease in revenue from these products was partially offset by an increase in revenue from Customer C for IoT devices which are used in asset monitoring and tracking applications by RM19.0 million or 62.4% to RM49.5 million for the FPE 31 August 2021 compared to RM30.5 million for the FPE 31 August 2020 with sales volume of these IoT devices increasing by 30.5% for the FPE 31 August 2021.

## 12. FINANCIAL INFORMATION (Cont'd)

## 12.2.6 Cost of sales

Cost of sales	FYE 31 January			FPE 31 August		
	2019	2020	2021	2020	2021	2021
	RM'000	%	RM'000	%	RM'000	%
Materials	271,872	86.2	297,144	86.6	285,251	85.9
Labour	32,176	10.2	34,757	10.1	33,442	10.1
Other costs <sup>(1)</sup>	11,336	3.6	11,199	3.3	13,399	4.0
<b>Total</b>	<b>315,384</b>	<b>100.0</b>	<b>343,100</b>	<b>100.0</b>	<b>332,092</b>	<b>100.0</b>
					<b>172,543</b>	<b>100.0</b>
					<b>147,541</b>	<b>85.5</b>
					<b>19,902</b>	<b>10.2</b>
					<b>8,251</b>	<b>4.3</b>
					<b>175,528</b>	<b>100.0</b>

## Note:

(1) Includes mainly factory overheads such as water and utility costs, depreciation costs, transportation and handling costs, upkeep and maintenance of plant and machinery.

## Cost of sales by products

Cost of sales	FYE 31 January			FPE 31 August		
	2019	2020	2021	2020	2021	2021
	RM'000	%	RM'000	%	RM'000	%
<b>EMS</b>	<b>313,325</b>	<b>99.3</b>	<b>341,584</b>	<b>99.6</b>	<b>330,975</b>	<b>99.7</b>
• Communications and IoT products	255,053	80.9	279,266	81.4	299,870	90.3
• Electronic devices	58,272	18.4	61,303	17.9	26,898	8.1
• Semiconductor components	-	-	1,015 <sup>(2)</sup>	0.3	4,207	1.3
<b>Others<sup>(1)</sup></b>	<b>2,059</b>	<b>0.7</b>	<b>1,516</b>	<b>0.4</b>	<b>1,117</b>	<b>0.3</b>
<b>Total</b>	<b>315,384</b>	<b>100.0</b>	<b>343,100</b>	<b>100.0</b>	<b>332,092</b>	<b>100.0</b>
					<b>172,543</b>	<b>100.0</b>
					<b>171,924</b>	<b>99.6</b>
					<b>150,418</b>	<b>92.0</b>
					<b>22,503</b>	<b>6.5</b>
					<b>2,283</b>	<b>1.1</b>
					<b>324</b>	<b>0.4</b>
					<b>175,528</b>	<b>100.0</b>

## Notes:

(1) Refers to development cost incurred during the initial product development phase for new products including engineering and design support, material and labour cost, logistics cost, testing as well as production overhead for pilot production. There was no corresponding revenue generated during the initial product development phase.

(2) Refers to development cost incurred during the initial product development phase which includes material and labour costs as well as production overhead for the pilot production.

**12. FINANCIAL INFORMATION (Cont'd)****(a) Materials for EMS operations**

The cost of sales of materials for our EMS operations mainly consists of semiconductor and electronic components, as well as electrical, mechanical and related parts, as follows:

- Semiconductor and electronic components consist of flexible and rigid PCB, IC and discrete components including diodes, transistors, rectifiers, LED, optocoupler/optoisolator, and passive components such as resistors, capacitors, thermistors, varistors and inductors. These input materials are mainly used during the SMT assembly process, where the IC and discrete components will be mounted onto the PCB.
- Electrical, mechanical and related parts include the following:
  - Electrical connectors refer to d-sub connectors and jack screws;
  - Electromechanical components refer to magnets, coils, transformers, adaptors, switches and antennas;
  - Acoustic parts include microphones, speakers and receivers;
  - Mechanical parts mainly include plastic enclosure and parts, metal parts, rubber parts and aluminium die-casting parts;
  - Cables and wires;
  - Subassembly refers to semi-finished parts such as cable attached with connectors which are mainly used for box build finished products;
  - Fasteners, crystal filters, labelling materials, solder paste and wire, chemicals, and switches.

These materials were mainly used for our subassemblies, and box build and system build finished products including routing of cables and harnesses assembly, simple enclosure assembly with displays or interfaces, and final product packing.

For the FYE 31 January 2020, the cost of materials increased by RM25.3 million or 9.3% which was in tandem with the increase in our revenue of 8.7% in the corresponding financial year, mainly contributed by higher customer orders for communication products and electronic devices as further explained in Section 12.2.5(a) of this Prospectus. Communication products include subassemblies and box build communication devices and accessories, while electronic devices include telematic instrumentation devices.

For the FYE 31 January 2021, the cost of sales of materials decreased by RM11.9 million or 4.0% which was in line with the decrease in our revenue of 7.0% in the corresponding financial year, mainly due to lower customer orders for electronic devices relating to telematic instrumentation devices as explained in Section 12.2.5(b) of this Prospectus.



**12. FINANCIAL INFORMATION (Cont'd)**

For the FPE 31 August 2021, the cost of sales of materials decreased by RM0.2 million or 0.1% which was in line with the decrease in revenue of 3.2% communication products segment, mainly due to lower delivery in fulfilling the orders of Customer A, Customer B and Customer E comprising communication devices and accessories pertaining to subassemblies and box build communication devices and accessories as explained in Section 12.2.5(c) of this Prospectus.

**(b) Labour cost**

Labour cost consists of the following:

- direct labour which includes supervisors and quality control personnel, and production floor workers;
- engineering and design support team comprising electronic, electrical and mechanical engineers and technical staff;
- supply chain management team;
- product development team; and
- test system engineering staff.

For the FYE 31 January 2020, labour cost increased by RM2.6 million or 8.0% from RM32.2 million for the FYE 31 January 2019 to RM34.8 million, mainly due to the increase in number of production floor workers mainly for the electronic devices segment and the upward adjustments in wages and salaries for factory staff including supervisors, quality assurance and production floor workers in line with the increase in minimum wages.

For the FYE 31 January 2021, labour cost declined by RM1.3 million or 3.8% from RM34.8 million for the FYE 31 January 2020 to RM33.4 million, mainly due to a subsidy received amounting to RM1.3 million under the wage subsidy programme.

For the FPE 31 August 2021, labour cost increased by RM2.3 million or 12.8% to RM19.9 million compared to RM17.6 million for the FPE 31 August 2020. This was mainly attributed to the increase in the number of production floor workers mainly for telematic instrumentation devices and IoT devices.

**(c) Other costs**

Other costs comprise mainly factory overheads such as water and utility costs, depreciation costs, transportation and handling costs, upkeep and maintenance of plant and machinery.

For the FYE 31 January 2020, other costs decreased by RM0.1 million or 1.2% which was mainly due to a decrease in transportation cost, commission paid to a sales agent in USA and upkeep costs incurred for plant and equipment.

For the FYE 31 January 2021, other costs increased by RM2.2 million or 19.6% which was mainly due to the increase in depreciation of plant and machinery and freight cost.

For the FPE 31 August 2021, other costs increased by RM0.9 million or 12.0% which was mainly due to the increase in depreciation of plant and machinery and freight cost.

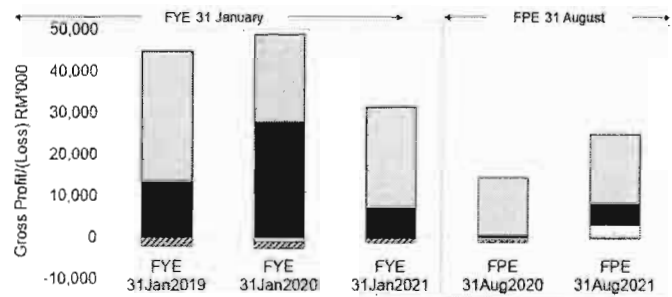
## 12. FINANCIAL INFORMATION (Cont'd)

### 12.2.7 Our gross profit performance

Our gross profit decreased from RM42.8 million for the FYE 31 January 2019 to RM30.1 million for the FYE 31 January 2021, representing a decline at an average annual rate of 16.2% over the same period.

Our overall gross profit margin declined from 11.9% for the FYE 31 January 2019 to 8.3% for the FYE 31 January 2021.

For the FPE 31 August 2021, our gross profit increased by RM11.4 million or 87.5% to RM24.5 million compared to RM13.1 million for the FPE 31 August 2020. Our overall gross profit margin improved to 12.3% for the FPE 31 August 2021 compared to 7.0% for the FPE 31 August 2020.



	FYE 31 January			FPE 31 August	
	2019 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000
Provision of EMS	44,846	47,721	31,191	13,693	24,833
Communications and IoT products	31,358	20,940	24,193	13,834	16,747
Electronic devices	13,488	27,795	7,201	434	5,065
Semiconductor components	-	(1,014)	(203)	(575)	3,021
Others <sup>(1)</sup>	(2,059)	(1,516)	(1,118)	(619)	(324)
<b>Total Gross Profit</b>	<b>42,787</b>	<b>46,205</b>	<b>30,073</b>	<b>13,074</b>	<b>24,509</b>

Note. (1) Refers to product development cost incurred for new products and/or new customers

Performance of our gross profit margin are influenced by, among others, the following factors:

- Customer demand and sales volume for the provision of EMS for industrial electronic products;
- Changes in customer demand which affects our product mix and volume and operational efficiency;
- Interruptions in the supply of input materials and other supply chain constraints which may affect our production lead time as well as operational disruptions and inefficiencies resulting from, among others, external factors such as MCO and COVID-19 pandemic conditions;
- Some of the increases in input material costs that cannot be passed on to customers arising from shortages and increase in freight and/or shipping costs due to global supply chain disruptions;
- Ability to ramp up manufacturing operations with the aim of meeting increasing customer demand in a timely manner;
- Impact of foreign exchange fluctuations. Our revenue and purchases in USD are naturally hedged as the bulk of transactions are conducted in USD and we maintain USD bank accounts and borrowings in USD for our business operations. Nevertheless, in the event of any unfavourable movements or fluctuations in foreign exchange, this may materially affect our financial performance due to the different timing of our purchases and revenue; and
- Initial product development costs which included investment in necessary resources such as materials, direct labour, tools, jigs and fixtures.

12. FINANCIAL INFORMATION (Cont'd)

(i) Gross profit and gross profit margin segmented by business activities and products

	FYE 31 January								
	2019			2020			2021		
	Gross profit	%	Gross profit margin	Gross profit	%	Gross profit margin	Gross profit	%	Gross profit margin
RM'000		%	RM'000		%	RM'000		%	
<b>EMS</b>									
Communications and IoT products	31,358	73.3	10.9	20,940	45.3	7.0	24,193	80.5	7.5
Electronic devices	13,488	31.5	18.8	27,795	60.2	31.2	7,201	23.9	21.1
Semiconductor components	-	-	-	(1,014)	(2.2)	#	(203)	(0.7)	(5.1)
<b>Sub-total</b>	<b>44,846</b>	<b>104.8</b>	<b>12.5</b>	<b>47,721</b>	<b>103.3</b>	<b>12.3</b>	<b>31,191</b>	<b>103.7</b>	<b>8.6</b>
Others <sup>(1)</sup>	(2,059)	(4.8)	n.c	(1,516)	(3.3)	n.c	(1,118)	(3.7)	n.c
<b>Total</b>	<b>42,787</b>	<b>100.0</b>	<b>11.9</b>	<b>46,205</b>	<b>100.0</b>	<b>11.9</b>	<b>30,073</b>	<b>100.0</b>	<b>8.3</b>

**Notes:**

n.c = not computable.

# In the FYE 31 January 2020, we commenced pilot production of semiconductor components, namely multicomponent IC progressively since the commencement of the initial product development phase. By January 2020, we delivered a total of 472 pieces of multicomponent IC to the customer. During the pilot production, there was a minimal revenue of RM1,000 recorded for the FYE 31 January 2020 with a gross loss of RM1.0 million and a gross loss margin for the FYE 31 January 2020. The gross loss was mainly attributed to the development cost incurred during the initial product development phase which includes material and labour costs as well as production overhead for the pilot production. For the FYE 31 January 2021, there was a gross loss of RM0.2 million as we still incurred engineering support cost for the pilot production of new models of multicomponent IC.

(1) Refers to development cost incurred during the initial product development phase for new products including engineering and design support, material and labour cost, logistics cost, testing as well as production overhead for pilot production. There was no corresponding revenue generated during the initial product development phase. The development cost incurred in the FYE 31 January 2020 and FYE 31 January 2021 was mainly the cost incurred for the design of lithium-ion battery pack for light vehicles, a new product.

**12. FINANCIAL INFORMATION (Cont'd)**

	FPE 31 August			
	2020		2021	
	Gross profit RM'000	% Gross profit margin	Gross profit RM'000	% Gross profit margin
<b>EMS</b>				
Communications and IoT products	13,834	105.8	16,747	68.3
Electronic devices	434	3.3	5,065	20.7
Semiconductor components	(575)	(4.4)	3,021	12.3
<b>Sub-total</b>	<b>13,693</b>	<b>104.7</b>	<b>24,833</b>	<b>101.3</b>
Others <sup>(1)</sup>	(619)	(4.7)	(324)	(1.3)
<b>Total</b>	<b>13,074</b>	<b>100.0</b>	<b>24,509</b>	<b>100.0</b>

**Note:**

(1) Refers to development cost incurred during the initial product development phase for new products including engineering and design support, material and labour cost, logistics cost, testing as well as production overhead for pilot production. There was no corresponding revenue generated during the initial product development phase. The development cost incurred in the FPE 31 August 2020 and FPE 31 August 2021 was mainly the cost incurred for the design of lithium-ion battery pack for light vehicles, a new product.

**12. FINANCIAL INFORMATION (Cont'd)**

**(ii) Gross profit and gross profit margin segmented by geographical markets**

	FYE 31 January									
	2019			2020			2021			
	Gross profit	% margin	Gross profit	% margin	Gross profit	% margin	Gross profit	% margin	Gross profit	% margin
	<b>RM'000</b>		<b>RM'000</b>		<b>RM'000</b>		<b>RM'000</b>		<b>RM'000</b>	
Asia Pacific	17,869	41.8	31,366	67.9	13,722	45.6	13,722	45.6	13,722	45.6
Americas	23,956	56.0	13,846	30.0	15,454	51.4	15,454	51.4	15,454	51.4
Europe	962	2.2	993	2.1	897	3.0	897	3.0	897	3.0
<b>Total (save for gross profit margin)</b>	<b>42,787</b>	<b>100.0</b>	<b>46,205</b>	<b>100.0</b>	<b>30,073</b>	<b>100.0</b>	<b>30,073</b>	<b>100.0</b>	<b>30,073</b>	<b>100.0</b>

	FPE 31 August									
	2020			2021						
	Gross profit	% margin	Gross profit	% margin	Gross profit	% margin	Gross profit	% margin	Gross profit	% margin
	<b>RM'000</b>		<b>RM'000</b>		<b>RM'000</b>		<b>RM'000</b>		<b>RM'000</b>	
Asia Pacific	5,146	39.3	11,853	5.9	11,853	48.4	11,853	48.4	11,853	48.4
Americas	7,084	54.2	12,114	8.4	12,114	49.4	12,114	49.4	12,114	49.4
Europe	844	6.5	542	5.7	542	2.2	542	2.2	542	2.2
<b>Total (save for gross profit margin)</b>	<b>13,074</b>	<b>100.0</b>	<b>24,509</b>	<b>7.0</b>	<b>24,509</b>	<b>100.0</b>	<b>24,509</b>	<b>100.0</b>	<b>24,509</b>	<b>100.0</b>

**12. FINANCIAL INFORMATION (Cont'd)****(a) FYE 31 January 2020 compared to FYE 31 January 2019**

Our gross profit increased by RM3.4 million or 8.0% for the FYE 31 January 2020 but the gross profit margin remained at 11.9% for the FYE 31 January 2020 which was mainly due to the increase in gross profit and gross profit margin from the electronic devices segment.

The increase in gross profit from electronic devices of RM14.3 million or 106.1% for the FYE 31 January 2020 was mainly due to higher customer orders for the telematic instrumentations devices which is in tandem with the increase in our revenue derived from this type of product by 24.2% for the FYE 31 January 2020.

Similarly, there was an improvement in the gross profit margin for electronic devices segment from 18.8% for the FYE 31 January 2019 to 31.2% for the FYE 31 January 2020. This was mainly contributed by increased sales volume of high value products sold that include testing of PCBA as an additional work stream performed for a customer.

However, the increase in gross profit from electronic devices segment was partially offset by the decrease in gross profit from the communications and IoT products segment. The gross profit from communications and IoT products decreased by RM10.4 million or 33.2% for the FYE 31 January 2020, affected by lower customer orders for IoT devices, in line with the decrease in revenue from this type of device by 19.9% for the FYE 31 January 2020. For further details of the analysis of revenue, See Section 12.2.5(a) of this Prospectus.

Similarly, there was a decline in gross profit margin for the communications and IoT products segment from 10.9% for the FYE 31 January 2019 to 7.0% for the FYE 31 January 2020, mainly contributed by a lower production output of IoT devices which resulted in an increase in unit manufacturing cost arising from higher unit material cost for the FYE 31 January 2020, which increased by 5.6% compared to the FYE 31 January 2019.

**(b) FYE 31 January 2021 compared to FYE 31 January 2020**

Our gross profit decreased by RM16.1 million or 34.9% for the FYE 31 January 2021. Similarly, our gross profit margin declined from 11.9% for the FYE 31 January 2020 to 8.3% for the FYE 31 January 2021, mainly due to the decrease in gross profit from the electronic devices segment.

Gross profit for electronic devices segment decreased by RM20.6 million or 74.1%, for the FYE 31 January 2021. This was mainly due to lower customer orders for telematic instrumentation devices with sales volume of telematic instrumentation devices decreasing by 53.7% for the FYE 31 January 2021. This was also reflected in the decrease in our revenue by 64.7% for this type of product for the FYE 31 January 2021.

Similarly, gross profit margin for electronic devices decreased from 31.2% for the FYE 30 January 2020 to 21.1% for the FYE 31 January 2021 mainly due to the decline in the gross profit margin from telematic instrumentation devices as a result of lower production output which had resulted in an increase in unit manufacturing cost arising from production overhead cost for the FYE 31 January 2021. This also resulted in a larger decline in revenue as compared to cost of sales for electronic devices, which ultimately contributed to a lower gross profit margin for our Group for the FYE 31 January 2021.

**12. FINANCIAL INFORMATION (Cont'd)**

The decrease in our gross profit from electronic devices segment was partially offset by the improvement in gross profit from the communications and IoT products segment. Gross profit from communications and IoT products increased by RM3.3 million or 15.5% for the FYE 31 January 2021. This was mainly contributed by the growth in communication devices and accessories pertaining to subassemblies and box build communication devices and accessories which reflected the increase in revenue for this type of product by 8.7% for the FYE 31 January 2021.

Similarly, there was an improvement in gross profit margin for communications and IoT products from 7.0% for the FYE 31 January 2020 to 7.5% for the FYE 31 January 2021. This was mainly contributed by an improvement in the gross profit margin for communication devices and accessories where we were able to derive economies of scale and achieve lower unit manufacturing cost for the FYE 31 January 2021 due to increase in production volume.

**(c) FPE 31 August 2021 compared to FPE 31 August 2020**

Our gross profit increased by RM11.4 million or 87.5% for the FPE 31 August 2021 and our gross profit margin also improved to 12.3% for the FPE 31 August 2021 compared to 7.0% for the FPE 31 August 2020. This was mainly due to the improvement in gross profit and gross profit margin from the electronic devices segment, semiconductor components segment and communications and IoT products segment.

The increase in gross profit from electronic devices of RM4.6 million or 1,067.1% for the FPE 31 August 2021 was mainly due to higher customer orders for the telematic instrumentations devices which is in tandem with the increase in our revenue derived from this type of product by 139.1%. Similarly, there was an improvement in the gross profit margin for electronic devices segment to 18.4% for the FPE 31 August 2021 compared to 3.7% for the FPE 31 August 2020. This was mainly due to the increase in sales volume of high value products sold that include testing of products as an additional work stream performed for a customer.

In addition, there was an increase in gross profit from communications and IoT products segment by RM2.9 million or 21.1%. This was mainly contributed by higher customer orders for IoT devices, in line with the increase in revenue derived from this type of product by 62.4%. Similarly, the gross profit margin from the communications and IoT products segment improved to 10.0% for the FPE 31 August 2021 compared to 8.0% for the FPE 31 August 2020. This was mainly attributed to higher sales volume of high value products sold in box-build form which also included testing on the products.

Our gross profit from the semiconductor components manufacturing also increased by RM3.6 million to reach RM3.0 million for the FPE 31 August 2021 compared to a gross loss of RM0.6 million for the FPE 31 August 2020 and the gross profit margin from this product segment was 57.0% for the FPE 31 August 2021 as we start to gain traction from these products since the commencement of mass production of multicomponent IC during the FYE 31 January 2021 with sales volume increasing by 170.2% for the FPE 31 August 2021 which was supported by the increase in our production capacity.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.8 Other income**

Other income	FYE 31 January					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Interest income	275	62.4	178	64.7	203	16.9
Sales of scrap	87	19.7	97	35.3	108	9.0
Gain on foreign exchange	79	17.9	-	-	770	64.1
Others	-	-	-	-	120 <sup>(1)</sup>	10.0
<b>Total</b>	<b>441</b>	<b>100.0</b>	<b>275</b>	<b>100.0</b>	<b>1,201</b>	<b>100.0</b>

Other income	FPE 31 August			
	2020		2021	
	RM'000	%	RM'000	%
Interest income	131	12.0	76	38.1
Sales of scrap	57	5.2	98	49.4
Gain on foreign exchange	790	72.1	-	-
Others	117 <sup>(1)</sup>	10.7	25 <sup>(2)</sup>	12.5
<b>Total</b>	<b>1,095</b>	<b>100.0</b>	<b>199</b>	<b>100.0</b>

**Notes:**

- (1) Gain on disposal of investment in quoted shares.  
(2) Comprises dividend received and gain on disposal of PPE.

**(a) FYE 31 January 2020 compared to FYE 31 January 2019**

Our other income decreased by RM0.2 million or 37.6% for the FYE 31 January 2020, which was mainly due to a decrease in interest income of RM0.1 million. This was associated with the repurchase agreement (repo) interest received in the FYE 31 January 2019. In addition, the decrease in other income was partly attributed to an unrealised gain on foreign exchange in the previous financial year.

**(b) FYE 31 January 2021 compared to FYE 31 January 2020**

Our other income increased by RM0.93 million or 336.7% for the FYE 31 January 2021, mainly due to a realised gain on foreign exchange of RM0.8 million and gain on disposal of investments in quoted shares listed on a foreign exchange of RM0.1 million in the FYE 31 January 2021.

**(c) FPE 31 August 2021 compared to FPE 31 August 2020**

Our other income decreased by RM0.9 million or 81.8% for the FPE 31 August 2021, mainly due to a realised gain on foreign exchange and gain on disposal of investments in quoted shares listed on a foreign exchange in the FPE 31 August 2020.



**12. FINANCIAL INFORMATION (Cont'd)****12.2.9 Operating expenses**

	FYE 31 January					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
<b>Administrative</b>						
Staff related cost	4,585	47.9	4,541	45.0	4,370	46.9
Directors' remuneration	1,037	10.8	1,225	12.1	1,154	12.4
Depreciation of motor vehicles, office furniture and equipment	450	4.7	586	5.8	709	7.6
Repair and upkeep charges	674	7.0	744	7.4	692	7.4
Fair value loss on investment in quoted shares	-	-	-	-	636	6.8
Realised and unrealised foreign exchange losses	899	9.4	512	5.1	371	4.0
Membership and license fees	489	5.1	368	3.6	314	3.4
Professional and consultancy fees	326	3.4	806	8.0	163	1.7
Other administrative expenses <sup>(1)</sup>	483	5.1	952	9.5	705	7.6
<b>Sub-total</b>	<b>8,943</b>	<b>93.4</b>	<b>9,734</b>	<b>96.4</b>	<b>9,114</b>	<b>97.8</b>
Selling and distribution	633	6.6	363	3.6	202	2.2
<b>Total</b>	<b>9,576</b>	<b>100.0</b>	<b>10,097</b>	<b>100.0</b>	<b>9,316</b>	<b>100.0</b>
	FPE 31 August					
	2020		2021			
	RM'000	%	RM'000	%		
<b>Administrative</b>						
Staff related cost	2,508	51.0	2,541	46.0		
Directors' remuneration	729	14.8	594	10.7		
Depreciation of motor vehicles, office furniture and equipment	376	7.6	469	8.5		
Repair and upkeep charges	386	7.9	319	5.8		
Fair value loss on investment in quoted shares	128	2.6	217	3.9		
Realised and unrealised foreign exchange losses	-	-	775	14.0		
Membership and license fees	197	4.0	233	4.2		
Professional and consultancy fees	50	1.0	215	3.9		
Other administrative expenses <sup>(1)</sup>	436	8.9	45	0.8		
<b>Sub-total</b>	<b>4,809</b>	<b>97.8</b>	<b>5,409</b>	<b>97.8</b>		
Selling and distribution	106	2.2	120	2.2		
<b>Total</b>	<b>4,915</b>	<b>100.0</b>	<b>5,529</b>	<b>100.0</b>		

**Note:**

(1) Each component under other administrative expenses represents less than 5% of total operating expenses respectively.

**12. FINANCIAL INFORMATION (Cont'd)**

Our operating expenses comprise of:

- Administrative expenses which include, among others, staff related costs including salaries and wages, bonuses, employee contributions and other related expenses; directors' remunerations; professional and consultancy fees; depreciation of motor vehicles, office furniture and equipment; as well as other administrative expenses such as rental and office related expenses such as quit rent and assessment fee and office supplies, membership and license fees, insurance, stamp duty payment (FYE 31 January 2020 and FYE 31 January 2021) and fair value loss on investment in quoted shares listed on a foreign exchange (FYE 31 January 2021).
- Selling and distribution expenses which include, among others, transportation and handling charges, sales and marketing expenses such as advertisements, product promotions and evaluation expenses as well as travelling and related expenses.

**(a) FYE 31 January 2020 compared to FYE 31 January 2019**

Our operating expenses increased by RM0.5 million or 5.4% for the FYE 31 January 2020, mainly due to an increase in administrative expenses as follows:

- increase in professional and consultancy fees of RM0.5 million mainly from one-off processing fee for a term loan.
- stamp duty payment of RM0.2 million pertaining to drawdown of a term loan of RM33.0 million in the FYE 31 January 2020 for dividend payment.
- increase in directors' remuneration of RM0.2 million.
- increase in depreciation by RM0.1 million mainly contributed by purchases of additional office equipment including computers and related office supplies, and one unit of commercial vehicle in the FYE 31 January 2020.

However, the increase of administrative expenses was partially offset by a lower realised and unrealised loss of RM0.5 million on foreign currency transacted in the FYE 31 January 2020 compared to RM0.9 million in the FYE 31 January 2019.

Further, the increase in operating expenses was partly offset by a decrease in selling and distribution expenses by RM0.3 million or 42.7% in the FYE 31 January 2020. This was mainly due to lower travelling expenses, lower sales and marketing expenses relating to product promotion and evaluation.

**(b) FYE 31 January 2021 compared to FYE 31 January 2020**

Our operating expenses decreased by RM0.8 million or 7.7% for the FYE 31 January 2021, mainly due to the decrease in administrative expenses where the professional and consultancy fees decreased by RM0.6 million mainly from the decrease in processing fee for term loan attributed to lower term loan secured in the FYE 31 January 2021. The decrease in administrative expenses was partially offset by the fair value loss of RM0.6 million of an investment in quoted shares listed on a foreign exchange where the investment recorded an unrealised gain of RM0.2 million which resulted in a net movement of RM0.4 million for the said investment as at 31 January 2021.

**12. FINANCIAL INFORMATION (Cont'd)**

The decrease in operating expenses was also due to the decrease in selling and distribution expenses by RM0.2 million in the FYE 31 January 2021, which was mainly due to lower cost incurred for sales related activities resulting from travelling and business gathering restrictions due to the imposition of MCO measures.

**(c) FPE 31 August 2021 compared to FPE 31 August 2020**

Our operating expenses increased by RM0.6 million or 12.5% for the FPE 31 August 2021 mainly due to the realised loss on foreign exchange of RM0.8 million.

**12.2.10 Finance cost**

	FYE 31 January					
	2019		2020		2021	
	RM'000	%	RM'000	%	RM'000	%
Interest expense on:						
- Onshore foreign currency loan ("OFCL")	2,290	87.6	2,161	54.0	1,007	24.4
- Bankers' acceptance	144	5.5	967	24.1	994	24.0
- Term loans	-	-	671	16.7	1,734	41.9
- Finance lease liabilities	12	0.5	53	1.3	237	5.7
- Bank overdraft	-	-	#	#	-	-
Bank commission and charges	166	6.4	154	3.9	167	4.0
<b>Total</b>	<b>2,612</b>	<b>100.0</b>	<b>4,006</b>	<b>100.0</b>	<b>4,139</b>	<b>100.0</b>
	FPE 31 August					
	2020		2021			
	RM'000	%	RM'000	%		
Interest expense on:						
- OFCL	663	26.7	489	21.7		
- Bankers' acceptance	526	21.1	326	14.4		
- Term loans	1,030	41.4	1,050	46.4		
- Finance lease liabilities	159	6.4	240	10.6		
- Revolving credit	-	-	39	1.7		
Bank commission and charges	110	4.4	117	5.2		
<b>Total</b>	<b>2,488</b>	<b>100.0</b>	<b>2,261</b>	<b>100.0</b>		

**Note:**

# Insignificant proportion where there was an interest expense of RM197 on bank overdraft for the FYE 31 January 2020.

**12. FINANCIAL INFORMATION (Cont'd)**

Our finance cost consists primarily of interest charged on bank and trade facilities granted by banking and financial institutions, such as the OFCL, bankers' acceptance, term loans, finance lease liabilities and bank overdrafts. Our finance cost for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021 was 0.7%, 1.0%, 1.1% and 1.1% of our revenue, respectively.

**(a) FYE 31 January 2020 compared to FYE 31 January 2019**

Our finance cost increased by RM1.4 million or 53.4% for the FYE 31 January 2020. This was mainly attributed to the following:

- interest expense on bankers' acceptance which increased by RM0.8 million or 571.5% to RM1.0 million in the FYE 31 January 2020, mainly due to increase in the utilisation of bankers' acceptance. These bankers' acceptance was mainly used to finance our receivables as well as the inventories including local purchases; and
- interest expense on term loan of RM0.7 million in the FYE 31 January 2020, which was drawn down for dividend payments to MSH, the ultimate holding company of BCM Electronics.

The increase in finance cost was partially offset by the decrease in interest expense on the OFCL which decreased by RM0.1 million or 5.6% to RM2.2 million in the FYE 31 January 2020, mainly due to lower interest rates. The OFCL was mainly used to pay our suppliers for the purchases of input materials.

**(b) FYE 31 January 2021 compared to FYE 31 January 2020**

Our finance cost increased by RM0.1 million or 3.3% for the FYE 31 January 2021. This was mainly attributed to the following:

- interest expense on term loan which increased by RM1.1 million or 158.4% to RM1.7 million in the FYE 31 January 2021. This term loan was used for payment of dividend; and
- interest expense on finance lease liabilities which increased by RM0.2 million or 347.2% to RM0.2 million in the FYE 31 January 2021. The finance lease liabilities were mainly for the purchases of machinery and equipment as well as motor vehicles.

The increase in finance cost was partially offset by the decrease in interest expense on the OFCL which decreased by RM1.2 million or 53.4% to RM1.0 million in the FYE 31 January 2021, mainly due to lower interest rates.

**(c) FPE 31 August 2021 compared to FPE 31 August 2020**

Our finance cost decreased by RM0.2 million or 9.1% for the FPE 31 August 2021, mainly attributed to the decrease in interest expense on bankers' expenses by RM0.2 million or 38.0% to RM0.3 million in the FPE 31 August 2021, as well as the decrease in interest expense on the OFCL by RM0.2 million or 26.2% to RM0.5 million in the FPE 31 August 2021, mainly due to lower interest rates.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.11 PBT, PAT and effective tax rate**

	FYE 31 January			FPE 31 August	
	2019	2020	2021	2020	2021
PBT (RM'000)	31,040	32,377	17,819	6,765	16,919
PBT margin	8.7%	8.3%	4.9%	3.6%	8.5%
Total taxation (RM'000)	7,159	8,780	2,724	1,509	3,716
Effective tax rate	23.1%	27.1%	15.3%	22.3%	22.0%
PAT (RM'000)	23,881	23,596	15,096	5,256	13,203
PAT margin	6.7%	6.1%	4.2%	2.8%	6.6%

We assume responsibility for the withholding of tax on payments to our service providers who are not resident in the relevant country where the services are rendered, as well as on licenses or royalties paid to our vendors and service providers. We also remit such withheld taxes to the relevant tax authorities.

**(a) FYE 31 January 2020 compared to FYE 31 January 2019**

Our PBT increased by RM1.3 million or 4.3% for the FYE 31 January 2020, which was in line with the growth in our gross profit of 8.0% for the FYE 31 January 2020. This was mainly contributed by the growth in our revenue from communication products which include subassemblies and box build communication devices and accessories as well as electronic devices, namely telematic instrumentation devices.

Our PBT margin decreased slightly from 8.7% for the FYE 31 January 2019 to 8.3% for the FYE 31 January 2020 mainly contributed by an increase in our finance cost by 53.4% for the FYE 31 January 2020 due to interest expense on bankers' acceptance to finance the inventories and term loan drawn down for dividend payment. The decrease in PBT margin was partly due to an increase in operating expenses by 5.4% for the FYE 31 January 2020. See Section 12.2.10(a) of this Prospectus for further details of our finance cost and Section 12.2.9(a) of this Prospectus for further details of our operating expenses.

For the FYE 31 January 2020, our effective tax rate was 27.1%, which was higher than statutory tax rate of 24.0%, mainly attributed to RM0.8 million of non-deductible expenses including stamp duty and professional fees incurred for the term loan, and interest expense incurred in relation to the term loan.

**(b) FYE 31 January 2021 compared to FYE 31 January 2020**

Our PBT decreased by RM14.6 million or 45.0% for the FYE 31 January 2021 in tandem with the decrease in our gross profit and revenue from electronic devices.

Our PBT margin declined from 8.3% for the FYE 31 January 2020 to 4.9% for the FYE 31 January 2021 mainly due to the decrease in gross profit margin for the electronic devices segment from 31.2% in the FYE 31 January 2020 to 21.1% in the FYE 31 January 2021.

For the FYE 31 January 2021, our effective tax rate was 15.3%, which was lower than the statutory tax rate of 24.0%, mainly due to the utilisation of reinvestment allowance for the new machineries for the SMT line installed during the FYE 31 January 2021.

**12. FINANCIAL INFORMATION (Cont'd)****(c) FPE 31 August 2021 compared to FPE 31 August 2020**

Our PBT increased by RM10.2 million or 150.1% for the FPE 31 August 2021 in line with the increase in our gross profit from the electronic devices segment, semiconductor components segment and communications and IoT products segment.

Our PBT margin improved to 8.5% for the FPE 31 August 2021 compared to 3.6% for the FPE 31 August 2020, mainly due to the improvement in gross profit margin from electronic devices segment and semiconductor components segment.

For the FPE 31 August 2021, our effective tax rate was 22.0% which was lower than the statutory tax rate of 24.0%, mainly due to the utilisation of reinvestment allowance for the new SMT line installed during the FPE 31 August 2021.

We had recently completed the installation and commissioning of another SMT line in October 2021 and we expect to complete the construction of the new manufacturing plant by December 2021. The qualifying capital expenditure incurred during the year for the construction of the new manufacturing plant and installation of the SMT line is estimated at RM16.0 million and RM7.1 million respectively as at the LPD. We are eligible to claim the reinvestment allowance amounting to RM13.9 million (i.e. 60% of the total qualifying capital expenditure of RM23.1 million) as they are for the expansion of our existing production capacity. The tax benefit of approximately RM3.3 million arising from the reinvestment allowance to be claimed is expected to reduce our effective tax rate for the FYE 31 January 2022.

**12.2.12 Liquidity and capital resources****(i) Working capital**

Our business has been financed by a combination of internal and external sources of funds. Internal sources comprised of shareholders' equity and cash generated from our operations, while external sources were mainly banking facilities from financial institutions. The principal utilisation of these funds was for our business operations and growth.

Based on our audited combined statements of financial position as at 31 August 2021, our cash and short-term deposits amounted to RM15.9 million and our total borrowings were RM127.2 million. As at 31 August 2021, our gearing ratio is 1.4 times and current ratio is 1.3 times. As at the LPD, banking facilities available to us for working capital purposes amounted to RM122.0 million, of which RM19.1 million has yet to be utilised.

Based on the above and taking into consideration our funding requirements for our committed capital expenditure, expected cash flow to be generated from our operations and after considering the pre-IPO dividend of RM3.2 million as set out in Section 12.5 of this Prospectus, the impact of the COVID-19 pandemic on our business and the amount of approximately RM1.7 million which has been returned to Mimos and would not be recoverable should BCM Electronics be unsuccessful in its application to the Federal Court of Malaysia as set out in Section 14.6 of this Prospectus, the amount that is available under our existing banking facilities, as well as the proceeds to be raised from the Public Issue, our Board believes that we have adequate working capital to meet our present and foreseeable requirements for a period of 12 months from the date of this Prospectus. For details of the impact of COVID-19 pandemic on our Group, see Sections 7.16 and 12.2.2(e) of this Prospectus.

**12. FINANCIAL INFORMATION (Cont'd)****(ii) Cash flow**

The following is our cash flow for the FYE Under Review and FPE 31 August 2021 based on our audited combined financial statements. This should be read in conjunction with the Accountants' Report in Section 13 of this Prospectus.

	FYE 31 January			FPE 31 August	
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	5,462	18,250	150	14,567	17,972
Net cash used in investing activities	(982)	(5,384)	(14,513)	(13,957)	(10,324)
Net cash (used in)/from financing activities	(23,843)	(2,436)	4,017	(2,123)	(8,821)
Net (decrease)/increase in cash and cash equivalents	(19,363)	10,430	(10,346)	(1,513)	(1,173)
Effect of changes in foreign exchange rate	-	-	51	(275)	(6)
Cash and cash equivalents at the beginning of the financial year/period	36,337	16,974	27,404	27,404	17,109
<b>Cash and cash equivalent at end of the financial year/period <sup>(1)</sup></b>	<b>16,974</b>	<b>27,404</b>	<b>17,109</b>	<b>25,616</b>	<b>15,930</b>

**Note:**

(1) The components of our cash and cash equivalents are as set out below:

	FYE 31 January			FPE 31 August	
	2019	2020	2021	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	16,974	27,404	17,109	25,616	15,930
Fixed deposits with licensed banks	2,464	5,083	5,207	5,154	5,899
	19,438	32,487	22,315	30,770	21,829
<b>Less:</b>					
Fixed deposits pledged with licensed banks	(2,464)	(5,083)	(5,207)	(5,154)	(5,899)
<b>Total</b>	<b>16,974</b>	<b>27,404</b>	<b>17,109</b>	<b>25,616</b>	<b>15,930</b>

Most of our cash and cash equivalents are held in RM and/or USD. There are no legal, financial or economic restrictions on our subsidiary's ability to transfer funds to our Company in the form of cash dividends, subject to the availability of distributable profits, any applicable financial covenants and the Act.

**12. FINANCIAL INFORMATION (Cont'd)****(a) Net cash from operating activities****FYE 31 January 2019**

For the FYE 31 January 2019, our net cash from operating activities was RM5.5 million after taking into account the following:

- increase in receivables by RM35.2 million mainly due to higher billings to customers during the last quarter of the FYE 31 January 2019. This was in tandem with the growth in our revenue which increased by 55.7% in the fourth quarter of the FYE 31 January 2019 compared to the third quarter of the FYE 31 January 2019. This was mainly contributed by higher billings to customers for IoT devices and electronic devices;
- increase in inventories by RM23.6 million mainly contributed by higher inventory of raw materials including electronic components, as well as mechanical and electrical parts where these materials were purchased to meet the expected demand from customers for the following financial year. In addition, the increase was partly contributed by RM4.9 million of goods in transit;
- increase in contract assets of RM6.7 million arose from finished goods that were delivered to customers' designated hub pending the issuance of invoices. This was mainly for the provision of EMS for communication products;
- increase in trade payables by RM40.3 million mainly due to higher trade payables during the last quarter of the FYE 31 January 2019 in tandem with the higher revenue in the last quarter; and
- other payments include RM5.0 million of income tax paid and RM2.6 million of interest paid.

**FYE 31 January 2020**

For the FYE 31 January 2020, our net cash from operating activities was RM18.3 million after taking into account:

- decrease in payables by RM30.9 million mainly due to higher payments to suppliers during the last quarter of the FYE 31 January 2020;
- decrease in inventories by RM10.7 million mainly due to higher utilisation of raw materials for our manufacturing operations, in line with the higher revenue. Our revenue increased by RM31.1 million or 8.7% for the FYE 31 January 2020;
- decrease in receivables by RM8.9 million mainly due to lower sales in the last quarter of the FYE 31 January 2020 compared to the corresponding period in the FYE 31 January 2019;
- decrease in contract assets by RM1.4 million mainly due to lower volume of our communication devices and accessories delivered to the customers' designated hubs during the last quarter of the FYE 31 January 2020 compared to the corresponding period in the FYE 31 January 2019; and



**12. FINANCIAL INFORMATION (Cont'd)**

- other payments include RM7.5 million of net income tax paid and RM4.0 million of interest paid.

**FYE 31 January 2021**

For the FYE 31 January 2021, our net cash from operating activities was approximately RM150,000 after taking into account:

- increase in contract assets by RM15.4 million mainly due to higher volume of our communication devices and accessories delivered to the customers' designated hubs during the last quarter of the FYE 31 January 2021 where issuance of invoices was still pending;
- increase in receivables by RM8.2 million mainly due to higher amount of goods delivered and billed to customers during the last quarter of the FYE 31 January 2021;
- increase in inventories by RM7.6 million due to higher inventory of finished goods resulted from increased manufacturing activities to meet the sales order in the last quarter of the FYE 31 January 2021 which have yet to be delivered at that point in time;
- increase in payables by RM12.8 million mainly due to higher purchases during the last quarter of the FYE 31 January 2021 in order to meet customer orders in the last quarter as well as the expected customer orders to be met in the following quarter; and
- other payments include RM4.1 million of net income tax paid and RM4.1 million of interest paid.

We recorded a significantly lower operating cash flow from operating activities of approximately RM150,000 for the FYE 31 January 2021 mainly due to higher sales in the fourth quarter of the FYE 31 January 2021 where sales increased by 12.3% compared to the third quarter of the FYE 31 January 2021, mainly attributable to the sale of communication devices and accessories. Our manufacturing operations were affected in the first half of the year due to MCO restrictions and disruption in the supply of material arising from the COVID-19 pandemic. In this respect, our manufacturing activities in the last quarter of FYE 31 January 2021 was higher to make up for lost time from the lower manufacturing activity in the first half of the year.

The contract assets recorded at RM25.2 million as at 31 January 2021, represented goods that have been mainly delivered to customers' designated hubs in Penang, Malaysia and the USA for our communication devices and accessories but pending the issuance of invoices. Of the total RM25.2 million of contract assets, we have subsequently issued invoices for all the goods delivered and have collected the entire amount as at the LPD.

**12. FINANCIAL INFORMATION (Cont'd)**

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**FPE 31 August 2021**

For the FPE 31 August 2021, our net cash from operating activities was RM18.0 million after taking into account:

- increase in inventories by RM38.1 million mainly due to higher purchases of raw materials including electronic components, as well as mechanical and electrical parts where these materials were purchased in planning to meet the purchase orders secured which were issued well in advance by customers pursuant to the COVID-19 pandemic and disruptions;
- decrease in receivables by RM25.0 million mainly due to timely collections from customers as well as lower delivery in fulfilling orders of communications devices and accessories;
- increase in payables by RM21.4 million mainly due to higher purchases of raw materials in planning to meet the purchase orders secured which were issued well in advance;
- increase in contract assets by RM9.1 million mainly due to higher volume of our communication devices and accessories delivered to customers' designated hubs where issuance of invoices was still pending; and
- other payments include RM1.3 million of income tax paid and RM2.3 million of interest paid.

**(b) Net cash used in investing activities****FYE 31 January 2019**

For the FYE 31 January 2019, our net cash used in investing activities was RM1.0 million. This was mainly attributed to RM1.2 million used to fund part of the total purchases of RM1.5 million for PPE, while the remaining payments were financed through borrowings. Types of PPE purchased include 96 units of computers and related office supplies, as well as one unit of motor vehicle.

The net cash used in investing activities was partially offset by RM0.3 million of interest received including repo interest received and fixed deposit interest.

**12. FINANCIAL INFORMATION (Cont'd)**

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**FYE 31 January 2020**

For the FYE 31 January 2020, our net cash used in investing activities was RM5.4 million. This was mainly attributed to the following:

- RM3.0 million of cash used to fund part of the total purchases for PPE of RM11.3 million, while the remaining payments of RM8.3 million were funded through finance lease liabilities. Types of PPE purchased include one SMT line consisting screen printer, auto loader, inspection machine, pick and place machine, automated optical inspection machine, reflow oven, metal shielding placer, laser marking machine, auto unloader, and router machine. This also includes the purchase of offline machinery and equipment comprising one unit of stencil cleaning machine, one unit of stencil inspection machine and various quality check equipment. This new SMT line is for the semiconductor components manufacturing that commenced during the FYE January 2020. See Section 12.2.20 of this Prospectus for further details of purchases of PPE; and
- RM2.6 million of fixed deposit pledged to banks for banking facilities such as bankers' acceptance, OFCL and term loan.

The net cash used in investing activities was partially offset by RM0.2 million of interest received including fixed deposit interest and repo interest received.

**FYE 31 January 2021**

For the FYE 31 January 2021, our net cash used in investing activities was RM14.5 million. This was mainly attributed to the following:

- RM11.4 million of cash used for the purchase of PPE mainly for the purchase of an additional SMT line for our semiconductor component manufacturing and other related equipment such as quality check equipment. See Section 12.2.20 of this Prospectus for further details of purchases of PPE; and
- net cash of RM3.2 million used for the investments in quoted shares listed on a foreign exchange, which is denominated in AUD.

**FPE 31 August 2021**

For the FPE August 2021, our net cash used in investing activities was RM10.3 million. This was mainly attributed to the following:

- RM9.7 million of cash used for the purchase of PPE mainly for the purchase of an additional SMT line for our semiconductor component manufacturing. See Section 12.2.20 of this Prospectus for further details of purchases of PPE; and
- RM0.6 million of fixed deposit pledged to banks for banking facilities such as revolving credit.

**12. FINANCIAL INFORMATION (Cont'd)**

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**(c) Net cash (used in)/from financing activities****FYE 31 January 2019**

For the FYE 31 January 2019, our net cash used in financing activities was RM23.8 million. This was mainly attributed to dividend payments of RM54.2 million to MSH, the ultimate holding company of BCM Electronics.

The net cash used in financing activities was partially offset by net cash inflow of RM30.5 million mainly from the bankers' acceptance and OFCL used for our working capital to finance our receivables as well as the inventories including local purchases.

**FYE 31 January 2020**

For the FYE 31 January 2020, our net cash used in financing activities was RM2.4 million. This was mainly attributed to dividend payments of RM38.6 million to MSH, the ultimate holding company of BCM Electronics.

The net cash used in financing activities was partially offset by net cash inflow of RM36.4 million including RM33.0 million drawn down from a term loan for the dividend payments as above, as well as a net cash of RM3.4 million from bankers' acceptance and OFCL used for our working capital to finance our receivables as well as the inventories including local purchases.

**FYE 31 January 2021**

For the FYE 31 January 2021, our net cash from financing activities was RM4.0 million. This was mainly from the net cash inflow of RM10.0 million including RM7.1 million drawn down from a new term loan for the purchase of an additional SMT line, as well as net cash of RM2.9 million from bankers' acceptance and OFCL used for our working capital.

The net cash from financing activities was partially offset by dividend payments of RM4.9 million to MSH, the ultimate holding company of BCM Electronics, as well as RM0.8 million used for the repayment of finance lease liabilities.

**FPE 31 August 2021**

For the FPE 31 August 2021, our net cash used in financing activities was RM8.8 million. This was mainly attributed to RM9.1 million used for the repayment of term loan, net cash of RM3.8 million used for the repayment of bankers' acceptance and the OFCL, as well as RM0.9 million used for the repayment of finance lease liabilities.

The net cash used in financing activities was partially offset by the net cash of RM5.0 million from revolving credit used for our working capital.

**12. FINANCIAL INFORMATION (Cont'd)****(iii) Borrowings**

As at 31 August 2021, our Group's total borrowings were RM127.2 million, all of which are interest bearing and denominated in USD and RM. Details of our bank borrowings are as set out below:

Type of borrowings	As at 31 August 2021		
	Payable within 12 months	Payable after 12 months	Total
	RM'000	RM'000	RM'000
<b>Bankers' acceptance and OFCL<sup>(1)</sup></b>			
- Bankers' acceptance	22,927	-	22,927
- OFCL	61,903	-	61,903
<b>Sub-total</b>	<b>84,830</b>	<b>-</b>	<b>84,830</b>
Finance lease liabilities <sup>(2)</sup>	1,672	4,891	6,563
Term loans <sup>(3)</sup>	23,342	7,461	30,803
Revolving credit	5,000	-	5,000
<b>Total</b>	<b>114,844</b>	<b>12,352</b>	<b>127,196</b>
<b>Currency profile of borrowings:</b>			
USD	61,902	-	61,902
RM	52,942	12,352	65,294
<b>Total</b>	<b>114,844</b>	<b>12,352</b>	<b>127,196</b>
<b>Gearing ratio<sup>(4)</sup></b>			<b>1.35</b>

**Notes:**

- (1) Bankers' acceptance and OFCL were mainly used for working capital purposes.
- (2) This refers to finance lease commitments mainly for the purchase of motor vehicles, and one (1) SMT line, one (1) unit of stencil cleaning machine and one (1) unit of stencil inspection machine in the FYE 31 January 2020.
- (3) Term loans were mainly utilised for dividend payment in the FYE 31 January 2020 and purchase of one (1) SMT line in the FYE 31 January 2021.
- (4) Calculated based on total borrowings divided by total equity.

**12. FINANCIAL INFORMATION (Cont'd)**

As at 31 August 2021, our Group's floating and fixed rate borrowings are set out below:

	<b>RM'000</b>
Floating rate borrowings <sup>(1)</sup>	24,663
Fixed rate borrowings <sup>(2)</sup>	102,533
<b>Total borrowings</b>	<b>127,196</b>

**Notes:**

(1) Include term loan only.

(2) Include finance lease liabilities, bankers' acceptance, OFCL and term loan.

Our Group has not defaulted on any payment of either principal sums and/or interest in relation to the borrowings for the FYE Under Review, FPE 31 August 2021 and up to the LPD.

The maturity profile and average effective interest rates of our borrowings as at 31 August 2021 are set out below:

	<b>OFCL</b>	<b>Bankers' acceptance</b>	<b>Term loan</b>	<b>Finance lease liabilities</b>	<b>Revolving credit</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Within 1 year	61,903	22,927	23,342	1,672	5,000	<b>114,844</b>
More than 1 year and less than 2 years	-	-	4,055	1,654	-	<b>5,709</b>
More than 2 year and less than 5 years	-	-	3,406	3,237	-	<b>6,643</b>
<b>Total</b>	<b>61,903</b>	<b>22,927</b>	<b>30,803</b>	<b>6,563</b>	<b>5,000</b>	<b>127,196</b>
Average effective interest rates (%)	1.15 to 2.70		4.66 to 5.00	1.88 to 3.05	3.16	

As at the LPD, our Group is not in breach of any terms and conditions or covenants associated with the credit arrangements or bank loans, which can materially affect the financial position and results of business operations or investments by holders of securities in our Company.

As at the LPD, save as disclosed above, our Group did not use any other financial instruments.

## 12. FINANCIAL INFORMATION (Cont'd)

### 12.2.13 Treasury policies and objectives

Our Group's operations have been funded through shareholder's equity, cash generated from our operations, and external sources of funds. The external sources of funds consist primarily of banking facilities from financial institutions. The normal credit terms granted by our suppliers ranges from 15 days to 90 days for the FPE 31 August 2021.

As at the LPD, our Group's banking facilities from financial institutions mainly consist of the following:

- bankers' acceptance, OFCL and revolving credit for working capital purposes;
- term loans used for dividend payment and the purchase of machinery and equipment; and
- finance lease liabilities used for the purchase of motor vehicles, and machinery and equipment.

The interest rates for our bank borrowings are based on the market rates prevailing at the dates of the respective transactions. As at the LPD, our Group has available banking facilities amounting to RM122.0 million, of which RM19.1 million has yet to be utilised.

The main objective of our capital management is to ensure sustainable shareholders' equity to ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain our debt-to-equity ratio at an optimal level based on our business requirements and prevailing economic conditions.

### 12.2.14 Financial instruments for hedging purposes

We currently do not use any financial instrument to hedge our exposure against transactions in foreign currency as a significant portion of our EMS business is naturally hedged due to our sales and purchases being principally denominated in the same currency i.e. USD. We mitigate the exposure to the risk by maintaining a USD denominated bank account for sales and purchases transactions denominated in USD. We also constantly monitor and review our need to hedge. Should this exposure become substantial, we may enter into derivative contracts with banking institutions to minimise the impact of foreign exchange fluctuations. For details of our sales and purchases in USD for the FYE Under Review and FPE 31 August 2021, see Section 5.1.7 of this Prospectus.

### 12.2.15 Material litigation and contingent liabilities

#### (i) Material litigation

As at the LPD, save for the material litigation as disclosed in both Note 31 of the Accountants' Report in Section 13 and Section 14.6 of this Prospectus, we are not engaged in any other material litigation, claims or arbitration either as plaintiff or defendant and do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially or adversely affect our position or profitability, in the 12 months immediately preceding the date of this Prospectus.

#### (ii) Contingent liabilities

As at the LPD, we do not have any contingent liabilities which, upon becoming enforceable, may have a material adverse impact on our results of operations or financial position.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.16 Key financial ratios**

The following table provides the key financial ratios based on our audited combined financial statements for the FYE Under Review and FPE 31 August 2021:

	FYE 31 January			FPE 31 August
	2019	2020	2021	2021
Average trade receivables turnover period (days) <sup>(1)</sup>	88	92	97	91
Average trade payables turnover period (days) <sup>(2)</sup>	55	54	45	66
Average inventory turnover period (days) <sup>(3)</sup>	75	74	75	111
Current ratio (times) <sup>(4)</sup>	1.3	1.5	1.4	1.3
Gearing ratio (times) <sup>(5)</sup>	1.0	1.8	1.6	1.4

**Notes:**

- (1) Based on average trade receivables of the respective financial years/period over total revenue of the respective financial years/period, and multiplied by 365/212 days.
- (2) Based on average trade payables of the respective financial years/period over total cost of sales of the respective financial years/period, and multiplied by 365/212 days.
- (3) Based on average inventory of the respective financial years/period over total cost of sales of the respective financial years/period, and multiplied by 365/212 days.
- (4) Based on current assets over current liabilities.
- (5) Based on total borrowings over total equity.

**(i) Trade receivables**

We deal with our customers on credit terms. The credit terms that we generally grant to our customers are as follows:

	FYE 31 January			FPE 31 August
	2019	2020	2021	2021
Normal credit terms (days)	30 to 75	30 to 75	30 to 80	30 to 80

We grant credit terms to our customers on a case-by-case basis, taking into consideration factors such as our relationship with the customer, payment history, creditworthiness, the quantum of amount owing to us, and any reasons behind the customers' failure to pay within the normal credit period (if applicable).

Our average trade receivables turnover period increased from 88 days for the FYE 31 January 2019 to 92 days for the FYE 31 January 2020, which exceeded our credit terms.



**12. FINANCIAL INFORMATION (Cont'd)**

This was mainly due to receivables of RM1.6 million or 1.7% of total trade receivables were past due, mainly contributed by Customer B and Customer E. As at the LPD, the bulk of the overdue receivables amounting to 97.7% (RM1.56 million) have been collected while the remaining 2.3% (approximately RM37,000) was still outstanding. We have taken constant effort to recover the outstanding amount including follow-up calls and correspondences. In addition, we also granted an extension of credit terms to Customer C from 60 days to 75 days in March 2019 based on Customer C's request after taking into consideration, among others, our relationship with the customer, payment history and creditworthiness.

Our average trade receivables turnover period increased from 92 days for the FYE 31 January 2020 to 97 days for the FYE 31 January 2021. This was mainly due to receivables of RM6.4 million or 6.4% of our trade receivables that exceeded the credit period. These past due outstanding receivables were mainly contributed by Customer A, which we have subsequently collected. In addition, we also granted an extension of credit terms to Customer B and Customer E from 75 days to 80 days in April 2020 based on the customers' request after taking into consideration, among others, our relationship with the customers, payment history and creditworthiness.

Our average trade receivables turnover period decreased from 97 days for the FYE 31 January 2021 to 91 days for the FPE 31 August 2021 mainly due to timely collections from customers.

For the FYE Under Review and FPE 31 August 2021, there is no impairment of trade receivables involving any of our customer. For information on our Group's policy on impairment of trade receivables, see Note 3.6.1(iv) of the Accountants' Report in Section 13 of this Prospectus.

The ageing analysis of our Group's trade receivables as at 31 August 2021 is as follows:

	Not past due	Past due				Total
		1 - 30 days	31 - 60 days	61 - 90 days	More than 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade receivables	66,700	3,669	498	563	344	71,774
Subsequent collections as at the LPD	55,090	3,596	479	385	252	59,802
<b>Net trade receivables after subsequent collections</b>	<b>11,610</b>	<b>73</b>	<b>19</b>	<b>178</b>	<b>92</b>	<b>11,972</b>

As at the LPD, RM59.8 million or 83.3% of our trade receivables as at 31 August 2021 has been subsequently collected. The remaining outstanding amount was RM12.0 million, representing 16.7% of our trade receivables, which is still outstanding as at the LPD.

The remaining outstanding amount that falls within the credit period accounted for 97.0% (RM11.6 million) of the remaining outstanding amount, while the remaining 3.0% (RM0.4 million) has exceeded credit period. We have taken constant effort to recover the outstanding amount including follow-up calls and correspondences.

**12. FINANCIAL INFORMATION (Cont'd)****(ii) Trade payables**

We deal with our suppliers mainly on credit terms. Our suppliers generally grant us credit terms as follows:

	FYE 31 January			FPE 31 August
	2019	2020	2021	2021

Normal credit terms (days)	14 to 90	14 to 180*	14 to 90*	15 to 90
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**Note:**

\* The credit term increased from 90 days to 180 days granted by a supplier due to the entitlement from a one-off volume purchase in the FYE 31 January 2020. Subsequently in the FYE 31 January 2021, the credit term was reverted to 90 days.

Our average trade payables turnover period, which ranges from 45 days to 55 days, fell within the credit period given by our suppliers.

Our average trade payables turnover period was 55 days for the FYE 31 January 2019 and 54 days for the FYE 31 January 2020, and improved to 45 days for the FYE 31 January 2021. This was mainly due to our timely payment to suppliers.

Our average trade payables turnover period increased from 45 days for the FYE 31 January 2021 to 66 days for the FPE 31 August 2021. This was mainly due to higher purchases of raw materials planned to meet purchase orders secured which were issued well in advance by customers.

The ageing analysis of our Group's trade payables as at 31 August 2021 is as follows:

	Not past due	Past due				Total
		1 - 30 days	31 - 60 days	61 - 90 days	More than 90 days	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Trade payables	50,879	9,503	1,482	155	272	62,291
Subsequent payments as at the LPD	33,729	9,460	1,482	155	272	45,098
<b>Net trade payables after subsequent payments</b>	17,150	43	-	-	-	17,193

As at the LPD, RM45.1 million of our trade payables outstanding as at 31 August 2021 has been subsequently paid. The remaining outstanding amount of RM17.2 million that falls within the credit period accounted for 99.7% (RM17.2 million) of the remaining outstanding amount, while the remaining 0.3% (RM43,000) has exceeded credit period and is mainly scheduled for payment in November 2021.

**12. FINANCIAL INFORMATION (Cont'd)****(iii) Inventory turnover**

	FYE 31 January			FPE 31 August
	2019	2020	2021	2021
Average inventory turnover period (days) <sup>(1)</sup>	75	74	75	111
Raw materials	67	66	64	96
Work-in-progress	1	1	1	1
Finished goods	3	3	6	6
Goods in transit	3	4	4	7

**Note:**

- (1) Based on average inventory of the respective financial years/period over total cost of sales of the respective financial years/period, and multiplied by 365/212 days.

Our inventory mainly comprises the following:

- Raw materials consist of mainly PCB and semiconductor components, electrical, mechanical and related parts that are used in our EMS operations;
- Work-in-progress which are partially finished before undergoing further processing into finished goods;
- Finished goods consisting mainly of completed products stored in the form of PCBA, subassembly or box build prior to final delivery to customers or pending collection by the customers; and
- Goods in transit refers to raw materials that have been shipped by the suppliers but have not yet reached our manufacturing plant. This was based on the freight on board at the shipping point where technically we have taken possession of materials as soon as the shipment departs from the suppliers.

Our average inventory turnover decreased from 75 days for the FYE 31 January 2019 to 74 days for the FYE 31 January 2020. This was mainly due to higher sales volume of products resulting in lower inventory of raw materials and finished goods. This was also reflected in our revenue growth of 8.7% for the FYE 31 January 2020.

Our average inventory turnover increased from 74 days for the FYE 31 January 2021 to 75 days for the FYE 31 January 2021. This was mainly due to higher finished goods for the electronic devices segment. As at the LPD, these finished goods have been shipped out to customers.

Our average inventory turnover increased from 75 days for the FYE 31 January 2021 to 111 days for the FPE 31 August 2021. This was mainly due to higher raw materials purchased in planning to meet the secured order books where our customers issued us purchase orders well in advance.

**12. FINANCIAL INFORMATION (Cont'd)****(iv) Current ratio**

Our current ratio improved from 1.3 times for the FYE 31 January 2019 to 1.5 times for the FYE 31 January 2020. This was mainly due to a decrease in trade payables attributed to lower purchases of input materials which declined by 3.3% from RM302.4 million in the FYE 31 January 2019 to RM292.5 million in the FYE 31 January 2020.

Our current ratio declined from 1.5 times for the FYE 31 January 2020 to 1.4 times for the FYE 31 January 2021. This was mainly due to RM19.6 million of the long-term loan became short term loan and which is due within one year.

Our current ratio declined from 1.4 times for the FYE 31 January 2021 to 1.3 times for the FPE 31 August 2021. This was mainly due to decrease in trade receivables mainly due to collections from customers in a timely manner as well as an increase in trade payables due to the higher purchases of raw materials in planning to meet the secured purchase orders issued well in advance by customers.

**(v) Gearing ratio**

Our gearing ratio increased from 1.0 times for the FYE 31 January 2019 to 1.8 times for the FYE 31 January 2020. This was mainly due to the following:

- Higher borrowings mainly due to drawdown of a term loan amounting to RM33.0 million for dividend payment to MSH and utilisation of finance lease liabilities amounting to RM8.3 million mainly for the purchase of one (1) SMT line for semiconductor components manufacturing which commenced in the FYE 31 January 2020; and
- Decrease in the retained earnings by 41.8%, from RM35.9 million in the FYE 31 January 2019 to RM20.9 million in the FYE 31 January 2020, mainly attributed to the dividend payment of RM38.6 million in the FYE 31 January 2020.

Our gearing ratio improved from 1.8 times for the FYE 31 January 2020 to 1.6 times for FYE 31 January 2021. This was mainly attributed to an increase in retained earnings by 51.3% from RM20.9 million in the FYE 31 January 2020 to RM31.6 million in the FYE 31 January 2021. This was also partly offset by higher borrowings mainly due to drawdown of a new term loan amounting to RM7.1 million for the purchase of one (1) SMT line in the FYE 31 January 2021.

Our gearing ratio improved from 1.6 times for the FYE 31 January 2021 to 1.4 times for the FPE 31 August 2021. This was mainly attributed to an increase in retained earnings by 31.7% from RM31.6 million in the FYE 31 January 2021 to RM41.7 million in the FPE 31 August 2021. The improvement is also attributed to the decrease in borrowings arising from the repayment of term loans of RM9.1 million during the FPE 31 August 2021.

**12.2.17 Trend analysis**

Save as disclosed in this section and in Sections 5, 7 and 8 of this Prospectus, to the best of our Board's knowledge and belief, there are no other known trends, uncertainties, demands, commitments or events and factors that are reasonably likely to have a material effect on our financial condition and results of operations or that would make our Group's historical financial statements not indicative of future financial performance. Accordingly, taking into consideration our Group's future plans and strategies, the impact of the COVID-19 pandemic and the expected increase in depreciation in line with the increase in our capital expenditure, we do not expect any material adverse impact to our revenue recognition and operating expenses moving forward.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.18 Significant changes/events**

On 16 March 2020, the Government announced restriction in movement via issuance of the MCO as a means to curb the spread of COVID-19. During the MCO period which commenced from 18 March 2020, we encountered disruptions to our operations where our manufacturing operations continued with constraints in accordance with the approval letter from the MITI dated 24 March 2020 which affected our operations. The restrictions imposed arising from measures to curb the spread of COVID-19 has impacted our revenue for the first quarter of the FYE 31 January 2021, mainly due to disruptions in global supply chain which resulted in delays in delivering the sales orders.

Pursuant to the FMCO that started on 1 June 2021, we continued to operate according to specified guidelines and the latest SOP where our business operations operate at 60% capacity of workforce during Phase 1 of the NRP. Based on 60% capacity of workforce, we extended our operating days from 5.5 days a week to 7 days a week which enabled us to achieve an overall of 85% of operating manhours per week. Our EMS operations were affected due to the restrictions imposed during the FMCO period, which resulted in delays in the fulfilment of sales orders to our customers. With 85% of operating manhours during the FMCO period, we fulfilled 92% of planned production for the delivery to our customers in June 2021.

Nevertheless, we noted that this was a temporary situation and we took steps to continue our operations while working within various constraints placed during the MCO and CMCO periods. See Section 7.16 of this Prospectus for further details of the business interruptions during the MCO and COVID-19 pandemic and Note 32 of the Accountants' Report in Section 13 of this Prospectus.

**12.2.19 Order book**

Generally, our sales are derived from purchase orders issued by customers pursuant to the agreements with customers. In this respect, we do not maintain an order book based on contracts due to the nature of our business.

Under the normal business conditions, we usually fulfil the purchase orders for a period of three (3) months upon the issuance of purchase orders by our customers. Pursuant to the COVID-19 outbreak and the disruptions in global shortage of semiconductors, our customers issued us a longer term of purchase orders which is more than three (3) months and up to 26 months for some major customers. In this respect, our secured purchase orders of RM736.5 million as at the LPD which will allow us to fulfil the orders from three (3) months and up to 25 months.

Of the total secured purchase orders, we have unbilled purchase orders of RM482.7 million as at the LPD as set out below:

<b>Unbilled purchase orders</b>	<b>RM'000</b>
To be delivered from November 2021 to January 2022	164,064
To be delivered from February to April 2022	85,276
To be delivered from May 2022 to November 2023	233,335
<b>Total</b>	<b>482,675</b>

**12. FINANCIAL INFORMATION (Cont'd)****12.2.20 Capital expenditures and divestitures****Capital expenditures**

Our capital expenditures for the FYE Under Review, FPE 31 August 2021 and up to the LPD are set out below:

	FYE 31 January			FPE 31 August	From 1 September 2021 up to the LPD
	2019	2020	2021	2021	
	RM'000	RM'000	RM'000	RM'000	RM'000
Plant and machinery	111	9,178	9,059	9,037	382
Office furniture, fittings and equipment	1,033	1,702	2,359	289	275
Building	-	-	-	391	493
Motor vehicles	354	379	-	-	-
<b>Total</b>	<b>1,498</b>	<b>11,259</b>	<b>11,418</b>	<b>9,717</b>	<b>1,150</b>

Our material capital expenditure was primarily funded via a combination of bank borrowings and internally generated funds.

For the FYE 31 January 2019, our capital expenditure of RM1.5 million mainly comprised the following:

- RM1.0 million for the purchase of the office furniture and equipment including computers, laser printers and upgrade of database server and licenses; and
- RM0.5 million for the purchase a motor vehicle and machinery and equipment including one unit of robotic bonding dispensing machine and one unit of reflow oven.

For the FYE 31 January 2020, our capital expenditure of RM11.3 million mainly comprised of the following:

- RM9.2 million for the purchases of machinery and equipment for our manufacturing operations including one SMT line and two units of offline machinery equipment. The SMT line consists of screen printer, auto loader, inspection machine, pick and place machine, automated optical inspection machine, reflow oven, metal shielding placer, laser marking machine, auto unloader and router machine. This SMT line was for the manufacturing of semiconductor components that commenced during the FYE 31 January 2020.

We also purchased offline machinery and equipment comprising one unit of stencil cleaning machine and one unit of stencil inspection machine; and

- RM2.1 million for the purchase of quality check equipment comprising mainly temperature test chamber and high power microscope and related equipment used for semiconductor components manufacturing as well as office equipment including computer and printer.

**12. FINANCIAL INFORMATION (Cont'd)**

For the FYE 31 January 2021, our capital expenditure of RM11.4 million mainly comprised of the following:

- RM9.1 million for the purchase of additional one SMT line for our semiconductor components manufacturing operations. The SMT line consists of screen printer, auto loader, inspection machine, pick and place machine, automated optical inspection machine, reflow oven, metal shielding placer, laser marking machine, auto unloader and router machine. This SMT line was for the manufacturing of semiconductor components that commenced during the FYE 31 January 2021; and
- RM2.4 million for the purchase of quality check equipment similar to the above used for semiconductor components manufacturing, as well as purchase of additional database license.

For the FPE 31 August 2021, our capital expenditure of RM9.7 million was mainly for the purchase of an additional SMT line for semiconductor components manufacturing. The SMT line consists of screen printer, auto loader, inspection machine, pick and place machine, automated optical inspection machine, reflow oven, metal shielding placer, laser marking machine, auto unloader and router machine. This SMT line was for the manufacturing of semiconductor components that commenced during the FPE 31 August 2021.

From 1 September 2021 up to the LPD, our capital expenditure of RM1.2 million was mainly for the construction of new manufacturing plant as well as the purchase of machinery and equipment for the additional SMT line for semiconductor components manufacturing where the installation was completed in October 2021.

**Capital divestitures**

Our capital divestitures for the FYE Under Review, FPE 31 August 2021 and up to the LPD are set out below:

	FYE 31 January			FPE 31 August	From 1 September 2021 up to the LPD
	2019	2020	2021	2021	
	RM'000	RM'000	RM' 000	RM'000	RM'000
Plant and machinery	-	5,026	674	3,243	-
Office furniture, fittings and equipment	-	124	50	-	-
Motor vehicles	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5,150</b>	<b>724</b>	<b>3,243</b>	<b>-</b>

For the FYE 31 January 2020, our capital divestitures of RM5.2 million was mainly from the disposal of plant and machinery, mostly pick and place machines and reflow oven from the SMT lines which were decommissioned in the FYE 31 January 2020.

For the FYE 31 January 2021, our capital divestitures of RM0.7 million was mainly from the disposal of plant and machinery including axial and radial auto insertion machine and reflow oven.

For the FPE 31 August 2021, our capital divestitures of RM3.2 million was mainly from the disposal of plant and machinery including pick and place machines.

From 1 September 2021 up to the LPD, we did not have any capital divestitures.

**12. FINANCIAL INFORMATION (Cont'd)****12.2.21 Material commitment for capital expenditure**

As at the LPD, our Group's material commitments for capital expenditure are summarised below:

	Capital commitment	Source of funds	
		Internally generated funds/Bank borrowings	Proceeds from the Public Issue
	RM'000	RM'000	RM'000
<b>Approved and/or contracted for:</b>			
Expansion of our production facilities			
- Construction of new manufacturing plant <sup>(1)</sup>	16,028	16,028	-
Purchase of machinery and equipment <sup>(2)</sup>			
- Ongoing expansion	7,148	7,148	-
<b>Approved but not contracted for:</b>			
Expansion of our production facilities			
- Construction of new manufacturing plant <sup>(1)</sup>	1,090	1,090	-
Purchase of machinery and equipment			
- Ongoing expansion <sup>(2)</sup>	2,215	2,215	-
- Future expansion <sup>(3)</sup>	43,300	3,300	40,000
Development and implementation of customised software and smart warehousing system <sup>(4)</sup>	4,000	4,000	-
Introduction of new product <sup>(5)</sup>	5,153	5,153	-
<b>Total</b>	<b>78,934</b>	<b>38,934</b>	<b>40,000</b>

**Notes:**

- (1) The estimated total cost of construction is RM18.0 million. As at the LPD, RM0.9 million has been incurred and funded through internally generated funds and the remaining of RM17.1 million will be funded through internally generated funds and bank borrowings.
- (2) As part of our on-going expansion plans, we have placed orders for two (2) production lines dedicated to semiconductor component manufacturing for Customer F comprising two (2) SMT lines and two (2) AGVs. The installation for the two (2) production lines was completed in August 2021 and October 2021 respectively. The total cost for the two (2) lines is estimated at RM20.0 million. As at the LPD, RM10.6 million has been incurred and funded through internally generated funds and the remaining RM9.4 million will be funded through internally generated funds and bank borrowings.



## 12. FINANCIAL INFORMATION (Cont'd)

- (3) *For future expansion, the total cost of purchasing machinery and equipment is estimated at RM43.3 million which include four (4) SMT lines, three (3) units of automated guided vehicle systems and 1 set of inline automated testing and packing machinery and equipment. Three (3) SMT lines are dedicated to semiconductor component manufacturing for Customer F and one (1) SMT line is for EMS focusing on industrial electronics. Of the total RM43.3 million, RM40.0 million will be funded from the proceeds to be raised from the Public Issue and RM3.3 million will be funded through internally generated funds and bank borrowings.*
- (4) *The estimated cost for development and implementation of customised software and smart warehousing system is approximately RM4.0 million and will be funded through internally generated funds.*
- (5) *The estimated cost for the development of lithium-ion battery pack system is approximately RM5.3 million. As at the LPD, RM0.2 million has been incurred and funded through internally generated funds and the remaining RM5.1 million will be funded through internally generated funds.*

### 12.2.22 Financial risk management

We are exposed to market risks arising from our operations and use of financial instruments. Our key market risk exposures are to liquidity risk, credit risk, foreign currency risk, interest rate risk and equity price risk.

#### Liquidity risk

Liquidity risk is the risk that we will not be able to meet financial obligations as and when they fall due as a result of shortage of funds. Our Group's exposure to liquidity risk arises principally from trade payables and other payables, and borrowings.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts. See Note 28.4 of the Accountants' Report in Section 13 of this Prospectus for further details.

Although we had faced significant fluctuations in our operating cash flows in the past and may experience the same in the future, such fluctuations have not and are not expected to affect our ability to meet our financial obligations as we maintain a level of cash and cash equivalents and bank facilities that we deem adequate to ensure that we will have sufficient liquidity to meet our liabilities when they fall due. Further details of our net cash from operating activities are set out in Section 12.2.12(ii)(a) of this Prospectus.

#### 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. Our exposure to credit risk arises principally from trade receivables. In general, we granted credit terms to our customers which often range from 30 to 80 days. We have credit policy in place and we monitor our trade receivables on an on-going basis through ageing analysis.

For the FPE 31 August 2021, RM66.7 million or 92.9% of our trade receivables were not past due while the remaining RM5.1 million or 7.1% were past due but not impaired. As at the LPD, RM59.8 million or 83.3% of our trade receivables as at 31 August 2021 has been subsequently collected. The remaining amount of RM12.0 million, representing 16.7% of our trade receivables, is still outstanding as at the LPD.

**12. FINANCIAL INFORMATION (Cont'd)****Foreign currency risk**

Our business is exposed to the risk of foreign exchange fluctuations where 100.0%, 99.9%, 99.2% and 99.9% of our revenue for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively were transacted in USD. 98.1%, 98.7%, 98.5% and 98.9% of our purchases for the FYEs 31 January 2019, 31 January 2020 and 31 January 2021, and FPE 31 August 2021, respectively were transacted in USD. Any adverse changes in exchange rate between RM and USD would have a negative impact on our financial performance.

We also hold cash and bank balances denominated in foreign currencies for working capital purposes. The currency giving rise to this risk is USD, Euro and AUD.

The currency profile of our cash and bank balances is as follows:

	As at 31 January			As at 31 August
	2019	2020	2021	2021
	RM'000	RM'000	RM'000	RM'000
RM	12,346	8,776	6,020	6,700
USD	4,608	18,614	11,066	9,192
Others	20	14	23	38
<b>Total</b>	<b>16,974</b>	<b>27,404</b>	<b>17,109</b>	<b>15,930</b>

For the FPE 31 August 2021, more than 85% of our trade receivables and trade payables were denominated in USD. In this respect, our business is subject to risks relating to any unfavourable foreign currency exchange rate fluctuations which may materially affect our business, financial condition and results of operations.

The currency profile of our trade receivables and trade payables as at 31 January 2019, 31 January 2020, 31 January 2021 and 31 August 2021 are set out below:

	As at 31 January			As at
	2019	2020	2021	31 August 2021
	RM'000	RM'000	RM'000	RM'000
<b>Trade receivables</b>				
USD	102,933	92,723	97,483	71,732
RM	52	52	315	42
Euro	-	123	2,359	-
<b>Total</b>	<b>102,985</b>	<b>92,898</b>	<b>100,157</b>	<b>71,774</b>
<b>Trade payables</b>				
USD	63,663	34,180	44,591	59,734
RM	1,929	1,359	1,640	2,248
Others <sup>(1)</sup>	37	68	87	309
<b>Total</b>	<b>65,629</b>	<b>35,607</b>	<b>46,318</b>	<b>62,291</b>

**Note:**

(1) Includes Euro, JPY, GBP, SGD, AUD and CNY.

**12. FINANCIAL INFORMATION (Cont'd)**

In addition, we have borrowings denominated in USD and RM as follows:

	FYE 31 January			As at
	2019	2020	2021	31 August 2021
	RM'000	RM'000	RM'000	RM'000
USD	60,426	65,159	65,955	61,903
RM	23,549	62,520	70,362	65,293
<b>Total</b>	<b>83,975</b>	<b>127,679</b>	<b>136,317</b>	<b>127,196</b>

Our revenue and purchases in USD are naturally hedged as the bulk of transactions are conducted in USD where we also maintain USD bank accounts and borrowings in USD for our business operations. For the FYEs 31 January 2019 and 31 January 2020, and FPE 31 August 2021, we had a net loss on foreign currency exchange and a net gain for the FYE 31 January 2021.

Details of our foreign currency exchange gains and losses are as follows:

	FYE 31 January			FPE 31
	2019	2020	2021	August 2021
	RM'000	RM'000	RM'000	RM'000
Realised gain on foreign currency exchange	-	-	770	-
Unrealised gain on foreign currency exchange	79	-	-	-
Realised loss on foreign currency exchange	(899)	(195)	-	(713)
Unrealised loss on foreign currency exchange	-	(317)	(371)	(63)
<b>Net (loss)/gain on foreign currency exchange</b>	<b>(820)</b>	<b>(512)</b>	<b>399</b>	<b>(776)</b>

Nevertheless, our business is subject to risks relating to any unfavourable foreign currency exchange rate fluctuations which may materially affect our financial performance. For further details, see Section 5.1.7 of this Prospectus. As at the LPD, we do not have any foreign currency forward hedging contracts.

**Interest rate risk**

All our borrowings are interest bearing obligations. Any hikes in interest rates would affect our financial performance. Our finance cost mainly comprises interest charges on banking facilities including OFCL, bankers' acceptance, finance lease liabilities, term loans, and bank overdraft that are granted by bank and financial institutions.

With the exception of the term loan for dividend payment, all our borrowings were charged based on fixed rates. The term loan for dividend payment was based on prevailing bank's base lending rate or base financing rate plus/minus a margin agreed with the banking institutions when the loan was granted.

**12. FINANCIAL INFORMATION (Cont'd)**

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In this respect, we face financial risks relating to change in the fair value of our fixed rate instruments due to changes in interest rates and change in cash flows for our floating rate instruments due to changes in increase in interest rates.

For the FYE Under Review, FPE 31 August 2021 and up to the LPD, we have not defaulted on any payments of either principal sums and/or interests in relation to our borrowings. For further details, see Section 5.2.4 of this Prospectus.

**Equity price risk**

Market price risk is the risk that the fair value or future cash flows of our financial assets designated at fair value through profit or loss will fluctuate because of changes in market prices. Equity price risk arises from investment held by our Group which are the equity securities quoted in foreign country.

Our management monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by our Board.

The equity investments were recorded at fair value of RM2.48 million as at 31 August 2021. As at the LPD, our Group no longer hold any investments in quoted shares listed on a foreign exchange as the quoted shares have been transferred to our shareholder, MSH, by way of a dividend in specie as part settlement of the dividend declared by BCM Electronics for the FYE 31 January 2022 of RM3.3 million. For further details, see Section 12.5 of this Prospectus.

**12. FINANCIAL INFORMATION (Cont'd)****12.3 CAPITALISATION AND INDEBTEDNESS**

The table below presents our capitalisation and indebtedness as at 30 September 2021 and on the assumption that our IPO, our Listing and the use of proceeds from the Public Issue as set out in Section 4.7 of this Prospectus had occurred on 30 September 2021.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 30 September 2021 and is provided for illustrative purposes only.

	<b>Unaudited</b>	
	<b>As at 30 September 2021</b>	<b>After our IPO and our Listing</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Indebtedness</b>		
<b>Current</b>		
<u>Secured</u>		
Bankers' acceptances and OFCL	87,732	87,732
Revolving credit	10,000	10,000
Term loans	23,347	1,339
Finance lease liabilities	1,671	-
<b>Non-current</b>		
<u>Secured</u>		
Term loans	5,515	4,428
Finance lease liabilities	4,754	-
<b>Total indebtedness</b>	<b>133,019</b>	<b>103,499</b>
<b>Equity attributable to owners of our Company</b>	<b>95,585</b>	<b>193,234<sup>(1)</sup></b>
<b>Total capitalisation and indebtedness</b>	<b>228,604</b>	<b>296,733</b>

**Note:**

- (1) Calculated after taking into account the share issuance, the Public Issue based on the Retail Price and the estimated expenses relating to our IPO and our Listing.

**12. FINANCIAL INFORMATION (Cont'd)****12.4 REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**
**REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION  
OF PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION**

Date: 12 November 2021

The Board of Directors  
**Aurelius Technologies Berhad**  
 Plot 21, Jalan Hi-Tech 4,  
 Kulim Hi-Tech Park Phase 1,  
 09090 Kulim,  
 Kedah Darul Aman

Dear Sirs/Madams,

**Grant Thornton Malaysia PLT**

Level 5, Menara BHL  
 51 Jalan Sultan Ahmad Shah  
 10050 Penang  
 Malaysia

T +604 228 7828

F +604 227 9828

**AURELIUS TECHNOLOGIES BERHAD ("ATECH" OR "THE COMPANY" AND ITS  
SUBSIDIARY ("ATECH GROUP" OR "THE COMBINING ENTITIES"))**
**REPORT ON THE COMPILATION OF PRO FORMA COMBINED STATEMENTS OF  
FINANCIAL POSITION INCLUDED IN A PROSPECTUS**

We have completed our assurance engagement to report on the compilation of pro forma combined statements of financial position of ATech Group as at 31 August 2021 together with the accompanying notes thereon, for which we have stamped for the purpose of identification. The pro forma combined statements of financial position have been compiled by the Board of Directors of the Company for inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

The applicable criteria on the basis of which the Board of Directors has compiled the pro forma combined statements of financial position are specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines") and described in Note 1 to the pro forma combined statements of financial position ("Applicable Criteria").

The pro forma combined statements of financial position have been compiled by the Board of Directors to illustrate the impact of the events or transactions as set out in the notes thereon to the pro forma combined statements of financial position of ATech Group as at 31 August 2021 had the events been occurred or the transactions been undertaken on 31 August 2021. As part of this process, information about the Combining Entities' combined statements of financial position has been extracted by the Board of Directors from the audited combined financial statements of the Combining Entities for the financial year ended 31 August 2021, on which a reporting accountants' report dated 12 November 2021 has been issued without any modification.

**Directors' Responsibility for the Pro Forma Combined Statements of Financial Position**

The Board of Directors is responsible for compiling the pro forma combined statements of financial position on the basis of the Applicable Criteria.

**Chartered Accountants**

Grant Thornton Malaysia PLT [201906003662 [MLP002249-1CA] & AF 0737] is a Limited Liability Partnership and is a member firm of Grant Thornton International Ltd (GTIL), a private company limited by guarantee, incorporated in England and Wales.

Grant Thornton Malaysia PLT was registered on 1 January 2020 and with effect from that date, Grant Thornton Malaysia (AF 0737), a conventional partnership was converted to a Limited Liability Partnership.

## 12. FINANCIAL INFORMATION (Cont'd)



### Our Independence and Quality Control

We are independent of ATech Group 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.

Our firm applies *International Standard on Quality Control ("ISQC") 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Reporting Accountants' Responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the pro forma combined statements of financial position has been compiled, in all material respects, by the Board of Directors of the Company on the basis of the Applicable Criteria.

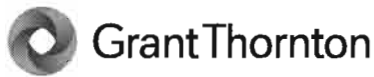
We conducted our engagement in accordance with *International Standard on Assurance Engagements (ISAE) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma combined statements of financial position on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma combined statements of financial position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma combined statements of financial position.

The purpose of the pro forma combined statements of financial position included in the Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of ATech Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma combined statements of financial position have been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Board of Directors in the compilation of the pro forma combined statements of financial position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

**12. FINANCIAL INFORMATION (Cont'd)****Reporting Accountants' Responsibilities (Cont'd)**

- The pro forma combined statements of financial position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the ATech Group, the events or transactions in respect of which the pro forma combined statements of financial position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma combined statements of financial position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the pro forma combined statements of financial position of ATech Group have been compiled, in all material respects, on the basis of the Applicable Criteria.

**Other matter**

This report has been prepared solely for inclusion in the Prospectus of ATech in connection with the Proposed Listing. As such, this report should not be used or relied upon for any other purpose without the prior written consent from us. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,

**Grant Thornton Malaysia PLT**  
AF: 0737  
201906003682 (LLP0022494-LCA)  
Chartered Accountants

**Loo Wei Teng**  
No. 03487/03/2022 J  
Chartered Accountant

Penang



12. FINANCIAL INFORMATION (Cont'd)

AURELIUS TECHNOLOGIES BERHAD AND ITS SUBSIDIARY  
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021

The pro forma combined statements of financial position of ATech Group as at 31 August 2021 as set out below have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 2 to the pro forma combined statements of financial position, had the events been occurred or the transactions been undertaken on 31 August 2021, and should be read in conjunction with the notes accompanying to the pro forma combined statements of financial position.

	Pro Forma I		Pro Forma II		Pro Forma III	
	As at 31 August 2021	Pre-IPO Restructuring and Pre-IPO Dividend	Pre-IPO Restructuring and Pre-IPO Dividend	After Pro Forma I and Proposed Public Issue ("IPO")	Proposed Public Issue ("IPO")	After Pro Forma II and Proposed Use of Proceeds from IPO
	RM	RM	RM	RM	RM	RM
<b>ASSETS</b>						
<b>Non-current asset</b>						
Property, plant and equipment	-	62,898,092	62,898,092	62,898,092	40,000,000	102,898,092
<b>Current assets</b>						
Inventories	-	110,602,406	110,602,406	110,602,406	-	110,602,406
Trade receivables	-	71,774,297	71,774,297	71,774,297	-	71,774,297
Other receivables, deposits and prepayments	-	5,644,643	5,644,643	5,644,643	(1,742,461)	3,902,182
Contract assets	-	33,824,364	33,824,364	33,824,364	-	33,824,364
Fixed deposits with licensed banks	-	5,898,624	5,898,624	5,898,624	-	5,898,624
Cash and bank balances	2,001	15,371,731	15,373,732	120,107,332	(74,862,539)	45,244,793
<b>Total current assets</b>	2,001	243,118,066	243,118,066	347,851,666	271,246,666	374,144,758
<b>Total assets</b>	2,001	306,016,158	306,016,158	410,749,758	374,144,758	410,749,758
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share capital	1	84,351,000	84,351,001	189,084,601	(6,237,000)	182,847,601
Merger deficit	-	(38,486,932)	(38,486,932)	(38,486,932)	-	(38,486,932)
Revaluation reserve	-	6,453,833	6,453,833	6,453,833	-	6,453,833
Retained profits	-	41,929,932	41,929,932	41,929,932	(848,000)	41,081,932
<b>Total equity</b>	1	94,247,834	94,247,834	198,981,434	191,896,434	191,896,434



**12. FINANCIAL INFORMATION (Cont'd)**

**AURELIUS TECHNOLOGIES BERHAD AND ITS SUBSIDIARY  
PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021**

The pro forma combined statements of financial position of ATech Group as at 31 August 2021 as set out below have been prepared for illustrative purposes only to show the effects of the transactions as set out in Note 2 to the pro forma combined statements of financial position, had the events been occurred or the transactions been undertaken on 31 August 2021, and should be read in conjunction with the notes accompanying to the pro forma combined statements of financial position. (cont'd)

	Pro Forma I		Pro Forma II		Pro Forma III	
	As at 31 August 2021	Pre-IPO Restructuring and Pre-IPO Dividend	After Pre-IPO Restructuring and Pre-IPO Dividend	Proposed Public Issue ("IPO")	Proposed Use of Proceeds from IPO	After Proposed Use of Proceeds from IPO
	RM	RM	RM	RM	RM	RM
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Borrowings	-	12,351,908	12,351,908	-	(7,512,000)	4,839,908
Deferred tax liabilities	-	6,966,000	6,966,000	-	-	6,966,000
<b>Total non-current liabilities</b>	-	19,317,908	19,317,908	-	-	11,805,908
<b>Current liabilities</b>						
Trade payables	-	62,291,486	62,291,486	-	-	62,291,486
Other payables and accruals	2,000	14,633,431	14,633,431	-	-	14,633,431
Borrowings	-	114,843,995	114,843,995	-	(22,008,000)	92,835,995
Provision for taxation	-	681,504	681,504	-	-	681,504
<b>Total current liabilities</b>	2,000	192,450,416	192,450,416	-	-	170,442,416
<b>Total liabilities</b>	2,000	211,768,324	211,768,324	-	-	182,248,324
<b>Total equity and liabilities</b>	2,001	306,016,158	306,016,158	410,749,758	374,144,758	374,144,758
Number of shares in issue (Unit)	1	281,169,999	281,170,000	77,010,000	-	358,180,000
Net assets per share	1.00	0.34	0.34	0.56	-	0.54
Borrowings	-	127,195,903	127,195,903	127,195,903	-	97,675,903
Gearing ratio (times)	-	1.35	1.35	0.64	-	0.51



**12. FINANCIAL INFORMATION (Cont'd)****AURELIUS TECHNOLOGIES BERHAD AND ITS SUBSIDIARY****PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021****1. BASIS OF PREPARATION**

The applicable criteria in the preparation of the pro forma combined statements of financial position is in accordance with Chapter 9 of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The pro forma combined statements of financial position of Aurelius Technologies Berhad ("ATech" or "the Company") and its subsidiary ("ATech Group" or "the Combining Entities") as at 31 August 2021 together with the notes thereon, for which the Board of Directors of the Company is solely responsible, have been prepared for illustration purposes only for the purpose of inclusion in the prospectus of the Company in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the Main Market of Bursa Malaysia Securities Berhad ("Proposed Listing").

The pro forma combined statements of financial position have been prepared based on the audited combined financial statements of the Combining Entities for the financial year ended 31 August 2021, which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and in a manner consistent with the format of financial statements and the accounting policies of ATech Group, and adjusted for the impacts of the events and transactions as set out in Note 2 to the pro forma combined statements of financial position had the events been occurred or the transactions been undertaken on 31 August 2021. The pro forma combined statements of financial position is not necessarily indicative of the financial position that would have been attained had the Proposed Listing actually occurred at the respective dates and such information does not purport to predict the future financial position of ATech Group.

The auditors' report on the audited combined financial statements of the Combining Entities for the financial year ended 31 August 2021 used in the preparation of the pro forma combined statements of financial position was not subject to any audit qualification.

**2. LISTING SCHEME****(i) Pro Forma I: Pre-IPO Restructuring and Pre-IPO Dividend****(a) Acquisition of BCM Electronics Corporation Sdn. Bhd. ("BCM Electronics")**

The Company acquired the entire equity interest of BCM Electronics for a total purchase consideration of RM84,351,000 to be satisfied via the issuance of 281,169,999 new ordinary shares at an issue price of RM0.30 per share.

**(b) Pre-IPO Dividend**

On 30 June 2021, the Company has declared an interim dividend amounting to RM3,286,988 for the financial year ending 31 January 2022. The interim dividend has been paid by way of cash dividend of RM555,934 and in specie of quoted shares outside Malaysia of RM2,731,054. Fair value gain on investment in quoted shares outside Malaysia amounting to RM255,056 has been recorded subsequent to the dividend in specie.

**(ii) Pro Forma II: Proposed Public Issue ("IPO")****Public Issue**

The IPO involves a public issue of 77,010,000 new ordinary shares in ATech at an indicative issue price of RM1.36 per share.

In conjunction with the IPO, the Company would seek the listing and quotation of its entire enlarged issued share capital comprising 358,180,000 ordinary shares in ATech on the Main Market of Bursa Malaysia Securities Berhad.



**12. FINANCIAL INFORMATION (Cont'd)****AURELIUS TECHNOLOGIES BERHAD AND ITS SUBSIDIARY****PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021****2. LISTING SCHEME (Cont'd)****(ii) Pro Forma II: Proposed Public Issue ("IPO") (Cont'd)****Offer for Sale**

The Offer for Sale comprises an offer for sale of up to 26,860,000 shares by the existing shareholders of the Company ("Selling Shareholders") at an indicative price of RM1.36 per share.

The Company will not receive any proceeds from the Offer for Sale. The total gross proceeds from the Offer for Sale of up to approximately RM36,529,600 will accrue entirely to the Selling Shareholders.

**(iii) Pro Forma III: Proposed Use of Proceeds from IPO**

Gross proceeds from the IPO of RM104,733,600 are expected to be used as follows:

<b>Details of use</b>	<b>Estimated timeframe for use</b>	<b>RM</b>	<b>%</b>
Purchase of new machinery and equipment	within 24 months <sup>(1)</sup>	40,000,000	38.19
Repayment of bank borrowings	within 6 months <sup>(1)</sup>	29,520,000	28.19
Working capital	within 36 months <sup>(1)</sup>	28,128,600	26.86
Estimated listing expenses*	within 6 months <sup>(1)</sup>	7,085,000	6.76
<b>Total</b>		<b>104,733,600</b>	<b>100.00</b>

<sup>(1)</sup> From the date of listing of ATech shares.

\* If the actual listing expenses are higher than the estimated, the deficit will be funded out from portion allocated for working capital. Conversely, if the actual listing expenses are lower than the estimated, the excess will be used for working capital purposes.

The listing expenses are estimated at RM7,085,000 and will be set off against the share capital by RM6,237,000 and profit or loss by RM848,000 respectively.

Out of total estimated listing expenses of RM7,085,000, an amount of RM1,742,461 has been paid and recorded in the prepayments account. It will be charged out from prepayments account accordingly.



**12. FINANCIAL INFORMATION (Cont'd)****12.5 DIVIDEND POLICY**

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

The actual dividend that our Board may recommend or declare in any particular financial year or period will be subject to the factors outlined below as well as any other factors deemed relevant by our Board. In considering the level of dividend payments, if any, upon recommendation by our Board, we intend to consider various factors including:

- (i) the level of our cash, gearing, return on equity and retained earnings;
- (ii) our projected levels of capital expenditure and other growth/investment plans; and
- (iii) applicable restrictive covenants (if any) under future financing documents.

As our Company is a holding company, our income and therefore, our ability to pay dividends is dependent upon the dividends that we receive from our subsidiary. Distributions by our subsidiary will depend upon its operating results, earnings, capital requirements, general financial condition and other relevant factors.

We target a payout ratio of 20% of our PAT attributable to owners of our Company of each financial year on a consolidated basis after taking into account our Group's working capital requirements, subject to any applicable law and contractual obligations and provided that such distribution will not be detrimental to our Group's cash requirements or any plans approved by our Board.

There are no dividend restrictions imposed on us or our subsidiary as at the LPD pursuant to any covenants under our financing documents.

Investors should note that this dividend policy merely describes our present intention and shall not constitute legally binding statements in respect of our future dividends which are subject to modifications (including non-declaration thereof) at our Board's discretion. We cannot assure you that we will be able to pay dividends or that our Board will declare dividends in the future. There can also be no assurance that future dividends declared by our Board, if any, will not differ materially from historical dividend levels. See Section 5 of this Prospectus for factors which may affect or restrict our ability to pay dividends.

The following table sets out the dividends declared and/or paid by BCM Electronics for the FYE Under Review, FPE 31 August 2021 and up to the LPD, and the corresponding dividend payout ratio:

	FYE 31 January			FPE 31	From 1
	2019	2020	2021	August	September 2021
	RM'000	RM'000	RM'000	2021	up to the LPD
				RM'000	RM'000
Dividends declared and/or paid	54,235	38,622	4,930	3,287	-
PAT	23,881	23,596	15,096	13,203	-
Dividend payout ratio <sup>(1)</sup> (%)	227.1	163.7	32.7	24.9	-

**Note:**

- (1) Computed based on dividends declared and/or paid divided by PAT.

**12. FINANCIAL INFORMATION** *(Cont'd)*

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For the FYE 31 January 2019, the dividend payment of RM54.2 million to MSH was funded entirely by internally generated funds. For the FYE 31 January 2020, the dividend payment of RM38.6 million to MSH was mainly funded by the drawdown of a term loan amounting to RM33.0 million. For the FYE 31 January 2021, the dividend payment of RM4.9 million to MSH was funded entirely by internally generated funds. BCM Electronics had declared dividend for the FYE 31 January 2022 of RM3,286,987.80 which was paid to MSH in October 2021. Of the RM3.3 million, RM2.7 million was funded by way of a dividend in specie of quoted shares listed on a foreign exchange while the remaining RM0.6 million was funded by BCM Electronics' internally generated funds.

All the dividends were paid out of the retained earnings of BCM Electronics in accordance with Section 131(1) of the Act.

For the avoidance of doubt, neither our Company nor our subsidiary will be declaring any or further dividend for the FYE 31 January 2022.

**13. ACCOUNTANTS' REPORT**

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**AURELIUS TECHNOLOGIES BERHAD**  
**Registration No. 202101005015 (1405314-D)**  
(Incorporated in Malaysia)

**ACCOUNTANTS' REPORT**  
**FOR THE FINANCIAL PERIODS ENDED**  
**31 AUGUST 2021 AND 31 AUGUST 2020**  
**AND FINANCIAL YEARS ENDED**  
**31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019**

**GRANT THORNTON MALAYSIA PLT**  
**CHARTERED ACCOUNTANTS**

## 13. ACCOUNTANTS' REPORT (Cont'd)



Date: 12 November 2021

The Board of Directors  
**Aurelius Technologies Berhad**  
 Plot 21, Jalan Hi-Tech 4,  
 Kulim Hi-Tech Park Phase 1,  
 09090 Kulim,  
 Kedah Darul Aman

Dear Sirs/Madams,

**Grant Thornton Malaysia PLT**  
 Level 5, Menara BHL  
 51 Jalan Sultan Ahmad Shah  
 10050 Penang  
 Malaysia

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### Reporting Accountants' Opinion on the Combined Financial Statements Contained in the Accountants' Report of Aurelius Technologies Berhad

#### Opinion

We have audited the combined financial statements of Aurelius Technologies Berhad (the "Company" or "ATech") and its combining entity, BCM Electronics Corporation Sdn Bhd, (collectively known as "the Group") which comprise the combined statements of financial position as at 31 August 2021, 31 January 2021, 31 January 2020 and 31 January 2019, and the combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the financial period/years then ended and notes to the combined financial statements, including a summary of accounting policies, as set out on pages 4 to 53.

The combined financial statements have been prepared for inclusion in the prospectus of ATech in connection with the listing of and quotation for the entire issued share capital of ATech on the Main Market of Bursa Malaysia Securities Berhad. This report is given for the purpose of complying with the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purposes.

In our opinion, the accompanying combined financial statements give a true and fair view of the combined financial position of the Group as at 31 August 2021, 31 January 2021, 31 January 2020 and 31 January 2019 and of its combined financial performance and combined cash flows for the financial period/years then ended in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards.

#### 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 *Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group 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.



### 13. ACCOUNTANTS' REPORT (Cont'd)



#### Responsibilities of the Directors for the Combined Financial Statements

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

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

#### Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a reporting accountants' 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 combined 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 combined financial statements of the Group, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our reporting accountants' report to the related disclosures in the combined financial statements of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern.

## 13. ACCOUNTANTS' REPORT (Cont'd)



- Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined 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 communicated 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 identified during our audit.

#### Other matters

The comparative information in respect of the combined statements of comprehensive income, combined statements of changes in equity, combined statements of cash flows and related notes to the combined financial statements for the financial period ended 31 August 2020 has not been audited.

This report has been prepared solely to comply with the Prospectus Guidelines – Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of ATech in connection with the listing of and quotation for the entire enlarged issued share capital of ATech on the Main Market of Bursa Malaysia Securities Berhad and should not be relied upon for any other purposes. We do not assume responsibility to any other person for the content of this report.

**Grant Thornton Malaysia PLT**  
**AF: 0737**  
**201906003682 (LLP0022494-LCA)**  
**Chartered Accountants**

**Loo Wei Teng**  
**No. 03487/03/2022 J**  
**Chartered Accountant**

**Penang**

**13. ACCOUNTANTS' REPORT (Cont'd)**

**AURELIUS TECHNOLOGIES BERHAD**  
**Registration No. 202101005015 (1405314-D)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF FINANCIAL POSITION AS AT 31 AUGUST 2021, 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019**

NOTE	----- Audited -----				
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM	
<b>ASSETS</b>					
<b>Non-current asset</b>					
Property, plant and equipment	4	62,898,092	56,197,987	47,208,644	39,125,719
<b>Current assets</b>					
Inventories	5	110,602,406	72,532,081	64,430,600	75,103,916
Trade receivables	6	71,774,297	100,157,289	92,897,704	102,985,261
Other receivables, deposits and prepayments	7	5,644,643	2,457,415	2,601,117	2,755,898
Contract assets	8	33,824,364	25,173,083	9,785,625	11,171,307
Amount due from corporate shareholder	9	-	-	-	10,000
Investment	10	2,475,998	2,731,054	-	-
Fixed deposits with licensed banks	11	5,898,624	5,206,652	5,082,850	2,464,300
Cash and bank balances	12	15,929,666	17,108,571	27,404,164	16,973,845
		<u>246,149,998</u>	<u>225,366,145</u>	<u>202,202,060</u>	<u>211,464,527</u>
<b>TOTAL ASSETS</b>		<u>309,048,090</u>	<u>281,564,132</u>	<u>249,410,704</u>	<u>250,590,246</u>
<b>EQUITY AND LIABILITIES</b>					
Share capital	13	45,864,069	45,864,068	45,864,068	45,864,068
Revaluation reserve	14	6,453,833	6,563,220	5,550,782	5,550,782
Retained profits		41,674,876	31,649,774	20,915,434	35,941,326
<b>Total equity</b>		<u>93,992,778</u>	<u>84,077,062</u>	<u>72,330,284</u>	<u>87,356,176</u>
<b>Non-current liabilities</b>					
Borrowings	15	12,351,908	26,125,501	39,766,723	211,094
Deferred tax liabilities	16	6,966,000	5,068,000	3,301,000	2,780,000
		<u>19,317,908</u>	<u>31,193,501</u>	<u>43,067,723</u>	<u>2,991,094</u>
<b>Current liabilities</b>					
Trade payables	17	62,291,486	46,318,082	35,607,180	65,629,277
Other payables and accruals	18	17,920,419	9,587,308	7,653,634	8,734,361
Borrowings	15	114,843,995	110,191,762	87,912,049	83,763,682
Provision for taxation		681,504	196,417	2,839,834	2,115,656
		<u>195,737,404</u>	<u>166,293,569</u>	<u>134,012,697</u>	<u>160,242,976</u>
<b>Total liabilities</b>		<u>215,055,312</u>	<u>197,487,070</u>	<u>177,080,420</u>	<u>163,234,070</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>309,048,090</u>	<u>281,564,132</u>	<u>249,410,704</u>	<u>250,590,246</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**AURELIUS TECHNOLOGIES BERHAD**  
 Registration No. 202101005015 (1405314-D)  
 (Incorporated in Malaysia)

**COMBINED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2021 AND 31 AUGUST 2020 AND FINANCIAL YEARS ENDED 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019**

		Audited 1.2.2021 to 31.8.2021 (7 months) RM	Unaudited 1.2.2020 to 31.8.2020 (7 months) RM	----- Audited -----  1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
	NOTE					
Revenue	19	200,037,506	185,616,333	362,165,317	389,305,417	358,171,456
Cost of sales		<u>(175,528,062)</u>	<u>(172,542,750)</u>	<u>(332,092,384)</u>	<u>(343,100,470)</u>	<u>(315,384,240)</u>
<b>Gross profit</b>		24,509,444	13,073,583	30,072,933	46,204,947	42,787,216
Other income		199,157	1,094,960	1,200,645	275,306	441,484
Administrative expenses		(5,409,393)	(4,809,360)	(9,113,932)	(9,733,890)	(8,942,724)
Selling and distribution expenses		<u>(119,883)</u>	<u>(106,357)</u>	<u>(201,851)</u>	<u>(363,458)</u>	<u>(633,191)</u>
<b>Operating profit</b>		19,179,325	9,252,826	21,957,795	36,382,905	33,652,785
Finance costs		<u>(2,260,622)</u>	<u>(2,487,660)</u>	<u>(4,138,574)</u>	<u>(4,006,327)</u>	<u>(2,612,379)</u>
<b>Profit before tax</b>	20	16,918,703	6,765,166	17,819,221	32,376,578	31,040,406
Income tax expense	22	<u>(3,716,000)</u>	<u>(1,509,210)</u>	<u>(2,723,710)</u>	<u>(8,780,363)</u>	<u>(7,159,272)</u>
<b>Profit for the financial period/year</b>		13,202,703	5,255,956	15,095,511	23,596,215	23,881,134
<b>Total other comprehensive income, net of tax:</b>						
<b>Items that will not be reclassified subsequently to profit or loss:</b>						
Revaluation of leasehold land and building, net		-	-	1,581,749	-	-
Transfer of revaluation surplus to retained profits		109,387	-	569,311	-	-
Realisation of revaluation surplus upon depreciation		<u>(109,387)</u>	-	<u>(569,311)</u>	-	-
		-	-	1,581,749	-	-
<b>Total comprehensive income for the financial period/year</b>		<u>13,202,703</u>	<u>5,255,956</u>	<u>16,677,260</u>	<u>23,596,215</u>	<u>23,881,134</u>
Basic/Diluted earnings per share (sen)	23	<u>40.17</u>	<u>15.99</u>	<u>45.93</u>	<u>71.79</u>	<u>72.65</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**AURELIUS TECHNOLOGIES BERHAD**  
**Registration No. 202101005015 (1405314-D)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2021 AND 31 AUGUST 2020 AND FINANCIAL YEARS ENDED 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019**

	NOTE	Share Capital RM	Non-distributable Revaluation Reserve RM	Distributable Retained Profits RM	Total Equity RM
<b>Audited</b>					
31.8.2021					
Balance at beginning		45,864,068	6,563,220	31,649,774	84,077,062
Total comprehensive income for the financial period		-	(109,387)	13,312,090	13,202,703
<i>Transactions with owner:</i>					
Allotment of share	13	1	-	-	1
Dividends	24	-	-	(3,286,988)	(3,286,988)
		1	-	(3,286,988)	(3,286,987)
Balance at end		<u>45,864,069</u>	<u>6,453,833</u>	<u>41,674,876</u>	<u>93,992,778</u>
31.1.2021					
Balance at beginning		45,864,068	5,550,782	20,915,434	72,330,284
Total comprehensive income for the financial year		-	1,012,438	15,664,822	16,677,260
<i>Transaction with owner:</i>					
Dividends	24	-	-	(4,930,482)	(4,930,482)
Balance at end		<u>45,864,068</u>	<u>6,563,220</u>	<u>31,649,774</u>	<u>84,077,062</u>
31.1.2020					
Balance at beginning		45,864,068	5,550,782	35,941,326	87,356,176
Total comprehensive income for the financial year		-	-	23,596,215	23,596,215
<i>Transaction with owner:</i>					
Dividends	24	-	-	(38,622,107)	(38,622,107)
Balance at end		<u>45,864,068</u>	<u>5,550,782</u>	<u>20,915,434</u>	<u>72,330,284</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

**AURELIUS TECHNOLOGIES BERHAD**  
**Registration No. 202101005015 (1405314-D)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2021 AND 31 AUGUST 2020 AND FINANCIAL YEARS ENDED 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019**

	NOTE	Share Capital RM	Non-distributable Revaluation Reserve RM	Distributable Retained Profits RM	Total Equity RM
31.1.2019					
Balance at beginning		45,864,068	5,550,782	66,295,491	117,710,341
Total comprehensive income for the financial year		-	-	23,881,134	23,881,134
<i>Transaction with owner:</i>					
Dividends	24	-	-	(54,235,299)	(54,235,299)
Balance at end		<u>45,864,068</u>	<u>5,550,782</u>	<u>35,941,326</u>	<u>87,356,176</u>
<b>Unaudited</b>					
31.8.2020					
Balance at beginning		45,864,068	5,550,782	20,915,434	72,330,284
Total comprehensive income for the financial period		-	-	5,255,956	5,255,956
Balance at end		<u>45,864,068</u>	<u>5,550,782</u>	<u>26,171,390</u>	<u>77,586,240</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

AURELIUS TECHNOLOGIES BERHAD  
Registration No. 202101005015 (1405314-D)  
(Incorporated In Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2021 AND 31 AUGUST 2020 AND FINANCIAL YEARS ENDED 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019**

	NOTE	Audited	Unaudited	Audited	Audited	
		1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit before tax		16,918,703	6,765,166	17,819,221	32,376,578	31,040,406
Adjustments for:						
Depreciation of property, plant and equipment		3,016,611	2,406,453	4,494,046	3,067,379	2,612,114
Fair value loss on investment in quoted shares		217,050	10,531	636,022	-	-
(Gain)/Loss on disposal of property, plant and equipment		(8,902)	5,250	(2,661)	86,151	-
Interest expense		2,260,622	2,487,660	4,138,574	4,006,327	2,612,379
Interest income		(75,893)	(131,121)	(202,522)	(178,110)	(275,306)
Inventories written off		-	-	-	-	2,427,469
Property, plant and equipment written off		-	-	4,908	-	690
(Reversal of)/Inventories written down		-	-	(473,237)	(69,895)	29,681
Unrealised loss/(gain) on foreign exchange		62,585	(187,905)	370,725	317,023	(79,221)
Operating profit before working capital changes		22,390,776	11,356,034	26,785,076	39,605,453	38,368,212
Changes in:						
Inventories		(38,070,325)	(10,379,958)	(7,628,244)	10,743,211	(23,597,514)
Receivables		24,966,728	17,302,768	(8,193,497)	8,941,008	(35,243,407)
Contract assets		(9,147,383)	(15,917,462)	(15,387,458)	1,385,682	(6,719,919)
Payables		21,425,890	16,355,741	12,812,447	(30,883,606)	40,257,526
Cash generated from operations		21,565,686	18,717,123	8,388,324	29,791,748	13,064,898
Income tax paid		(1,332,913)	(1,664,166)	(4,100,857)	(8,057,913)	(4,990,454)
Income tax refunded		-	1,230	1,230	522,728	-
Interest paid		(2,260,622)	(2,487,660)	(4,138,574)	(4,006,327)	(2,612,379)
Net cash from operating activities		17,972,151	14,566,527	150,123	18,250,236	5,462,065
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received		28,921	59,988	78,720	178,110	275,306
Placement of fixed deposits pledged to licensed banks		(645,000)	-	-	(2,618,550)	(79,285)
Net additions of investment		-	(3,092,343)	(3,187,242)	-	-
Proceeds from disposal of property, plant and equipment		8,902	83,862	13,911	22,394	-
Purchase of property, plant and equipment	A	(9,716,716)	(11,008,118)	(11,418,298)	(2,966,081)	(1,178,251)
Net cash used in investing activities		(10,323,893)	(13,956,611)	(14,512,909)	(5,384,127)	(982,230)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Dividends paid		-	-	(4,930,482)	(38,622,107)	(54,235,299)
Proceeds from issuance of share		1	-	-	-	-
Repayment of finance lease liabilities	C	(938,372)	(528,315)	(831,808)	(231,852)	(80,362)
Drawdown of term loan	C	-	-	7,104,971	33,000,000	-
Repayment of term loan	C	(9,087,320)	-	(214,304)	-	-
Net change in bankers acceptances and OFCL	C	(3,795,338)	(1,594,558)	2,888,167	3,408,169	30,492,997
Net change in revolving credit	C	5,000,000	-	-	-	-
Net change in holding company's balance		-	-	-	10,000	(10,000)
Net change in director's account		-	-	-	-	(10,000)
Net cash (used in)/from financing activities		(8,821,029)	(2,122,873)	4,016,544	(2,435,790)	(23,842,664)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		(1,172,771)	(1,512,957)	(10,346,242)	10,430,319	(19,362,829)
<b>EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE</b>		(6,134)	(274,913)	50,649	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>		17,108,571	27,404,164	27,404,164	16,973,845	36,336,674
<b>CASH AND CASH EQUIVALENTS AT END</b>	B	15,929,666	25,616,294	17,108,571	27,404,164	16,973,845

**13. ACCOUNTANTS' REPORT (Cont'd)**

AURELIUS TECHNOLOGIES BERHAD  
Registration No. 202101005015 (1405314-D)  
(Incorporated in Malaysia)

COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIODS ENDED 31 AUGUST 2021 AND 31 AUGUST 2020 AND FINANCIAL YEARS ENDED 31 JANUARY 2021, 31 JANUARY 2020 AND 31 JANUARY 2019

NOTE	Audited	Unaudited	----- Audited -----		
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
<b>A. Purchase of property, plant and equipment</b>					
Total acquisition cost	9,716,716	11,008,118	11,418,298	11,258,849	1,498,251
Acquired under finance lease liabilities	-	-	-	(8,292,768)	(320,000)
Total cash acquisition	<u>9,716,716</u>	<u>11,008,118</u>	<u>11,418,298</u>	<u>2,966,081</u>	<u>1,178,251</u>
<b>B. Cash and cash equivalents</b>					
Fixed deposits with licensed banks	5,898,624	5,153,983	5,206,652	5,082,850	2,464,300
Cash and bank balances	15,929,666	25,616,294	17,108,571	27,404,164	16,973,845
	<u>21,828,290</u>	<u>30,770,277</u>	<u>22,315,223</u>	<u>32,487,014</u>	<u>19,438,145</u>
Less: Fixed deposits pledged with licensed banks	(5,898,624)	(5,153,983)	(5,206,652)	(5,082,850)	(2,464,300)
	<u>15,929,666</u>	<u>25,616,294</u>	<u>17,108,571</u>	<u>27,404,164</u>	<u>16,973,845</u>
<b>C. Liabilities arising from financing activities</b>					

Reconciliation between the opening and closing balances in the combined statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Cash flows RM	Unrealised gain on foreign exchange RM	Balance at end RM
<b>Audited</b>				
31.8.2021				
Borrowings, representing total liabilities arising from financing activities	<u>136,317,263</u>	<u>(8,821,030)</u>	<u>(300,330)</u>	<u>127,195,903</u>
31.1.2021				
Borrowings, representing total liabilities arising from financing activities	<u>127,678,772</u>	<u>8,947,026</u>	<u>(308,535)</u>	<u>136,317,263</u>
31.1.2020				
Borrowings, representing total liabilities arising from financing activities	<u>83,974,776</u>	<u>44,469,085</u>	<u>(765,089)</u>	<u>127,678,772</u>
31.1.2019				
Borrowings, representing total liabilities arising from financing activities	<u>54,313,446</u>	<u>30,732,635</u>	<u>(1,071,305)</u>	<u>83,974,776</u>
<b>Unaudited</b>				
31.8.2020				
Borrowings, representing total liabilities arising from financing activities	<u>127,678,772</u>	<u>(2,122,873)</u>	<u>(1,369,256)</u>	<u>124,186,643</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

**Aurelius Technologies Berhad**  
**Registration No. 202101005015 (1405314-D)**  
(Incorporated in Malaysia)

**NOTES TO THE COMBINED FINANCIAL STATEMENTS****1. GENERAL INFORMATION****1.1 Introduction**

This report has been prepared solely to comply with the Prospectus Guidelines - Equity issued by the Securities Commission Malaysia and for inclusion in the prospectus of **Aurelius Technologies Berhad** (the "Company" or "ATech") in connection with the listing of and quotation for the entire enlarged issued share capital of ATech on the Main Market of Bursa Malaysia Securities Berhad (hereinafter defined as "the Listing") and should not be relied upon for any other purposes.

**1.2 Background**

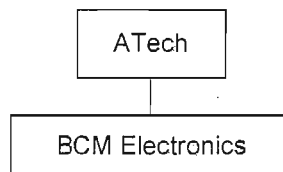
ATech was incorporated on 9 February 2021 under the Companies Act 2016 in Malaysia as a private limited company and domiciled in Malaysia. The Company was subsequently converted into a public limited company on 8 July 2021.

The registered office of the Company is located at Level 19-1, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur. The principal place of business is located at Plot 21, Jalan Hi-Tech 4, Kulim Hi-Tech Park Phase 1, 09090 Kulim, Kedah Darul Aman.

The Company was incorporated for the purpose of acting as the vehicle for the listing of BCM Electronics Corporation Sdn. Bhd. ("BCM Electronics") on the Main Market of Bursa Malaysia Securities Berhad. BCM Electronics was incorporated in Malaysia on 20 August 1993.

On 3 November 2021, ATech has acquired the entire issued share capital of BCM Electronics comprising 32,869,878 ordinary shares ("Acquisition"). The purchase consideration for the Acquisition was RM84,351,000 satisfied by the issuance of 281,169,999 new ordinary shares in ATech at an issue price of RM0.30 per share.

Following the completion of the Acquisition, the Group structure is follows:

**1.3 Principal activities**

ATech's principal activity is investment holding and BCM Electronics is engaged in the provider of electronic manufacturing services ("EMS") focusing on industrial electronic products.

**13. ACCOUNTANTS' REPORT (Cont'd)****2. BASIS OF PREPARATION****2.1 Statement of Compliance**

The combined financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS") and based on the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants in relation to the Listing.

The combined financial statements consist of the financial statements of the combining entities as disclosed in Note 1.2 to this report, which were under common control throughout the reporting period/years by virtue of common controlling shareholders.

The combined financial statements have been prepared using financial information obtained from the records of the combining entities during the reporting period/years.

The financial information as presented in the combined financial statements reflect business combinations under common control for the purpose of the Listing.

**2.2 Basis of Measurement**

The combined financial statements of the Group are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**2.3 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

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

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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

**2.4 Functional and Presentation Currency**

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

**2.5 Standards Issued But Not Yet Effective**

The Group has not applied the following standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective:

**Effective for annual period beginning on or after 1 April 2021**

*Amendments to MFRS 16 Leases: Covid-19 - Related rent Concessions beyond 30 June 2021*

**Effective for annual periods beginning on or after 1 January 2022**

*Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework*

*Amendments to MFRS 116 Property, Plant and Equipment: 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*

*Annual Improvements to MFRS Standards 2018 - 2020*

**Effective for annual periods beginning on or after 1 January 2023**

*MFRS 17 Insurance Contracts*

*Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9*

*Amendments to MFRS 17 Insurance Contracts*

*Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*

*Amendments to MFRS 101 Presentation of Financial Statements: Disclosure 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*

**Effective 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 initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

**13. ACCOUNTANTS' REPORT (Cont'd)****2.6 Significant Accounting Estimates and Judgements**

The preparation of financial statements 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 estimate is revised and in any future periods affected.

**2.6.1 Judgements made in applying accounting policies**

There are no significant areas of critical judgement in applying accounting policies that have any significant effect on the amount recognised in the financial statements.

**2.6.2 Key sources of estimation uncertainty**

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

**(i) Revaluation of property, plant and equipment**

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuer to determine fair value as at the end of reporting period.

The carrying amount of the land and buildings as at the end of reporting period and the relevant revaluation bases and fair value, are disclosed in Note 4 to the financial statements.

**(ii) Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable value, management takes into account the most reliable evidence available at the time the estimate is made. Possible changes in these estimates could result in revisions to the valuation of inventories.

**(iii) Provision for expected credit losses of trade receivables and contract assets**

The Group uses a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar credit risk characteristics.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

**13. ACCOUNTANTS' REPORT (Cont'd)**

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the expected credit losses on the Group's trade receivables is disclosed in Note 28.3 to the financial statements.

**3. ACCOUNTING POLICIES**

The accounting policies set out below have been applied consistently to the periods presented in these combined financial statements unless otherwise indicated below.

**3.1 Basis of Combination****(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 controls ceases.

Control exists when the Group 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. Besides, the Group 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.

**(ii) Acquisition from entity under common control**

Business combinations arising from transfers of interest in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

**(iii) 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.

**3.2 Property, Plant and Equipment**

Property, plant and equipment, except for land and building, are initially stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

**13. ACCOUNTANTS' REPORT (Cont'd)**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period/year in which they are incurred.

Land and buildings are measured at fair value less accumulated depreciation and impairment loss, if any. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluation of land and building is recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

Leasehold land and building are depreciated on a straight line basis over the remaining lease period of the land of 35 years.

Depreciation on other property, plant and equipment is calculated on the straight line method to write off the cost of each asset to its residual value over its estimated useful life at the following annual rates:

Plant and machinery	10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use. Gains or losses arising from the disposal of property, plant and equipment are recognised in profit or loss.

**3.3 Leases**

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

**As a lessee**

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

The Group has only short-term leases and leases of low-value assets as at the end of the reporting period.

**13. ACCOUNTANTS' REPORT (Cont'd)****Short term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of hostel and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

**3.4 Impairment of Non-Financial Assets**

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the profit or loss except for assets that were previously revalued where the revaluation surplus was taken to other comprehensive income. In this case the impairment loss is also recognised in other comprehensive income up to the amount of any previous revaluation surplus.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) if no impairment loss had been recognised in prior years. A reversal of impairment loss for an asset is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**3.5 Inventories**

Inventories are stated at the lower of cost and net realisable value and after adequate allowance is made for any obsolete and slow moving items.

Cost of work-in-progress and finished goods include direct materials, direct labour and an appropriate proportion of manufacturing overheads.

Cost of all inventories is determined on the first-in, first-out basis.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

**3.6 Financial Instruments**

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

**13. ACCOUNTANTS' REPORT (Cont'd)****3.6.1 Financial assets****(i) Initial recognition and measurement**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that does not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition.

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified into three categories:

- Financial assets at amortised cost (debt instruments) ("AC")
- Financial assets at fair value through profit or loss ("FVTPL")
- Financial assets at fair value through other comprehensive income ("FVOCI")
  - with recycling of cumulative gains and losses to profit or loss (debt instruments)
  - with no recycling of cumulative gains and losses to profit or loss upon derecognition (equity instruments)

The Group does not have any financial assets measured at FVOCI as at the end of the reporting periods.

**Financial assets at amortised cost**

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes cash and bank balances, fixed deposits with licensed banks, trade and other receivables, and amount due from corporate shareholder.



**13. ACCOUNTANTS' REPORT (Cont'd)****Financial assets at FVTPL**

Financial assets at FVTPL are carried in the combined statements of financial position at fair value with net changes in fair value recognised in the combined statements of comprehensive income.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are recognised as other income in the combined statements of comprehensive income when the right of payment has been established.

The Group's finance assets at FVTPL includes investment.

**(iii) Derecognition**

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

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

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

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

**(iv) Impairment**

The Group recognises allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. ECLs are a probability-weighted estimate of credit losses.

The Group measures 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 considers 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.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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

The Group estimates the expected credit losses on trade receivables using a provision matrix 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.

At each reporting date, the Group assesses whether the 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 fully) to the extent that 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 owing. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery amounts due.

**3.6.2 Financial liabilities****(i) Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include borrowings, trade and other payables.

**(ii) Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit or loss

The Group does not have any financial liabilities at fair value through profit or loss as at the end of the reporting period.

**Financial liabilities at amortised cost**

This is the category most relevant to the Group. After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the combined statements of comprehensive income.

**13. ACCOUNTANTS' REPORT (Cont'd)****(iii) Derecognition**

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

**3.6.3 Offsetting of financial instruments**

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

**3.7 Cash and Cash Equivalents**

Cash and cash equivalents comprise cash in hand, cash at bank and demand deposits. Cash and cash equivalents are short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

**3.8 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

**3.9 Revenue**

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

The performance obligations to recognise revenue are as follows:

**(i) Sale of goods**

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

**(ii) Interest income**

Interest income is recognised as it accrues using the effective interest rate in profit or loss.

**3.9.1 Contract balances**

This refers to the closing balances of the trade receivables and contract assets as at the end of the reporting period.

**13. ACCOUNTANTS' REPORT (Cont'd)****Trade receivables**

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

**Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. Contract assets are recorded when the revenue is recognised prior to invoicing a customer.

Contract assets will be reclassified to trade receivables when the invoicing are issued to the customer. Contract assets are subject to impairment assessment.

**3.10 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 rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that will 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 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.

**3.11 Employee Benefits****Short term benefits**

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

**Defined contribution plan**

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense as incurred.

**3.12 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 financial period/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 years.

**13. ACCOUNTANTS' REPORT (Cont'd)**

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities and their related tax bases as at the end of the reporting period using the tax rates prevailing at that date.

The deferred tax on the revaluation surplus of the property measured at fair value in accordance with the accounting policy as disclosed in Note 3.2 to the combined financial statements, is recognised using tax rates enacted or substantively enacted at the reporting date.

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 liabilities and assets 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.

**3.13 Foreign Currency Translations**

Transactions in foreign currencies are translated to the functional currency of the Group 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 translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

**3.14 Operating segments**

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

**3.15 Share Capital, Share Issuance Costs and Dividends****Classification**

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

**13. ACCOUNTANTS' REPORT (Cont'd)****Share issuance costs**

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

**Dividends**

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared and approved.

**3.16 Contingencies**

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or 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 assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

**3.17 Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the ultimate holding company of the Group, or the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the Group or is a member of the key management personnel of the ultimate holding company or the Group.
- (viii) The entity, or any member of a group when it is a part, provides key management personnel services to the Group or to the parent of the Group.

**13. ACCOUNTANTS' REPORT (Cont'd)****4. PROPERTY, PLANT AND EQUIPMENT**

	----- At valuation -----		----- At cost -----				Total RM
	Leasehold land RM	Building RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Capital work- in-progress RM	
<b>Audited</b>							
31.8.2021							
At valuation/cost							
Balance at beginning	10,000,000	18,000,000	45,413,475	17,702,010	1,471,554	-	92,587,039
Additions	-	-	4,765,646	289,249	-	4,661,821	9,716,716
Disposals	-	-	(3,243,385)	-	-	-	(3,243,385)
Balance at end	<u>10,000,000</u>	<u>18,000,000</u>	<u>46,935,736</u>	<u>17,991,259</u>	<u>1,471,554</u>	<u>4,661,821</u>	<u>99,060,370</u>
Accumulated depreciation							
Balance at beginning	-	-	23,110,601	12,200,700	1,077,751	-	36,389,052
Current charge	163,170	293,706	1,709,860	764,369	85,506	-	3,016,611
Disposals	-	-	(3,243,385)	-	-	-	(3,243,385)
Balance at end	<u>163,170</u>	<u>293,706</u>	<u>21,577,076</u>	<u>12,965,069</u>	<u>1,163,257</u>	<u>-</u>	<u>36,162,278</u>
Carrying amount	<u>9,836,830</u>	<u>17,706,294</u>	<u>25,358,660</u>	<u>5,026,190</u>	<u>308,297</u>	<u>4,661,821</u>	<u>62,898,092</u>
31.1.2021							
At valuation/cost							
Balance at beginning	7,700,000	21,300,000	44,498,595	19,995,013	1,537,554	-	95,031,162
Additions	-	-	9,058,984	2,359,314	-	-	11,418,298
Disposals	-	-	(673,890)	(49,680)	-	-	(723,570)
Revaluation gain/(loss)	2,300,000	(3,300,000)	-	-	-	-	(1,000,000)
Reclassification	-	-	(9,500)	9,500	-	-	-
Written off	-	-	(7,460,714)	(4,612,137)	(66,000)	-	(12,138,851)
Balance at end	<u>10,000,000</u>	<u>18,000,000</u>	<u>45,413,475</u>	<u>17,702,010</u>	<u>1,471,554</u>	<u>-</u>	<u>92,587,039</u>
Accumulated depreciation							
Balance at beginning	599,171	1,757,078	28,812,845	15,666,566	986,858	-	47,822,518
Current charge	192,500	532,500	2,427,927	1,184,226	156,893	-	4,494,046
Disposals	-	-	(673,890)	(38,430)	-	-	(712,320)
Reclassification	-	-	(475)	475	-	-	-
Written off	-	-	(7,455,806)	(4,612,137)	(66,000)	-	(12,133,943)
Elimination of accumulated depreciation on revaluation	(791,671)	(2,289,578)	-	-	-	-	(3,081,249)
Balance at end	<u>-</u>	<u>-</u>	<u>23,110,601</u>	<u>12,200,700</u>	<u>1,077,751</u>	<u>-</u>	<u>36,389,052</u>
Carrying amount	<u>10,000,000</u>	<u>18,000,000</u>	<u>22,302,874</u>	<u>5,501,310</u>	<u>393,803</u>	<u>-</u>	<u>56,197,987</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

	[----- At valuation -----]		[----- At cost -----]				Total RM
	Leasehold land RM	Building RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Capital work- in-progress RM	
31.1.2020							
At valuation/cost							
Balance at beginning	7,700,000	21,300,000	40,477,152	18,726,472	1,158,591	-	89,362,215
Additions	-	-	9,177,995	1,701,891	378,963	-	11,258,849
Disposals	-	-	(5,026,053)	(124,100)	-	-	(5,150,153)
Written off	-	-	(130,499)	(309,250)	-	-	(439,749)
Balance at end	<u>7,700,000</u>	<u>21,300,000</u>	<u>44,498,595</u>	<u>19,995,013</u>	<u>1,537,554</u>	<u>-</u>	<u>95,031,162</u>
Accumulated depreciation							
Balance at beginning	406,671	1,224,578	32,722,212	15,075,816	807,219	-	50,236,496
Current charge	192,500	532,500	1,175,342	987,398	179,639	-	3,067,379
Disposals	-	-	(4,954,210)	(87,398)	-	-	(5,041,608)
Written off	-	-	(130,499)	(309,250)	-	-	(439,749)
Balance at end	<u>599,171</u>	<u>1,757,078</u>	<u>28,812,845</u>	<u>15,666,566</u>	<u>986,858</u>	<u>-</u>	<u>47,822,518</u>
Carrying amount	<u>7,100,829</u>	<u>19,542,922</u>	<u>15,685,750</u>	<u>4,328,447</u>	<u>550,696</u>	<u>-</u>	<u>47,208,644</u>
31.1.2019							
At valuation/cost							
Balance at beginning	7,700,000	21,300,000	40,365,802	17,901,697	804,646	-	88,072,145
Additions	-	-	111,350	1,032,956	353,945	-	1,498,251
Written off	-	-	-	(208,181)	-	-	(208,181)
Balance at end	<u>7,700,000</u>	<u>21,300,000</u>	<u>40,477,152</u>	<u>18,726,472</u>	<u>1,158,591</u>	<u>-</u>	<u>89,362,215</u>
Accumulated depreciation							
Balance at beginning	214,171	692,078	31,845,864	14,439,180	640,580	-	47,831,873
Current charge	192,500	532,500	876,348	844,127	166,639	-	2,612,114
Written off	-	-	-	(207,491)	-	-	(207,491)
Balance at end	<u>406,671</u>	<u>1,224,578</u>	<u>32,722,212</u>	<u>15,075,816</u>	<u>807,219</u>	<u>-</u>	<u>50,236,496</u>
Carrying amount	<u>7,293,329</u>	<u>20,075,422</u>	<u>7,754,940</u>	<u>3,650,656</u>	<u>351,372</u>	<u>-</u>	<u>39,125,719</u>



**13. ACCOUNTANTS' REPORT (Cont'd)**

- (a) The leasehold land and building were revalued to fair values based on the valuations performed by independent professional valuers using the cost approach. Had the leasehold land and building been carried under the cost model, the total carrying amounts of their entire classes that would have been recognised in the financial statements are as follows:

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Leasehold land	2,306,752	2,345,015	2,410,610	2,476,205
Building	<u>16,409,402</u>	<u>16,681,587</u>	<u>17,148,188</u>	<u>17,614,790</u>
	<u>18,716,154</u>	<u>19,026,602</u>	<u>19,558,798</u>	<u>20,090,995</u>

The fair value measurement of the leasehold land and building which were derived from the valuation carried out in January 2021 and November 2016 is categorised as follows:

	Level 3 RM
31.8.2021	
Leasehold land	10,000,000
Building	<u>18,000,000</u>
31.1.2021	
Leasehold land	10,000,000
Building	<u>18,000,000</u>
31.1.2020	
Leasehold land	7,700,000
Building	<u>21,300,000</u>
31.1.2019	
Leasehold land	7,700,000
Building	<u>21,300,000</u>

**Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1 and Level 2 during the financial period/year.

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the leasehold land and building.

Level 3 fair value of leasehold land and building has been derived using the cost approach. The leasehold land is valued by reference to transactions of similar lands in the surrounding with adjustments made for differences in size, accessibility, frontage, site improvement, tenure if any and other relevant characteristics. The building is valued by reference to their depreciated replacement costs, i.e. the replacement cost less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the building at the date of valuation. The land and building values are the summated to arrive at the fair value.

**13. ACCOUNTANTS' REPORT (Cont'd)**

- (b) The carrying amount of leased assets which are pledged as securities for the finance lease liabilities as disclosed in Note 15 to the financial statements are as follows:

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Plant and machinery	6,989,621	7,478,894	8,317,649	-
Furniture, fittings and equipment	399,365	442,330	515,984	-
Motor vehicles	308,297	393,803	540,385	289,055
	<u>7,697,283</u>	<u>8,315,027</u>	<u>9,374,018</u>	<u>289,055</u>

- (c) The carrying amount of property, plant and equipment which are pledged to licensed banks as securities for banking facilities granted to the Group as disclosed in Note 15 to the financial statements are as follows:

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Leasehold land and building	27,543,124	28,000,000	26,643,751	27,368,751
Plant and machinery	7,136,198	7,603,053	-	-
	<u>34,679,322</u>	<u>35,603,053</u>	<u>26,643,751</u>	<u>27,368,751</u>

- (d) Included in the property, plant and equipment is a motor vehicle with carrying amount of **RM202,113** (31.1.2021: RM246,326; 31.1.2020: RM322,118; 31.1.2019: RMNil) being held by a director in trust for the Group.
- (e) The information of right-of-use assets which are included in the property, plant and equipment is as follows:

	Carrying amount RM	Current depreciation RM	Revaluation gain RM
<b>Audited</b>			
31.8.2021			
Leasehold land, at valuation	9,836,830	163,170	-
Plant and machinery	6,989,621	489,273	-
Furniture, fittings and equipment	399,365	42,965	-
Motor vehicles	308,297	85,506	-
31.1.2021			
Leasehold land, at valuation	10,000,000	192,500	3,091,671
Plant and machinery	7,478,894	838,755	-
Furniture, fittings and equipment	442,330	73,654	-
Motor vehicles	393,803	146,582	-

**13. ACCOUNTANTS' REPORT (Cont'd)**

	Carrying amount RM	Current depreciation RM	Revaluation gain RM
31.1.2020			
Leasehold land, at valuation	7,100,829	192,500	-
Plant and machinery	8,317,649	69,896	-
Furniture, fittings and equipment	515,984	6,138	-
Motor vehicles	540,385	127,633	-
31.1.2019			
Leasehold land, at valuation	7,293,329	192,500	-
Motor vehicles	289,055	70,789	-

**5. INVENTORIES**

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Raw materials	100,023,998	59,010,442	58,119,503	65,388,437
Work-in-progress	941,695	1,478,612	1,166,528	1,650,418
Finished goods	1,141,082	8,595,244	1,691,767	3,183,121
Goods in transit	8,495,631	3,447,783	3,452,802	4,881,940
	<u>110,602,406</u>	<u>72,532,081</u>	<u>64,430,600</u>	<u>75,103,916</u>

The cost of inventories of the Group recognised in profit or loss during the financial period/year is as follows:

	Audited	Unaudited	----- Audited -----		
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Inventories recognised as cost of sales	175,528,062	172,542,750	332,565,621	343,170,365	312,927,090
Inventories written off (Reversal of)	-	-	-	-	2,427,469
Inventories written down	-	-	(473,237)	(69,895)	29,681

The reversal of inventories written down was made during the financial period/year when the related inventories were sold above their carrying amounts.

**13. ACCOUNTANTS' REPORT (Cont'd)****6. TRADE RECEIVABLES**

The currency profile of trade receivables is as follows:

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Ringgit Malaysia	41,986	314,646	52,250	52,250
United States Dollar	71,732,311	97,483,486	92,722,824	102,933,011
Euro	-	2,359,157	122,630	-
	<u>71,774,297</u>	<u>100,157,289</u>	<u>92,897,704</u>	<u>102,985,261</u>
Normal credit terms (days)	<u>30 - 80</u>	<u>30 - 80</u>	<u>30 - 75</u>	<u>30 - 75</u>

The trade receivables are recognised at their original invoice amounts which represent the fair value on initial recognition.

**7. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Other receivables	214,659	70,083	399,596	690,538
Deposits	41,973	26,973	26,973	26,973
Prepayments	5,388,011	2,360,359	2,051,754	1,633,748
GST recoverable	-	-	122,794	404,639
	<u>5,644,643</u>	<u>2,457,415</u>	<u>2,601,117</u>	<u>2,755,898</u>

The currency profile of other receivables, deposits and prepayments is as follows:

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Ringgit Malaysia	5,509,517	2,399,761	2,240,445	2,755,898
United States Dollar	135,126	57,654	360,672	-
	<u>5,644,643</u>	<u>2,457,415</u>	<u>2,601,117</u>	<u>2,755,898</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****8. CONTRACT ASSETS**

	----- Audited -----			
	31.8.2021	31.1.2021	31.1.2020	31.1.2019
	RM	RM	RM	RM
Contract assets arising from revenue recognised during the financial period/year	<u>33,824,364</u>	<u>25,173,083</u>	<u>9,785,625</u>	<u>11,171,307</u>

Contract assets are in respect of goods delivered but not invoiced. Provisions of the contract entered with the customer enables the Group to have the right to invoice goods delivered to the customer's designated point, 60 days from the date of delivery regardless of whether the goods are picked up by the customer. As such, revenue is recognised at the point of delivery since the Group has satisfied all its performance obligations.

**9. AMOUNT DUE FROM CORPORATE SHAREHOLDER**

The amount due from corporate shareholder was non-trade related, non-interest bearing, unsecured and repayable on demand.

**10. INVESTMENT**

	----- Audited -----			
	31.8.2021	31.1.2021	31.1.2020	31.1.2019
	RM	RM	RM	RM
<b>Financial assets at fair value through profit or loss:</b>				
Investment in shares quoted outside Malaysia	<u>2,475,998</u>	<u>2,731,054</u>	<u>-</u>	<u>-</u>

The investment is wholly denominated in Australian Dollar.

The fair value of the investment is categorised as Level 1 hierarchy as its market price is quoted in an active market.

**11. FIXED DEPOSITS WITH LICENSED BANKS**

The fixed deposits with licensed banks are pledged to financial institutions for the banking facilities granted to the Group as disclosed in Note 15 to the financial statements.

The interest rates per annum and tenure of the fixed deposits with licensed banks are as follows:

	----- Audited -----			
	31.8.2021	31.1.2021	31.1.2020	31.1.2019
	RM	RM	RM	RM
Interest rates per annum (%)	1.40 - 1.80	1.40 - 2.50	2.80 - 3.55	3.00 - 3.30
Tenure (month)	<u>1 - 12</u>	<u>1 - 12</u>	<u>1 - 12</u>	<u>1 - 12</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****12. CASH AND BANK BALANCES**

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Cash in hand and at banks	15,929,666	17,108,571	25,404,164	16,973,845
Short term money market deposit	-	-	2,000,000	-
	<u>15,929,666</u>	<u>17,108,571</u>	<u>27,404,164</u>	<u>16,973,845</u>
Short term money market deposit:				
- Interest rate per annum (%)	-	-	2.75	-
- Tenure (days)	-	-	31	-

The currency profile of the cash and bank balances is as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Ringgit Malaysia	6,700,250	6,019,935	8,776,371	12,345,633
United States Dollar	9,191,326	11,066,197	18,613,583	4,607,824
Others	38,090	22,439	14,210	20,388
	<u>15,929,666</u>	<u>17,108,571</u>	<u>27,404,164</u>	<u>16,973,845</u>

**13. SHARE CAPITAL**

	Number of ordinary shares		
	ATech Unit	BCM Electronic Unit	Total Unit
<b>Issued and fully paid up:</b>			
At 31 January 2019/2020/2021	-	32,869,878	32,869,878
Allotment of share	1	-	1
At 31 August 2021	<u>1</u>	<u>32,869,878</u>	<u>32,869,879</u>
		<b>Amount BCM</b>	
	<b>ATech RM</b>	<b>Electronic RM</b>	<b>Total RM</b>
<b>Issued and fully paid up:</b>			
At 31 January 2019/2020/2021	-	45,864,068	45,864,068
Allotment of share	1	-	1
At 31 August 2021	<u>1</u>	<u>45,864,068</u>	<u>45,864,069</u>

The ordinary shares of BCM Electronics are pledged to a licensed bank for the banking facility granted to Main Stream Holdings Sdn. Bhd. (formerly known as Aurelius Holdings Sdn. Bhd.).

**13. ACCOUNTANTS' REPORT (Cont'd)****14. REVALUATION RESERVE**

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Balance at beginning	6,563,220	5,550,782	5,550,782	5,550,782
Revaluation of leasehold land and building	-	2,081,249	-	-
Realisation of revaluation surplus upon depreciation	(109,387)	(569,311)	-	-
Deferred tax impact on revaluation surplus	-	(499,500)	-	-
Balance at end	<u>6,453,833</u>	<u>6,563,220</u>	<u>5,550,782</u>	<u>5,550,782</u>

This is in respect of revaluation surplus net of deferred tax arising from the revaluation of the Group's leasehold land and buildings and is non-distributable.

**15. BORROWINGS**

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
<b>Non-current liabilities</b>				
Secured:				
<u>Finance lease liabilities</u>				
Minimum payments:				
Within one year	2,001,826	2,019,420	2,007,941	71,400
More than one year and less than two years	1,883,994	1,957,811	2,019,420	71,400
More than two years and less than five years	3,408,179	4,494,763	5,513,776	154,660
	<u>7,293,999</u>	<u>8,471,994</u>	<u>9,541,137</u>	<u>297,460</u>
Future finance charges	(731,553)	(971,176)	(1,208,511)	(25,750)
	<u>6,562,446</u>	<u>7,500,818</u>	<u>8,332,626</u>	<u>271,710</u>
Amount due within one year included under current liabilities	(1,671,846)	(1,629,448)	(1,565,903)	(60,616)
Balance carried forward	4,890,600	5,871,370	6,766,723	211,094

**13. ACCOUNTANTS' REPORT (Cont'd)**

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Balance brought forward	4,890,600	5,871,370	6,766,723	211,094
<b>Term loans</b>				
Total amount repayable				
- fixed rate	6,140,605	6,890,667	-	-
- floating rate	24,662,742	33,000,000	33,000,000	-
	30,803,347	39,890,667	33,000,000	-
Amount due within one year included under current liabilities	(23,342,039)	(19,636,536)	-	-
	7,461,308	20,254,131	33,000,000	-
	12,351,908	26,125,501	39,766,723	211,094
<b>Current liabilities</b>				
Secured:				
Finance lease liabilities	1,671,846	1,629,448	1,565,903	60,616
Term loans	23,342,039	19,636,536	-	-
Bankers acceptances and onshore foreign currency loan ("OFCL")	84,830,110	88,925,778	86,346,146	83,703,066
Revolving credit	5,000,000	-	-	-
	114,843,995	110,191,762	87,912,049	83,763,682
<b>Total borrowings</b>	127,195,903	136,317,263	127,678,772	83,974,776

The borrowings are secured by way of:

- (i) legal charges over the Group's leasehold land and building as disclosed in Note 4 to the financial statements;
- (ii) legal charges over certain plant and machinery as disclosed in Note 4 to the financial statements;
- (iii) debenture over all the Group's present and future assets;
- (iv) leased assets as disclosed in Note 4 to the financial statements;
- (v) fixed deposits with licensed banks of the Group as disclosed in Note 11 to the financial statements;
- (vi) corporate guarantee from the corporate shareholder; and
- (vii) joint and several guarantee of the directors of BCM Electronics.



**13. ACCOUNTANTS' REPORT (Cont'd)**

A summary of the effective interest rates and the maturities of the borrowings is as follows:

	Effective Interest rates per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
31.8.2021					
Finance lease liabilities	1.88 to 3.05	6,562,446	1,671,846	1,654,037	3,263,563
* Term loans Bankers acceptances and OFCL	4.66 to 5.00	30,803,347	23,342,039	4,055,482	3,405,826
Revolving credit	1.15 to 2.70	84,830,110	84,830,110	-	-
	3.16	5,000,000	5,000,000	-	-
31.1.2021					
Finance lease liabilities	1.88 to 3.05	7,500,818	1,629,448	1,669,952	4,201,418
* Term loans Bankers acceptances and OFCL	4.65 to 5.00	39,890,667	19,636,536	16,021,362	4,232,769
	1.55 to 3.20	88,925,778	88,925,778	-	-
31.1.2020					
Finance lease liabilities	1.88 to 3.05	8,332,626	1,565,903	1,666,103	5,100,620
* Term loans Bankers acceptances and OFCL	6.00	33,000,000	-	18,340,000	14,660,000
	3.10 to 4.44	86,346,146	86,346,146	-	-
31.1.2019					
Finance lease liabilities	2.31	271,710	60,616	63,523	147,571
Bankers acceptances and OFCL	4.10 to 5.02	83,703,066	83,703,066	-	-

\* Included herein is a term loan of **RM24,662,742** (31.1.2021: RM33,000,000; 31.1.2020: RM33,000,000; 31.1.2019: RM Nil) which is repayable over 17 equal monthly instalments of RM1,834,000 each and a final instalment of RM1,822,000, the first of such installments will commence on 30 April 2021.

The currency profile of the borrowings is as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Ringgit Malaysia	65,292,793	70,362,485	62,519,626	23,548,710
United States Dollar	61,903,110	65,954,778	65,159,146	60,426,066
	<u>127,195,903</u>	<u>136,317,263</u>	<u>127,678,772</u>	<u>83,974,776</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****16. DEFERRED TAX LIABILITIES**

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Balance at beginning	5,068,000	3,301,000	2,780,000	2,826,000
Recognised in profit or loss	1,202,383	801,702	286,000	197,000
Recognised in other comprehensive income	-	499,500	-	-
Under/(Over) provision in prior period/year	695,617	465,798	235,000	(243,000)
Balance at end	<u>6,966,000</u>	<u>5,068,000</u>	<u>3,301,000</u>	<u>2,780,000</u>

The deferred tax liabilities as at the end of the reporting period are made up of the temporary differences arising from:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Property, plant and equipment	5,164,704	3,674,039	2,958,476	1,553,645
Provisions	(233,647)	(675,473)	(1,406,831)	(523,000)
Revaluation reserve	2,034,943	2,069,434	1,749,355	1,749,355
	<u>6,966,000</u>	<u>5,068,000</u>	<u>3,301,000</u>	<u>2,780,000</u>

**17. TRADE PAYABLES**

The currency profile of trade payables is as follows:

	Audited			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Ringgit Malaysia	2,248,449	1,639,771	1,358,773	1,929,498
United States Dollar	59,733,761	44,591,409	34,179,890	63,662,512
Others	309,276	86,902	68,517	37,267
	<u>62,291,486</u>	<u>46,318,082</u>	<u>35,607,180</u>	<u>65,629,277</u>
Normal credit terms (days)	<u>15 - 90</u>	<u>14 - 90</u>	<u>14 - 180</u>	<u>14 - 90</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****18. OTHER PAYABLES AND ACCRUALS**

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Other payables	9,487,201	3,817,414	2,108,601	3,054,553
Debt recovered under litigation (Note 31)	1,694,735	1,694,735	1,694,735	-
Dividend payable	3,286,988	-	-	-
Accruals	3,451,495	4,075,159	3,850,298	5,679,808
	<u>17,920,419</u>	<u>9,587,308</u>	<u>7,653,634</u>	<u>8,734,361</u>

**19. REVENUE****19.1 Disaggregated revenue information**

	Audited	Unaudited	----- Audited -----		
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Sale of goods	<u>200,037,506</u>	<u>185,616,333</u>	<u>362,165,317</u>	<u>389,305,417</u>	<u>358,171,451</u>

Sales of goods recognised at a point in time, representing total revenue from contracts with customers.

**19.2 Geographical markets**

	Audited	Unaudited	----- Audited -----		
	1.2.2021 to 31.8.2021 (7 months) RM	1.2.2020 to 31.8.2020 (7 months) RM	1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
United States of America	92,174,403	83,724,274	155,640,783	150,486,783	175,804,915
Malaysia	65,155,602	74,151,481	142,706,581	133,346,083	111,820,250
Singapore	19,622,335	9,086,474	24,972,407	76,796,170	47,602,583
Germany	9,762,784	11,862,176	23,547,996	18,544,017	15,131,311
Hong Kong	7,337,605	3,267,402	7,970,822	1,756,537	882,474
France	3,383,834	11,543	2,017,379	11,223	-
Lithuania	1,808,145	1,426,706	2,231,297	127,209	-
China	533,694	290,128	429,683	1,140,913	803,448
Australia	259,104	180,492	224,988	2,978,860	1,786,827
United Kingdom	-	1,459,320	2,208,763	3,752,653	3,433,525
Brazil	-	156,337	214,618	364,969	906,123
Total revenue from contracts with customers	<u>200,037,506</u>	<u>185,616,333</u>	<u>362,165,317</u>	<u>389,305,417</u>	<u>358,171,456</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****20. PROFIT BEFORE TAX**

This is arrived at:

	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	----- <b>Audited</b> -----  1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
After charging:					
Depreciation of property, plant and equipment	3,016,611	2,406,453	4,494,046	3,067,379	2,612,114
Employee benefits expense (Note 21)	21,770,496	19,659,951	36,754,628	38,302,813	35,807,996
Expenses relating to lease of low value assets	42,761	4,077	12,127	13,800	16,180
Expenses relating to short-term leases	24,179	14,000	24,000	24,000	24,400
Fair value loss on investment in quoted shares	217,050	10,531	636,022	-	-
Interest expenses on:					
- Finance lease liabilities	239,623	158,602	237,335	53,056	11,650
- Term loan	1,049,832	1,030,354	1,734,235	670,865	-
- Bankers acceptances and OFCL	815,684	1,189,129	2,001,098	3,127,597	2,434,966
- Revolving credit	39,392	-	-	-	-
- Bank overdraft	-	-	-	197	-
Inventories written off	-	-	-	-	2,427,469
Loss on disposal of property, plant and equipment	-	5,250	-	86,151	-
Loss on foreign exchange:					
- Realised	712,655	-	-	195,058	898,740
- Unrealised	62,585	-	370,725	317,023	-
Property, plant and equipment written off	-	-	4,908	-	690
(Reversal of)/Inventories written down	-	-	(473,237)	(69,895)	29,681
		37			
		329			

**13. ACCOUNTANTS' REPORT (Cont'd)**

	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	----- 1.2.2020 to 31.1.2021 (12 months) RM	<b>Audited</b> 1.2.2019 to 31.1.2020 (12 months) RM	-----  1.2.2018 to 31.1.2019 (12 months) RM
And crediting:					
Gain on disposal of property, plant and equipment	8,902	-	2,661	-	-
Gain on foreign exchange:					
- Realised	-	601,816	769,849	-	-
- Unrealised	-	187,905	-	-	79,221
Interest income	<u>75,893</u>	<u>131,121</u>	<u>202,522</u>	<u>178,110</u>	<u>275,306</u>

**21. EMPLOYEE BENEFITS EXPENSE**

	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	----- 1.2.2020 to 31.1.2021 (12 months) RM	<b>Audited</b> 1.2.2019 to 31.1.2020 (12 months) RM	-----  1.2.2018 to 31.1.2019 (12 months) RM
Salaries, allowance, bonus, overtime and wages	19,351,487	17,431,583	32,691,471	34,306,374	32,158,402
Defined contribution plan	1,977,452	1,929,172	3,404,736	3,280,384	2,977,679
Social security contribution	307,868	278,154	520,307	476,829	447,804
Other staff related expenses	<u>133,689</u>	<u>21,042</u>	<u>138,114</u>	<u>239,226</u>	<u>224,111</u>
	<u>21,770,496</u>	<u>19,659,951</u>	<u>36,754,628</u>	<u>38,302,813</u>	<u>35,807,996</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

Included in the employee benefits expense is directors' remuneration as follows:

	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	----- <b>Audited</b> -----  1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Salaries, allowance and bonus	546,000	672,452	1,062,452	1,135,561	958,500
Defined contribution plan	47,460	55,802	89,702	87,600	76,640
Social security contribution	884	884	1,516	1,516	1,516
	<u>594,344</u>	<u>729,138</u>	<u>1,153,670</u>	<u>1,224,677</u>	<u>1,036,656</u>
Benefits-in-kind	27,942	27,942	47,900	40,092	20,210
	<u>622,286</u>	<u>757,080</u>	<u>1,201,570</u>	<u>1,264,769</u>	<u>1,056,866</u>

**22. INCOME TAX EXPENSE**

	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	----- <b>Audited</b> -----  1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Malaysian income tax: Based on results for the financial period/year					
- Current tax	(2,282,000)	(427,000)	(2,141,000)	(8,254,000)	(7,280,000)
- Deferred tax relating to the origination and reversal of temporary differences	(1,202,383)	(1,154,659)	(801,702)	(286,000)	(197,000)
	<u>(3,484,383)</u>	<u>(1,581,659)</u>	<u>(2,942,702)</u>	<u>(8,540,000)</u>	<u>(7,477,000)</u>
(Under)/Over provision in prior period/year					
- Current tax	464,000	684,790	684,790	(5,363)	74,728
- Deferred tax	(695,617)	(612,341)	(465,798)	(235,000)	243,000
	<u>(231,617)</u>	<u>72,449</u>	<u>218,992</u>	<u>(240,363)</u>	<u>317,728</u>
	<u>(3,716,000)</u>	<u>(1,509,210)</u>	<u>(2,723,710)</u>	<u>(8,780,363)</u>	<u>(7,159,272)</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	----- <b>Audited</b> -----  1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
<b>Deferred tax relate to item recognised in other comprehensive income (Note 16)</b>					
Revaluation of leasehold land and building	-	-	(499,500)	-	-

The reconciliation of tax expense of the Group is as follows:

	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	----- <b>Audited</b> -----  1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Profit before tax	<u>16,918,703</u>	<u>6,765,166</u>	<u>17,819,221</u>	<u>32,376,578</u>	<u>31,040,406</u>
Income tax at Malaysian statutory tax rate of 24%	(4,060,489)	(1,623,640)	(4,276,613)	(7,770,379)	(7,449,697)
Income not subject to tax	12,146	28,184	49,700	-	107,185
Expenses not deductible for tax purposes	(317,710)	(571,842)	(410,132)	(769,621)	(134,488)
Utilisation of reinvestment allowances	847,179	585,639	1,514,922	-	-
Annual crystallisation of deferred tax on revaluation reserve	34,491	-	179,421	-	-
	<u>(3,484,383)</u>	<u>(1,581,659)</u>	<u>(2,942,702)</u>	<u>(8,540,000)</u>	<u>(7,477,000)</u>
(Under)/Over provision in prior period/year	<u>(231,617)</u>	<u>72,449</u>	<u>218,992</u>	<u>(240,363)</u>	<u>317,728</u>
	<u>(3,716,000)</u>	<u>(1,509,210)</u>	<u>(2,723,710)</u>	<u>(8,780,363)</u>	<u>(7,159,272)</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****23. EARNINGS PER SHARE****Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company for the financial period/year by the weighted average number of ordinary shares in issue during the financial period/year:

	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	----- <b>Audited</b> -----  1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Profit attributable to owners of the Company (RM)	<u>13,202,703</u>	<u>5,255,956</u>	<u>15,095,511</u>	<u>23,596,215</u>	<u>23,881,134</u>
Weighted average number of ordinary shares in issue	<u>32,869,879</u>	<u>32,869,878</u>	<u>32,869,878</u>	<u>32,869,878</u>	<u>32,869,878</u>
Basic earnings per share (sen)	<u>40.17</u>	<u>15.99</u>	<u>45.93</u>	<u>71.79</u>	<u>72.65</u>

**Diluted earnings per share**

Diluted earnings per share is not applicable as the Group does not have any potential dilutive equity instruments that would give a diluted effect to the basic earnings per share.



**13. ACCOUNTANTS' REPORT (Cont'd)****24. DIVIDENDS**

	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	----- <b>Audited</b> -----  1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
<b>In respect of the financial year ending 31 January 2022:</b>					
- First interim dividend of 10 sen per share	3,286,988	-	-	-	-
<b>In respect of the financial year ended 31 January 2021:</b>					
- First interim dividend of 15 sen per share	-	-	4,930,482	-	-
<b>In respect of the financial year ended 31 January 2020:</b>					
- First interim dividend of 7.50 sen per share	-	-	-	2,465,241	-
- Second interim dividend of 110 sen per share	-	-	-	36,156,866	-
<b>In respect of the financial year ended 31 January 2019:</b>					
- First interim single tier dividend of 38 sen per share	-	-	-	-	12,490,554
- Second interim single tier dividend of 46 sen per share	-	-	-	-	15,120,144
- Third interim single tier dividend of 30 sen per share	-	-	-	-	9,860,964
- Fourth interim single tier dividend of 16 sen per share	-	-	-	-	5,259,180
- Fifth interim single tier dividend of 35 sen per share	-	-	-	-	11,504,457
	<u>3,286,988</u>	<u>-</u>	<u>4,930,482</u>	<u>38,622,107</u>	<u>54,235,299</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****25. RELATED PARTY DISCLOSURES**

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

The remuneration of the directors and members of key management during the financial period/year is as follows:

	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	----- <b>Audited</b> -----  1.2.2020 to 31.1.2021 (12 months) RM	1.2.2019 to 31.1.2020 (12 months) RM	1.2.2018 to 31.1.2019 (12 months) RM
Salaries, allowance and bonus	1,316,721	1,443,173	2,383,688	2,620,041	2,255,334
Defined contribution plan	140,070	148,412	248,462	263,109	229,856
Social security contribution	4,116	4,116	7,056	7,056	7,056
Benefits-in-kind	27,942	27,942	47,900	40,092	20,210
	<u>1,488,849</u>	<u>1,623,643</u>	<u>2,687,106</u>	<u>2,930,298</u>	<u>2,512,456</u>
Analysed as:					
- Directors	622,286	757,080	1,201,570	1,264,769	1,056,866
- Other key management personnel	<u>866,563</u>	<u>866,563</u>	<u>1,485,536</u>	<u>1,665,529</u>	<u>1,455,590</u>
	<u>1,488,849</u>	<u>1,623,643</u>	<u>2,687,106</u>	<u>2,930,298</u>	<u>2,512,456</u>

**26. CAPITAL COMMITMENTS**

	31.8.2021 RM	31.1.2021 RM	----- <b>Audited</b> -----  31.1.2020 RM	31.1.2019 RM
Contracted but not provided for:				
- Property, plant and equipment	24,271,636	208,676	255,320	123,927
Approved but not provided for:				
- Property, plant and equipment	<u>55,762,866</u>	<u>-</u>	<u>-</u>	<u>-</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****27. SEGMENTAL INFORMATION****Business segments**

The management determines the business segments based on the reports reviewed and used by the directors for strategic decisions making and resources allocation.

The Group has only one reportable business segment of manufacturing which relates principally to the provision of electronic manufacturing services ("EMS"), and integrated manufacturing services which include printed circuit board assembly ("PCBA"), sub-assembly and box build. Accordingly, no business segmental information is presented.

**Geographical segments**

Revenue information based on the geographical location of the customers are disclosed in Note 19.2 to the financial statements.

**Location of assets**

The Group's non-current assets are maintained entirely in Malaysia.

**Information of Major Customers**

The following are major customers from the Group's manufacturing segment which individually contributed to more than 10% of the Group's total revenue:

	←		Revenue →		
	<b>Audited</b> 1.2.2021 to 31.8.2021 (7 months) RM	<b>Unaudited</b> 1.2.2020 to 31.8.2020 (7 months) RM	<b>Audited</b> 1.2.2020 to 31.1.2021 (12 months) RM	<b>Audited</b> 1.2.2019 to 31.1.2020 (12 months) RM	<b>Audited</b> 1.2.2018 to 31.1.2019 (12 months) RM
Customer A	59,632,216	67,215,666	129,928,374	114,906,298	101,016,756
Customer B	40,311,730	53,575,728	87,463,586	83,024,890	79,192,415
Customer C	47,656,984	29,035,016	63,354,803	62,132,945	77,686,311
Customer D	-	-	-	76,770,450	47,594,612
	<u>147,600,930</u>	<u>149,826,410</u>	<u>280,746,763</u>	<u>336,834,583</u>	<u>305,490,094</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****28. FINANCIAL INSTRUMENTS****28.1 Categories of financial instruments**

The table below provides an analysis of financial instruments categorised at amortised cost ("AC") and fair value through profit or loss ("FVTPL").

	Carrying amount RM	AC RM	FVTPL RM
<b>Audited</b>			
31.8.2021			
<b>Financial assets:</b>			
Trade receivables	71,774,297	71,774,297	-
Other receivables and refundable deposits	256,632	256,632	-
Investment	2,475,998	-	2,475,998
Fixed deposits with licensed banks	5,898,624	5,898,624	-
Cash and bank balances	15,929,666	15,929,666	-
	<u>96,335,217</u>	<u>93,859,219</u>	<u>2,475,998</u>
<b>Financial liabilities:</b>			
Trade payables	62,291,486	62,291,486	-
Other payables and accruals	17,920,419	17,920,419	-
Borrowings	127,195,903	127,195,903	-
	<u>207,407,808</u>	<u>207,407,808</u>	<u>-</u>
31.1.2021			
<b>Financial assets:</b>			
Trade receivables	100,157,289	100,157,289	-
Other receivables and refundable deposits	97,056	97,056	-
Investment	2,731,054	-	2,731,054
Fixed deposits with licensed banks	5,206,652	5,206,652	-
Cash and bank balances	17,108,571	17,108,571	-
	<u>125,300,622</u>	<u>122,569,568</u>	<u>2,731,054</u>
<b>Financial liabilities:</b>			
Trade payables	46,318,082	46,318,082	-
Other payables and accruals	9,587,308	9,587,308	-
Borrowings	136,317,263	136,317,263	-
	<u>192,222,653</u>	<u>192,222,653</u>	<u>-</u>
31.1.2020			
<b>Financial assets:</b>			
Trade receivables	92,897,704	92,897,704	-
Other receivables and refundable deposits	426,569	426,569	-
Fixed deposits with licensed banks	5,082,850	5,082,850	-
Cash and bank balances	27,404,164	27,404,164	-
	<u>125,811,287</u>	<u>125,811,287</u>	<u>-</u>

**13. ACCOUNTANTS' REPORT (Cont'd)**

	Carrying amount RM	AC RM	FVTPL RM
<b>Financial liabilities:</b>			
Trade payables	35,607,180	35,607,180	-
Other payables and accruals	7,653,634	7,653,634	-
Borrowings	<u>127,678,772</u>	<u>127,678,772</u>	-
	<u>170,939,586</u>	<u>170,939,586</u>	-
31.1.2019			
<b>Financial assets:</b>			
Trade receivables	102,985,261	102,985,261	-
Other receivables and refundable deposits	717,511	717,511	-
Amount due from corporate shareholder	10,000	10,000	-
Fixed deposits with licensed banks	2,464,300	2,464,300	-
Cash and bank balances	<u>16,973,845</u>	<u>16,973,845</u>	-
	<u>123,150,917</u>	<u>123,150,917</u>	-
<b>Financial liabilities:</b>			
Trade payables	65,629,277	65,629,277	-
Other payables and accruals	8,734,361	8,734,361	-
Borrowings	<u>83,974,776</u>	<u>83,974,776</u>	-
	<u>158,338,414</u>	<u>158,338,414</u>	-

**28.2 Financial risk management**

The Group is exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk and equity price risk. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

**28.3 Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises principally from its trade receivables.

**Trade receivables**

The Group gives its customers credit terms that range between **30 to 80 days** (31.1.2021: 30 to 80 days; 31.1.2020: 30 to 75 days; 31.1.2019: 30 to 75 days). In deciding whether credit shall be extended, the Group will take into consideration factors such as relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the combined statements of financial position.

The ageing analysis of trade receivables of the Group at the end of the reporting period is as follows:

**13. ACCOUNTANTS' REPORT (Cont'd)**

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Not past due	66,699,526	93,763,973	91,299,808	96,973,384
1 to 30 days past due	3,668,675	6,105,460	1,504,380	5,443,403
31 to 60 days past due	497,909	104,405	35,071	137,966
61 to 90 days past due	563,084	-	-	120,719
91 to 180 days past due	287,514	133,465	6,195	231,709
More than 180 days past due	57,589	49,986	52,250	78,080
	<u>5,074,771</u>	<u>6,393,316</u>	<u>1,597,896</u>	<u>6,011,877</u>
<b>Total</b>	<u><b>71,774,297</b></u>	<u><b>100,157,289</b></u>	<u><b>92,897,704</b></u>	<u><b>102,985,261</b></u>
	31.8.2021	31.1.2021	31.1.2020	31.1.2019
<b>Concentration of credit risk:</b>				
- number of customers	3	4	4	4
- % of outstanding balance over total trade receivables	<u>89%</u>	<u>96%</u>	<u>99%</u>	<u>97%</u>

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period/year.

Trade receivables that are past due but not impaired are due to the management is of the view that these debts will be collected in due course.

**Maximum exposure to credit risk**

The Group regards the entire trade receivables to be low risk as there is minimal overdue balances.

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses ("ECL") of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as country risk assessment has been incorporated in determining the expected credit losses.

Trade receivables are usually collectible and the Group does not have much historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. Based on the above assessment, the ECL computed is insignificant and accordingly no allowance for ECL is recognised during the financial period/year.

**28.4 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements.

**13. ACCOUNTANTS' REPORT (Cont'd)**

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

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
<b>Audited</b>					
31.8.2021					
<i>Non-derivative financial liabilities:</i>					
Trade payables	62,291,486	62,291,486	62,291,486	-	-
Other payables and accruals	17,920,419	17,920,419	17,920,419	-	-
Borrowings	127,195,903	129,465,476	116,171,369	6,193,522	7,100,585
Total undiscounted financial liabilities	207,407,808	209,677,381	196,383,274	6,193,522	7,100,585
31.1.2021					
<i>Non-derivative financial liabilities:</i>					
Trade payables	46,318,082	46,318,082	46,318,082	-	-
Other payables and accruals	9,587,308	9,587,308	9,587,308	-	-
Borrowings	136,317,263	139,823,874	112,160,876	18,518,539	9,144,459
Total undiscounted financial liabilities	192,222,653	195,729,264	168,066,266	18,518,539	9,144,459
31.1.2020					
<i>Non-derivative financial liabilities:</i>					
Trade payables	35,607,180	35,607,180	35,607,180	-	-
Other payables and accruals	7,653,634	7,653,634	7,653,634	-	-
Borrowings	127,678,772	132,764,273	90,334,087	21,926,770	20,503,416
Total undiscounted financial liabilities	170,939,586	176,025,087	133,594,901	21,926,770	20,503,416

**13. ACCOUNTANTS' REPORT (Cont'd)**

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM
31.1.2019					
<b>Non-derivative financial liabilities:</b>					
Trade payables	65,629,277	65,629,277	65,629,277	-	-
Other payables and accruals	8,734,361	8,734,361	8,734,361	-	-
Borrowings	83,974,776	84,000,526	83,774,466	71,400	154,660
Total undiscounted financial liabilities	<u>158,338,414</u>	<u>158,364,164</u>	<u>158,138,104</u>	<u>71,400</u>	<u>154,660</u>

**28.5 Interest rate risk**

The Group's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's interest bearing financial instruments based on their carrying amounts as at the end of the reporting period is as follows:

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
<b>Fixed rate instruments</b>				
Financial assets	5,898,624	5,206,652	7,082,850	2,464,300
Financial liabilities	<u>102,533,161</u>	<u>103,317,263</u>	<u>94,678,772</u>	<u>83,974,776</u>
<b>Floating rate instruments</b>				
Financial liabilities	<u>24,662,742</u>	<u>33,000,000</u>	<u>33,000,000</u>	<u>-</u>

**Sensitivity analysis for fixed rate instruments**

The Group does not account for any fixed rate financial assets and financial liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

**Sensitivity analysis for variable rate instruments**

An increase of 25 basis point at the end of the reporting period would have decreased profit before tax by the amount shown below and a corresponding decrease would have an equal but opposite effect. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables remain constant.



**13. ACCOUNTANTS' REPORT (Cont'd)**

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Decrease in profit before tax	(45,204)	(90,055)	(27,953)	-

**28.6 Foreign currency risk**

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the functional currency of the Group. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currency giving rise to this risk is primarily the United States Dollar ("USD"), Euro and Australian Dollar ("AUD").

**Sensitivity analysis for foreign currency risk**

Below demonstrates the sensitivity to a reasonable possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 5% strengthening of the RM against the following currencies at the end of the reporting period would have (decreased)/increased the profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect. 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.

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
USD	(2,028,905)	(96,993)	(617,902)	(827,387)
Euro	(11,373)	116,934	6,064	(454)
AUD	125,018	136,946	54	(22)
Others	(3,405)	(2,592)	(2,702)	(368)
(Decrease)/Increase in profit before tax	(1,918,665)	154,295	(614,486)	(828,231)

**28.7 Equity price risk**

Market price risk is the risk that the fair value or future cash flows of the Group's financial assets designated at FVTPL will fluctuate because of changes in market prices. Equity price risk arises from the Group's investment which are the equity securities quoted in foreign country.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Group.

**Sensitivity analysis for equity price risk**

As at the end of the reporting period, if the share price of the quoted equity securities had been 5% higher/lower, with all other variables held constant, the Group's profit before tax would have been **RM123,800** (31.1.2021: RM136,553) higher/lower, arising as a result of higher/lower fair value gain on investment in quoted shares.

**13. ACCOUNTANTS' REPORT (Cont'd)****29. FAIR VALUE INFORMATION****29.1 Fair value of financial instruments**

The carrying amounts of the financial assets and financial liabilities of the Group as at the end of the reporting period approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to the end of the reporting period.

The carrying amounts of the non-current portion of finance lease liabilities are reasonable approximation of fair values due to the insignificant impact of discounting.

**29.2 Fair value of non-financial assets**

The fair value of the non-financial assets using the valuation model are disclosed in Note 4 to the financial statements.

**30. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management policy is to maintain a strong capital base to support its businesses and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial period/year under review as compared to the previous financial period/year.

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure. The Group monitors capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	----- Audited -----			
	31.8.2021 RM	31.1.2021 RM	31.1.2020 RM	31.1.2019 RM
Total borrowings	127,195,903	136,317,263	127,678,772	83,974,776
Less: Fixed deposits with licensed banks	5,898,624	5,206,652	5,082,850	2,464,300
Cash and bank balances	15,929,666	17,108,571	27,404,164	16,973,845
	<u>(21,828,290)</u>	<u>(22,315,223)</u>	<u>(32,487,014)</u>	<u>(19,438,145)</u>
Net debt	<u>105,367,613</u>	<u>114,002,040</u>	<u>95,191,758</u>	<u>64,536,631</u>
Total equity	<u>93,992,778</u>	<u>84,077,062</u>	<u>72,330,284</u>	<u>87,356,176</u>
Gearing ratio	<u>1.12</u>	<u>1.36</u>	<u>1.32</u>	<u>0.74</u>

**13. ACCOUNTANTS' REPORT (Cont'd)****31. MATERIAL LITIGATION**

BCM Electronics had filed a claim against a former customer in the Kuala Lumpur High Court on 6 June 2016 for an amount of RM1,672,789 being unpaid parts ordered for the manufacturing of the said customer's order. On 6 May 2019, the learned Judge allowed BCM Electronics's claim together with interest at 5% per annum from the date of judgement till full and final realisation of the debt. On 9 May 2019, the former customer filed an appeal to the Court of Appeal to against the decision by Kuala Lumpur High Court.

On 3 August 2021, the Court of Appeal held in favour of the former customer. BCM Electronics had filed an application for leave to the Federal Court against the decision by Court of Appeal. The leave application is fixed for hearing on 25 January 2022. Pending the application for leave, BCM Electronics has repaid the claim together with the interest amounting to RM1,731,135 to the former customer on 14 September 2021.

**32. SIGNIFICANT EVENTS**

- (i) The World Health Organisation declared the 2019 Novel Coronavirus ("COVID-19") outbreak a pandemic on 11 March 2020. This was followed by our government issuing a Gazetted Order known as the Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group operates.

The COVID-19 pandemic has impacted the revenue for the months from June 2021 to August 2021, mainly due to lower manufacturing activity during the Full lockdown Movement Control Order period starting from 28 May 2021 which has resulted in the delays of delivering sales orders. Precautionary measures and standard operating procedures have been implemented in order to adapt the "new normal" and to minimise the impact arising from COVID-19.

The Group will monitor the developments of the COVID-19 situation closely and continue exercising cost control and operation efficiency in order to enhance productivity and to stay competitive in a "new normal" environment whilst adhering strictly to government health guidelines to safeguard the employees from the COVID-19 pandemic. Barring any unforeseen circumstances, the Group remains optimistic that the COVID-19 will not have material adverse impact on the Group's prospects in the long run.

- (ii) On 20 July 2021, the Company has entered into a conditional share sale agreement with Main Stream Holdings Sdn. Bhd. (formerly known as Aurelius Holdings Sdn. Bhd.) for the acquisition of the entire issued share capital of BCM Electronics comprising 32,869,878 ordinary shares ("Acquisition"). The purchase consideration for the Acquisition was RM84,351,000 satisfied by the issuance of 281,169,999 new ordinary shares in ATech at an issue price of RM0.30 per share to Main Stream Holdings Sdn. Bhd. (formerly known as Aurelius Holdings Sdn. Bhd.). The Acquisition was completed on 3 November 2021 and BCM Electronics become wholly-owned subsidiary of the Company.
- (iii) On 4 October 2021 and 1 November 2021 respectively, the Company has obtained the approvals from the Securities Commission Malaysia and Bursa Malaysia Securities Berhad in relation to the proposed listing on Main Market of Bursa Malaysia Securities Berhad. As of the date of this report, the Company is in the process of completing the necessary procedures for its proposed listing on Main Market of Bursa Malaysia Securities Berhad, which is anticipated to be in December 2021.

**13. ACCOUNTANTS' REPORT (Cont'd)****33. ADJUSTMENTS TO PREVIOUS YEARS' FINANCIAL STATEMENTS**

The effects of the material adjustments against the previous years' audited financial statements are as follows. The adjustments have no impact on the cash flows from operating activities, investing activities and financing activities in the combined statements of cash flows.

**MFRS 15 Revenue from Contracts with Customers**

Upon adoption of MFRS 15 in the financial year ended 2019, goods delivered but not invoiced are to be recognised as contract assets. Provisions of the contract entered with the customer enables the Group to have the right to invoice goods delivered to the customer's designated point 60 days from the date of delivery regardless of whether the goods is picked up by the customer. As such, revenue is recognised at the point of delivery since the Group has satisfied all its performance obligations. Therefore, adjustment to the profit or loss had been made for the financial year ended 31 January 2019.

The effects of the adjustment are as follows:

	* As previously stated RM	Adjustment RM	As restated RM
<b>Combined statements of comprehensive income</b>			
<b>31 January 2019:</b>			
Revenue	362,622,844	(4,451,388)	358,171,456
Cost of sales	(320,044,788)	4,660,548	(315,384,240)

\* As stated in the audited financial statements for the financial year ended 31 January 2019.

## 14. ADDITIONAL INFORMATION

### 14.1 SHARE CAPITAL

- (i) Save as disclosed in this Prospectus, no securities will be allotted or issued on the basis of this Prospectus later than six months after the date of issue of this Prospectus.
- (ii) As at the date of this Prospectus, we have only one class of shares in our Company, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save for the Shares issued pursuant to the Pre-IPO Restructuring, our Company and our subsidiary have not issued or proposed to issue any shares, debentures, warrants, options, convertible securities or uncalled capital during the FYE Under Review, FPE 31 August 2021 and from 1 September 2021 up to the date of this Prospectus.
- (iv) Save for the ESS as disclosed in Section 4.2.4 of this Prospectus, we have not agreed, conditionally or unconditionally to put the share capital of our Company or our subsidiary under option.
- (v) As at the date of this Prospectus, neither we nor our subsidiary have any outstanding warrants, options, convertible securities or uncalled capital.
- (vi) As at the date of this Prospectus, save for the Issue Shares reserved for subscription by the Eligible Persons as disclosed in Section 4.2.2 and the ESS as disclosed in Section 4.2.4 of this Prospectus, there is currently no other scheme involving our Directors and employees in the share capital of our Company or our subsidiary.

### 14.2 EXTRACTS OF OUR CONSTITUTION

The following provisions are reproduced from our Constitution and are qualified in its entirety by reference to our Constitution and by applicable law. The words, terms and expressions appearing in the following provisions shall bear the same meanings used in our Constitution unless they are otherwise defined or the context otherwise requires.

#### (i) **Transfer of Securities**

The provisions of our Constitution in relation to the arrangements for the transfer of our securities and the restrictions on their free transferability are set out below:

##### **Clause 30 – Transfer of Securities**

The transfer of any listed security or class of listed security of the Company, shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Subsection 148(2) of the Act and any exemption that may be made from compliance with Subsection 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed Securities.

##### **Clause 31: No restriction on the transfer of fully paid Securities**

Subject to the SICDA and the Rules, there shall be no restriction on the transfer of fully paid Securities except where required by law.

**14. ADDITIONAL INFORMATION (Cont'd)**

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**Clause 32: Refusal to register**

- (a) The Depository may, in its absolute discretion, refuse to register any transfer of Depository Security where the reason for the transfer does not fall within any of the approved reasons provided for in the Rules or that does not comply with the SICDA and the Rules.
- (b) Neither the Company nor the Directors nor any of its officers shall incur any liability for registering or acting upon a transfer of shares apparently made by sufficient parties or registered by the Depository, although the same may, by reason of any fraud or other cause not known to the Company or the Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred, and although transferred, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or the particulars of the shares transferred, or otherwise in defective manner. And in every such case, the person registered as transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall, so far as the Company is concerned, be deemed to have transferred his whole title hereto.

**Clause 33 – Suspension of registration**

The Company may require the Depository to suspend the registration of transfers at such times and for such periods as the Directors may from time to time determine not exceeding in the whole thirty (30) days in any year. Ten (10) Market Days' notice, or such other period as may from time to time be specified by the Exchange governing the Register concerned, of intention to close the Register shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange. The said notice shall state the period and purpose or purposes for which the Register is being closed. At least three (3) Market Days prior notice or such other period as may from time to time be specified by the Depository shall be given to the Depository to prepare the appropriate Record of Depositors provided that where the Record of Depositors is required in respect of corporate actions at least seven (7) Market Days prior notice or such other periods as may from time to time be specified by the Depository shall be given to the Depository.

**Clause 34 – Renunciation**

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person. Subject to any written law, no shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind.

**14. ADDITIONAL INFORMATION** *(Cont'd)***(ii) Remuneration of Directors**

The provisions of our Constitution in relation to the remuneration of our Directors are set out below:

**Clause 100 – Director's Remuneration**

The Directors shall be paid by way of fees and any benefits payable to the Directors including any compensation for loss of employment of a director or former director for their services as shall from time to time be determined by the Company in meeting of Members, and such fees shall be divided among the Directors in such proportions and manner as the Directors may determine. Provided always that:

- (i) Fees payable to Directors who hold no executive office in the Company shall be paid by a fixed sum and not by a commission on or percentage of profits or turnover and which shall not exceed the amount approved by the shareholders in meeting of Members;
- (ii) Salaries and other emoluments payable to Directors who hold an executive office in the Company pursuant to a contract of service need not be determined by the Company in meeting of Members but such salaries and emoluments may not include a commission on or percentage of turnover;
- (iii) Fees payable to Directors shall not be increased except pursuant to a resolution passed at a meeting of Members where notice of the proposed increase has been given in the notice convening the meeting;
- (iv) Any fee paid to an alternate director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

There must be annual Shareholders' approvals at a meeting of Members for the fees of Directors and any benefits payable to Directors as required by Listing Requirements.

**Clause 101 – Reimbursement of expenses**

- (i) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending Board meetings of the Company.
- (ii) If any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Company may remunerate the Director so doing either by a fixed sum or otherwise (other than by a sum to include a commission on or percentage of turnover) as may be determined by the Board, provided that in the case of non-executive Directors of the Company, the said remuneration shall not include a commission on or percentage of profits or turnover. Such fee may be either in addition to or in substitution for his share in the fee from time to time provided for the Directors.

**14. ADDITIONAL INFORMATION (Cont'd)****(iii) Voting and Borrowing Powers of Directors**

The provisions of our Constitution in relation to the voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested are set out below:

**Clause 105 – Directors' Borrowing Power**

- (i) The Directors may exercise all the powers of the Company to borrow and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of the Company, or any related company as may be thought fit.
- (ii) The Directors shall not borrow any money or mortgage or charge any of the Company's or the subsidiaries' undertaking, property, or any uncalled capital, or to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

**Clause 121 – Restriction on voting**

A Director shall not vote in respect of any contract or proposed contract or arrangement in which he has direct or indirect interest (and if he shall do so his vote shall not be counted), nor shall he be counted for the purpose of any resolution regarding the same, in the quorum present at the meeting.

**Clause 122 - Relaxation of restriction on voting**

A Director notwithstanding his interest may, provided that none of the other Directors present disagree, be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company or whereat the Directors resolve to exercise any of the rights of the Company, (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of a director to hold any office or place of profit under any other company, or whereat any decision is taken upon any contract or arrangement in which he is in any way interested PROVIDED ALWAYS that he has complied with Section 221 and all other relevant provisions of the Act and of this Constitution.

**Clause 123 - Power to vote**

A Director may vote in respect of:

- (i) any arrangement for giving the Director himself or any other Directors any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company;
- (ii) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of a security.



**14. ADDITIONAL INFORMATION (Cont'd)****(iv) Changes in Capital and Variation of Class Rights**

The provisions of our Constitution in relation to changes in capital and variations of class rights which are more stringent than those provided in the Act are set out below:

**Clause 8 - Allotment of shares**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and subject to the provisions of this Constitution, the Listing Requirements and the Act and to the provisions of any Resolution of the Company, shares in the Company may be issued by the Directors, who may allot, or otherwise dispose of such shares to such persons, on such terms and conditions, with such preferred, deferred or other special rights, and subject to such restrictions and at such times as the Directors may determine but the Directors in making any issue of shares shall comply with the following conditions:

- (i) in the case of shares offered to the public for subscription the amount payable on application on each share shall not be less than the offer price of the share;
- (ii) in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in this Constitution and in the resolution creating the same;
- (iii) except in the case of an issue of Securities on a pro-rata basis to all Members subject to paragraph 6.04 of the Listing Requirements, every issue of shares, options or convertible Securities to employees, Directors, major shareholders or persons connected with any Director or major shareholder of the Company shall be approved by the Members in meeting of Members and no Director, major shareholder or person connected with any Director or major shareholder shall participate in such issues of shares unless:
  - (a) the Members in meeting of Members have approved of the specific allotment to be made to such Director, major shareholder or person connected with such Director or major shareholder; and
  - (b) in the case of a Director, such Director holds office in the Company in an executive capacity PROVIDED ALWAYS that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities

**Clause 11 - Modification of Class Rights**

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three- fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of Members of the holders of the shares of the class. To every such separate meeting of Members the provisions of this Constitution relating to meeting of Members shall mutatis mutandis apply, but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall, with such adaptations as are necessary, apply.

**14. ADDITIONAL INFORMATION (Cont'd)****Clause 53 –Offer of unissued original shares and new shares**

Subject to any direction to the contrary that may be given by the Company in meeting of Members any original shares for the time being unissued and not allotted and any new shares or other convertible Securities from time to time to be created shall before they are issued be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meeting of Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this clause.

**Clause 55 - Power to alter capital and reduce capital**

- (a) The Company may by special resolution:
- (i) consolidate and divide all or any of its share capital, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
  - (ii) convert all or any of its paid-up shares into stock and may reconvert that stock into paid-up shares; or
  - (iii) subdivide its shares or any of the shares, whatever is in the subdivision, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived.
- (b) The Company may by special resolution reduce its share capital in accordance with Subdivision 4 of Division 1 of Part III of Act, whether with the confirmation of the Court or a solvency statement, or in any other way allowed by the Act.

**14.3 DEPOSITED SECURITIES AND RIGHTS OF DEPOSITORS**

As our Shares are proposed for quotation on the Official List, such Shares must be prescribed as shares required to be deposited with Bursa Depository. Upon such prescription, a holder of our Shares must deposit his Shares with Bursa Depository on or before the date fixed, failing which our Share Registrar will be required to transfer his Shares to the Minister of Finance, Inc. and such Shares may not be traded on Bursa Securities.

Dealing in our Shares deposited with Bursa Depository may only be effected by a person having a securities account with Bursa Depository (“**Depositor**”) by means of entries in the securities account of that Depositor.

## 14. ADDITIONAL INFORMATION (Cont'd)

A Depositor whose name appears in the Record of Depositors maintained by Bursa Depository in respect of our Shares will be deemed to be a shareholder of our Company and will be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from, such Shares.

### 14.4 LIMITATION ON THE RIGHT TO HOLD SECURITIES AND/OR EXERCISE VOTING RIGHTS

Subject to Section 14.3 above, there is no limitation on the right to own our Shares, including any limitation on the right of a non-resident or non-Malaysian shareholder to hold or exercise voting rights on our Shares which is imposed by Malaysian law or by our Constitution.

### 14.5 MATERIAL CONTRACTS

Save as disclosed below, there are no material contracts (including contracts not in writing), not being contracts in the ordinary course of business, that have been entered into by our Group within the period covered by the FYE Under Review and FPE 31 August 2021 as disclosed in this Prospectus and up to the date of this Prospectus:

- (i) The share sale agreement dated 20 July 2021 and the supplemental letter to the share sale agreement dated 3 November 2021 between our Company and the shareholder of BCM Electronics, MSH, for the acquisition by our Company of the entire equity interest of BCM Electronics for a purchase consideration of RM84,350,999.00, which was fully satisfied by the issuance of 281,169,999 new Shares to MSH;
- (ii) Retail Underwriting Agreement dated 15 November 2021 between our Company and the Sole Underwriter to underwrite 22,909,000 Issue Shares under the Retail Offering at an underwriting commission calculated at the rate of 2.5% (exclusive of applicable tax) of the Retail Price multiplied by the total number of Issue Shares underwritten under the Retail Offering; and
- (iii) Lock-up letter dated 15 November 2021 issued by our Company to the Sole Bookrunner in relation to the lock-up arrangement for our IPO and our Listing, details of which are set out in Section 4.9.3 of this Prospectus.

### 14.6 MATERIAL LITIGATION

Save as disclosed below, as at the LPD, our Group is not engaged in any material litigation, claim and/or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial or business position of our Group:

BCM Electronics had, on 13 October 2015, filed a lawsuit against Mimos Berhad ("**Mimos**") at the High Court of Malaya at Kuala Lumpur ("**High Court**") to claim a sum of RM1,672,789.00 together with interest ("**Suit**").

The claim arose from a New Product Information Agreement dated 28 March 2011 ("**NPI Agreement**") between BCM Electronics and Mimos, pursuant to which BCM Electronics shall manufacture prototypes or pilots of products based on technology developed by Mimos as and when instructed by Mimos. Arising from the NPI Agreement, Mimos and BCM Electronics had discussed the approach in respect of the manufacture of electronic products, being wireless routers, known as "**WiWi**".

**14. ADDITIONAL INFORMATION (Cont'd)**

On 28 June 2012, Mimos issued BCM Electronics a "stop build" and "stop ship" instruction in respect of the manufacture of the WiWi products due to wrong chip set used in the WiWi products where the chip set design was determined by Mimos. Subsequently, BCM Electronics and Mimos carried out a joint stock count at BCM Electronics' premises where the parties acknowledged that the stock count list showed BCM Electronics' inventory of raw materials amounted to RM3,247,601.58.

Between 18 November 2013 to 2 June 2014, Mimos had purchased 1,000 units of PCBAs and other accessories from BCM Electronics and made payments for such purchase.

Notwithstanding the purchases of PCBA made by Mimos between 18 November 2013 to 2 June 2014, there were still 1,732 units of the WiWi products remaining in BCM Electronics' inventory. BCM Electronics, through its solicitors, had on 17 August 2015 issued a letter of demand to Mimos demanding Mimos to pay a sum of RM1,672,789.00, which BCM Electronics alleged is the cost of raw materials for 1,732 units of the WiWi products remaining in BCM Electronics' inventory. Mimos, through its solicitors, had on 17 September 2015, replied to BCM Electronics denying its liability to make payment of RM1,672,789.00 to BCM Electronics.

The High Court judge had, on 6 May 2019, allowed BCM Electronics' claim with costs amounting to RM1,694,734.75. Mimos had on 9 May 2019, filed an appeal against the decision at the Court of Appeal of Malaysia. On 3 August 2021, the Court of Appeal of Malaysia allowed the appeal filed by Mimos with costs and BCM Electronics is to return the sum of RM1,731,134.75 (including costs) to Mimos. BCM Electronics had on 2 September 2021 filed an application of motion for leave to the Federal Court of Malaysia ("**Leave Application**"). The Leave Application is fixed for hearing on 25 January 2022.

The outcome of the hearing of the Leave Application is not expected to have a material impact on our Group as the remaining WiWi products in BCM Electronics' inventory have been written off in the FYE 31 January 2019 and the additional costs amounting to RM36,400.00 (being the difference between RM1,731,134.75 and RM1,694,734.75 as mentioned above) is immaterial. For further details, see Notes 18 and 31 of the Accountants' Report as set out in Section 13 of this Prospectus. There will also be no impact to our Group's future plans and working capital requirements as the amount that was returned, which may not be recoverable if BCM Electronics is unsuccessful in its Leave Application, is not earmarked to be used for capital expenditure or working capital purposes.

**14.7 REPATRIATION OF CAPITAL AND REMITTANCE OF PROFIT AND TAXATION**

Our Group has not established any other place of business outside Malaysia and is not subject to governmental law, decree, regulation and/or other requirement which may affect the repatriation of capital and remittance of profit by or to our Group.

All corporations in Malaysia are required to adopt a single-tier dividend. All dividends distributed by Malaysian resident companies under a single tier dividend are not taxable. Further, the Government does not levy withholding tax on dividend payment. Therefore, there is no withholding tax imposed on dividends paid to non-residents by Malaysian resident companies. There is no Malaysian capital gains tax arising from the disposal of listed shares.

**14. ADDITIONAL INFORMATION (Cont'd)****14.8 CONSENTS**

- (i) The written consents of the Principal Adviser, Sole Bookrunner and Sole Underwriter, Company Secretary, legal advisers, Share Registrar and Issuing House as listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issue of this Prospectus and have not subsequently been withdrawn;
- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion of its names, the Accountants' Report and the Reporting Accountants' letter on the Pro Forma Combined Statements of Financial Position as at 31 August 2021 and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn;
- (iii) The written consent of the IMR for the inclusion of its name, the IMR Report and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn; and
- (iv) The written consent of the Valuer for the inclusion of its name, the Certificate of Valuation and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

**14.9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our registered office during office hours for a period of six (6) months from the date of this Prospectus:

- (i) our Constitution;
- (ii) material contracts referred to in Section 14.5 of this Prospectus;
- (iii) relevant cause papers in respect of the material litigation of our Group referred to in Section 14.6 of this Prospectus;
- (iv) IMR Report as included in Section 8 of this Prospectus;
- (v) Reporting Accountants' letter on the Proforma Combined Statements of Financial Position as at 31 August 2021 as included in Section 12.4 of this Prospectus;
- (vi) Accountants' Report as included in Section 13 of this Prospectus;
- (vii) audited financial statements of BCM Electronics for the FYE Under Review and FPE 31 August 2021;
- (viii) letters of consent referred to in Section 14.8 of this Prospectus;
- (ix) by-laws of the Scheme as included in Annexure A of this Prospectus;
- (x) Certificate of Valuation as included in Annexure B of this Prospectus; and
- (xi) Valuation Report.

**14. ADDITIONAL INFORMATION** *(Cont'd)*

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**14.10 RESPONSIBILITY STATEMENTS**

Our Directors, the Promoters and the Selling Shareholder have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there are no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

Maybank IB, being the Principal Adviser, Sole Bookrunner for the Institutional Offering and Sole Underwriter for the Retail Offering, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our IPO.

## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT THE ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus.

Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

### 15.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD : 10.00 a.m., 29 November 2021

CLOSING OF THE APPLICATION PERIOD : 5.00 p.m., 3 December 2021

In the event there is any change to the dates and times stated above, we will advertise the notice of changes in widely circulated English and Bahasa Malaysia daily newspapers within Malaysia.

**Late Applications will not be accepted.**

### 15.2 METHODS OF APPLICATIONS

#### 15.2.1 Application for the Issue Shares under the Retail Offering

Applications must be made in relation to and subject to the terms of our Prospectus and our Constitution. You agree to be bound by our Constitution. The submission of an Application Form does not mean that the Application will succeed.

<u>Type of Application and category of investors</u>	<u>Application Method</u>
Applications by the Eligible Persons	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	<ul style="list-style-type: none"> <li>• White Application Form;</li> <li>• Electronic Share Application;</li> <li>or</li> <li>• Internet Share Application</li> </ul>
(b) Non-Individuals	White Application Form only

## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

### 15.2.2 Application for our IPO Shares under the Institutional Offering

Malaysian institutional and selected investors (other than Bumiputera investors approved by the MITI) who have been allocated our IPO Shares under the Institutional Offering will be contacted directly by the Sole Bookrunner and should follow the instructions as communicated by the Sole Bookrunner.

Bumiputera investors approved by the MITI who have been allocated our IPO Shares will be contacted directly by the MITI and should follow the instructions as communicated through the MITI.

## 15.3 ELIGIBILITY

### 15.3.1 General

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. **Invalid, nominee or third party CDS accounts** will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

### 15.3.2 Application by the Malaysian Public

You can only apply for the Issue Shares if you fulfill all of the following:

- (i) You must be one of the following:
  - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for the Issue Shares; or
  - (b) a corporation/institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors/trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
  - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia;



**15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (ii) You must not be a director or employee of the Issuing House or an immediate family member of a director or employee of the Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
  - (a) White Application Form;
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

**15.3.3 Application by Eligible Persons**

The Eligible Persons will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Persons may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, Issuing House, Maybank IB, participating organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

**15.4 PROCEDURES FOR APPLICATION USING APPLICATION FORMS**

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM1.36 for each IPO Share.

Payment must be made out in favour of "**TIIH SHARE ISSUE ACCOUNT NO.709**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the respective official envelopes provided for each category, to the following address:

Tricor Investor & Issuing House Services Sdn Bhd  
 (Company Registration No. 197101000970 (11324-H))  
 Unit 32-01, Level 32, Tower A,  
 Vertical Business Suite,  
 Avenue 3, Bangsar South,  
 No. 8, Jalan Kerinchi  
 59200 Kuala Lumpur

or

**15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at their Customer Service Centre, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

so as to arrive not later than 5.00 p.m. on 3 December 2021 or such other time and date as our Directors and the Sole Underwriter may, in their absolute discretion, mutually decide as the date or time for closing.

We, together with the Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the Application Form to the Issuing House.

Please refer to the detailed procedures and terms and conditions of the Application Forms set out in the "**Detailed Procedures for Application and Acceptance**" accompanying the electronic copy of our Prospectus on the website of Bursa Securities or contact the Issuing House for further enquiries.

**15.5 PROCEDURES FOR APPLICATION USING ELECTRONIC SHARE APPLICATION**

**Only Malaysian individuals** may apply for the Issue Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Maybank, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Electronic Participating Financial Institutions.

**15.6 PROCEDURES FOR APPLICATION USING INTERNET SHARE APPLICATION**

**Only Malaysian individuals** may use the Internet Share Application to apply for the Issue Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Maybank, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

## 15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE *(Cont'd)*

### 15.7 AUTHORITY OF OUR BOARD AND THE ISSUING HOUSE

The Issuing House, on the authority of our Board reserves the right to:

- (i) reject Applications which:
  - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (b) are illegible, incomplete or inaccurate; or
  - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with **Section 15.9** below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of the Issuing House at any time within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

### 15.8 OVER/UNDER-SUBSCRIPTION

In the event of over-subscription for the Retail Offering, the Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis and results of the allocation of our IPO Shares derived from successful balloting will be made available to the public at the Issuing House's website at <https://tiih.online>, within one (1) Market Day after the balloting date.

Pursuant to the Listing Requirements we are required to have a minimum of 25.0% of our Company's issued Shares to be held by at least 1,000 public shareholders holding not less than 100 Shares each upon our Listing. We expect to achieve this at the point of our Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of the Issue Shares by the Malaysian Public and/or Eligible Persons, subject to the clawback and reallocation provisions as set out in Section 4.2.3 of our Prospectus, any of the abovementioned Issue Shares not applied for will then be subscribed by the Sole Underwriter based on the terms of the Retail Underwriting Agreement.

**15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(Cont'd)***15.9 UNSUCCESSFUL/PARTIALLY SUCCESSFUL APPLICANTS**

If you are unsuccessful/partially successful in your Application, your Application monies (without interest) will be refunded to you in the following manner.

**15.9.1 For applications by way of Application Forms**

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary/registered post to your last address maintained with Bursa Depository (for partially successful applications) within ten (10) Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary/registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by the Issuing House as per items (i) and (ii) above (as the case may be).
- (iv) The Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within ten (10) Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend/distribution) or by issuance of banker's draft sent by registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

**15.9.2 For applications by way of Electronic Share Applications and Internet Share Applications**

- (i) The Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within two (2) Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within two (2) Market Days after the receipt of confirmation from the Issuing House.
- (ii) You may check your account on the fifth Market Day from the balloting date.

**15. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE** *(Cont'd)*

- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by the Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution (or arranged with the Authorised Financial Institutions) not later than ten (10) Market Days from the date of the final ballot. For Applications that are held in reserve and are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within two (2) Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within two (2) Market Days after the receipt of confirmation from the Issuing House.

**15.10 SUCCESSFUL APPLICANTS**

If you are successful in your Application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued/offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

**15.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	Issuing House Enquiry Services Telephone at +603 2783 9299
Electronic Share Application	Participating Financial Institutions
Internet Share Application	Internet Participating Financial Institutions or Authorised Financial Institutions

The results of the allocation of Issue Shares derived from successful balloting will be made available to the public at the Issuing House's website at <https://tiih.online>, within one (1) Market Day after the balloting date.

You may also check the status of your Application at the above website, five (5) Market Days after the balloting date or by calling your respective ADA during office hours at the telephone number as set out in the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

**ANNEXURE A: BY-LAWS FOR THE ESS****BY-LAWS OF THE EMPLOYEES' SHARE SCHEME FOR DIRECTORS AND ELIGIBLE EMPLOYEES OF AURELIUS TECHNOLOGY BERHAD AND ITS SUBSIDIARIES****1. DEFINITIONS**

1.1 In these By-Laws, except where the context otherwise requires, the following expressions have the following meanings:-

- "Adviser" : A corporate finance adviser that may act as a principal adviser under the Securities Commission Malaysia's Guidelines on Submission of Corporate and Capital Market Product Proposals (as amended from time to time)
- "Awards" : The ESGP Shares and the ESS Option collectively granted pursuant to the By-Laws and "Award" means any one of them in the context of the By-Laws
- "ATech" : Aurelius Technologies Berhad (Registration No.: 202101005015 (1405314-D)) and, where the context admits, includes its successors- in-title
- "ATech Group" or "Group" : ATech and its Subsidiaries (excluding any Subsidiaries which are dormant)
- "ATech Share(s)" or "Shares" : Ordinary share(s) in ATech
- "Board" : The board of directors of ATech (as defined herein)
- "Bursa Depository" : Bursa Malaysia Depository Sdn Bhd (Registration No.:198701006854 (165570-W))
- "Bursa Securities" : Bursa Malaysia Securities Berhad (Registration No.: 200301033577 (635998-W))
- "By-Laws" : By-Laws governing the Scheme as amended, modified and/or supplemented from time to time
- "CDS" : The Central Depository System governed under SICDA

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

"CDS Account"	:	The account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and dealings in such securities by that depositor
"Companies Act"	:	Companies Act, 2016, and any amendments made thereto from time to time and includes any re-enactment thereof
"Director"	:	Have the same meaning as given in Section 2(1) of the Capital Markets and Services Act 2007 and being a natural person that: <ul style="list-style-type: none"> <li>(i) occupies or acts in the position of director;</li> <li>(ii) is in accordance with whose directions or instructions the directors of a corporation are accustomed to act; or</li> <li>(iii) is an alternate or substitute director in ATech Group</li> </ul>
"Disciplinary Actions"	:	Actions instituted by ATech or its Subsidiaries against a Participant in writing for any alleged misbehaviour, misconduct and/or any other act of the Participant deemed to be unacceptable in the course of that Participant's employment, whether or not such actions may give rise to a dismissal or termination of the employment contract and/or contract of service of such Participant
"Effective Date"	:	The date in which this Scheme takes effect being the date on which the last of the approvals and/or conditions referred to in By-Law 6.1 have been obtained and/or complied with and to be determined by the ESS Committee
"Eligible Person"	:	Directors (including non-executive Directors) and/or eligible employees of the companies within the ATech Group who fulfills the conditions of eligibility as stipulated in By-Law 4
"ESGP"	:	Employees' share grant plan for the grant of ESGP Shares to the eligible directors and eligible employees of the ATech Group which forms part of the Proposed ESS

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

"ESGP Shares"	:	New ATech Shares to be issued and/or existing Shares to be transferred pursuant to the ESGP
"ESS Committee"	:	The committee comprising Director(s) and/or Senior Management of the Group to be approved by the Board pursuant to By-Law 20 to implement and administer the Scheme in accordance with these By-Laws
"ESS Option(s)"	:	The right granted to the Participant to subscribe for ATech Share(s) at the Exercise Price, subject to the terms and conditions of these By-Laws
"ESS Shares"	:	New ATech Shares to be made available to a Participant pursuant to the exercise of ESS Option or ESGP Shares to be issued/transferred to a Participant pursuant to the ESGP
"Exercise Price"	:	The price which a Participant is required to pay to be entitled to acquire each ESS Share pursuant to the exercise of an ESS Option
"Listing Requirements"	:	The main market listing requirement of Bursa Securities including any amendments thereto that may be made from time to time
"Market Day"	:	Any day between Monday and Friday, both days inclusive, on which Bursa Securities is open for trading in securities
"Maximum Allowable Allocation"	:	The maximum number of Awards that can be offered and allocated in accordance with the provisions of By-Law 5 to a Selected Person to participate in the Scheme
"Offer"	:	An offer made pursuant to ESGP and/or ESS Option, as the case may be, in writing by the ESS Committee to the Participant pursuant to By-Law 8
"Offer Date"	:	The date on which an Offer is made or deemed made by the ESS Committee to a Participant which will be the date the Offer is served in accordance with By-Law 34



**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

“Offer Period”	:	The period of 30 days from the Offer Date or such other period as may be determined by the ESS Committee having regard to the Terms of Reference and specified in the Offer during which an Offer may be accepted
“Option Period”	:	The period commencing from the date of acceptance of the Offer and expiring on the last day of the Scheme Period or upon the date of termination of the Scheme, whichever is earlier, or such other period as specified by the ESS Committee in the Offer
“Participant(s)”	:	Selected Persons who have duly accepted the Offer in accordance with the By-Laws
“Performance Period”	:	The period in which the Performance Targets as may be stipulated by the ESS Committee and set out in the Offer are required to be performed
“Performance Targets”	:	The performance targets as may be stipulated by the ESS and as set out in an Offer which are to be achieved by the Group during the Performance Period
“RM” and “sen”	:	Ringgit Malaysia and sen respectively, the lawful currency of Malaysia
“Scheme”	:	Scheme comprising the ESGP and share option scheme and such schemes to be known as ATech Employees’ Share Scheme and to be set up under and governed by these By-Laws
“Scheme Period”	:	The period of the Scheme as set out in By-Law 6.1
“Selected Person”	:	An Eligible Person to whom an Offer has been made under the Scheme
“Senior Management”	:	Such employees as the ESS Committee may in its sole discretion determine to be senior management

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

"Service Period"	:	The period determined by the ESS Committee and stipulated in the Offer during which a Participant: (i) must remain/continue in continuous employment and/or service with any corporation in the ATech Group; and (ii) must not have given a notice to resign or received a notice of termination
"ESGP Price"	:	The reference price which is used to determine the number of ESGP Shares to be granted as stipulated in the Offer
"SICDA"	:	Securities Industry (Central Depositories) Act, 1991 as amended from time to time
"Subsidiaries"	:	Subsidiaries of ATech within the meaning of Section 4 of the Companies Act and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period unless determined by the Board and/or ESS Committee, in its sole discretion, that any such subsidiary of ATech will not fall within this expression
"Terms of Reference"	:	The terms of reference which the Board may establish to regulate and govern the ESS Committee's functions and/or responsibilities under these By-Laws as amended from time to time
"Termination Date"	:	The effective date of the termination of the Scheme
"Unexercised Options"	:	ESS Options and any part thereof which have not been fully exercised at the relevant time and in respect of which the Option Period has not expired
"Unvested ESGP Shares"	:	ESGP Shares or any part thereof which have not been vested in the Participant (excluding ESS Shares in respect of ESS Options which have been exercised pursuant to By-Law 13), by the relevant date

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

- “Value” : The value which is used to determine the number of ESS Shares or ESGP Shares offered to a Participant under an Award as stipulated in the Offer
- “Vesting Date(s)” : The date or dates on which the ESGP Shares or any part or proportion thereof granted are vested in the Participant, as stipulated by the ESS Committee in the Offer
- 1.2 In these By-Laws, unless the context requires otherwise, words importing the singular number include the plural and vice versa and words importing the masculine, feminine or neuter gender include all genders.
- 1.3 The headings and sub-headings in the By-Laws are inserted for convenience only and do not affect the interpretation of these By-Laws.
- 1.4 Any reference to a statute, statutory provision, guidelines, regulations or rules includes a reference to that statute, statutory provision (and all statutory instruments or orders made pursuant to it), guidelines, regulations and rules, as from time to time amended, extended, re-enacted or consolidated.
- 1.5 Any liberty, power or discretion which may be exercised or any decision or determination which may be made pursuant to the By-Laws by the ESS Committee (including any selection) may be exercised in the ESS Committee’s sole discretion having regard only to the Terms of Reference (where applicable) and the ESS Committee will not be under any obligation to give any reasons therefore, except as may be required by the relevant authorities.
- 1.6 If an event is to occur on a stipulated day which is not a Market Day, then the stipulated day will be taken to be the first Market Day after that day.
- 2. THE SCHEME**
- 2.1 The Scheme will be called the “**ATech Employees’ Share Scheme**” and will comprise the following:
- (a) the ESGP; and
- (b) the share option scheme.
- 3. MAXIMUM NUMBER OF AWARDS AVAILABLE UNDER THE SCHEME**
- 3.1 Subject to By-Law 3.2, the maximum number of Awards which may be made available under the Scheme will not exceed in aggregate 10% of the total number of issued shares of ATech (excluding treasury shares, if any) at any point of time during the Scheme Period (“**Maximum ESS Shares**”).

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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- 3.2 Each ESS Option shall be exercisable into one (1) ATech Share, in accordance with the provisions of these By-Laws.
- 3.3 In the event that ATech purchases or cancels its own shares in accordance with the provisions of Section 127 of the Companies Act or otherwise howsoever or undertakes any other corporate proposal resulting in the reduction of its total number of issued shares (excluding treasury shares, if any), the following provisions will apply in respect of future Offers but all the Awards granted prior to such purchase and/or the reduction/adjustment of the issued ordinary shares capital of ATech will remain valid or exercisable in accordance with the provisions of the Scheme as if that reduction/adjustment had not occurred:
- (a) if, after such purchase, cancellation and/or reduction, the aggregate number of ESS Shares in respect of the Awards granted (including the ATech Shares comprised in ESS Options granted, whether or not exercised) by ATech as at the date of purchase, cancellation and/or reduction of Shares is greater than the Maximum ESS Shares, no further Offers will be made by the ESS Committee until such aggregate number of ESS Shares in respect of the Offers and/or Awards granted falls below the Maximum ESS Shares; and
  - (b) if, after such purchase, cancellation and/or reduction, the aggregate number of ESS Share in respect of the Awards granted (including the ATech Shares comprised in ESS Options granted, whether or not exercised) by ATech as at the date of purchase, cancellation and/or reduction of Shares is less than the Maximum ESS Shares, the ESS Committee may make further Offers but only until such aggregate number of ESS Shares in respect of the Offers and/or Awards granted is equivalent to the Maximum ESS Shares after such purchase, cancellation and/or reduction.
- 3.4 ATech will use all reasonable efforts to make available/ensure that it has available and sufficient ESS Shares to satisfy the Offers made during the Scheme Period.

**4. ELIGIBILITY**

- 4.1 Any employee of a corporation in the ATech Group, who meets the following criteria as at the Offer Date will be eligible for consideration and selection as a Participant by the ESS Committee:
- (a) if he/she has attained the age of 18 years old;
  - (b) if he/she is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (c) if he/she is employed on a full time basis and is on the payroll of any corporation in the ATech Group for a continuous period of at least 12 months (which include any probation period) and has not served a notice to resign or received a notice of termination;

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

- (d) if his/her employment has been confirmed in writing prior to the Offer Date and not under probationary period;
  - (e) if he/she is a person connected with the Director or chief executive officer, the specific allocation of Awards to him in his capacity as a person connected with the Director or chief executive officer under the Scheme has been approved by the shareholders of ATech at a general meeting;
  - (f) if he/she is serving in a specific designation under an employment contract for a fixed duration excluding those who are employed for a specific project or on short-term contract or any other employees under contract as may be determined by the ESS Committee;
  - (g) if he/she is not participating or entitled to participate in any other employee share scheme or incentive scheme implemented by any other corporation which is in force for the time being provided that he/she may be eligible for consideration notwithstanding his participation or entitlement to participate if the ESS Committee so determines; and/or
  - (h) if he/she fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time.
- 4.2 Notwithstanding By-Law 4.1, any Director (including executive or non-executive and/or independent or non-independent directors), who meets the following criteria as at the Offer Date will be eligible for consideration and selection as a Participant by the ESS Committee:-
- (a) if he/she has attained the age of 18 years old;
  - (b) if he/she and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
  - (c) if he/she is a Director (including executive or non-executive and/or independent or non-independent directors of ATech) or any Director of any other company within the ATech Group;
  - (d) if he/she is the Director or chief executive officer, the specific allocation of ESGP Shares and ESS Options granted by ATech to him/her in his/her capacity as a Director, chief executive officer or major shareholder of ATech under the Scheme has been approved by the shareholders of ATech at a general meeting; and/or
  - (e) if he/she fulfils any other criteria and/or falls within such category as may be set by the ESS Committee from time to time.
- 4.3 Notwithstanding By-Laws 4.1 and 4.2, the ESS Committee may from time to time, at its sole discretion select and identify suitable Selected Persons to be offered the Awards.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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- 4.4 Eligibility for consideration under the Scheme does not confer a Director or employee with any rights whatsoever under or to participate in the Scheme.
- 4.5 The selection of any Director or employee for participation in the Scheme will be made by the ESS Committee whose decision will be final and binding.
- 4.6 A non-executive Director must not sell, transfer or assign any ESS Shares obtained pursuant to an Offer made to him or ATech Shares obtained through the exercise of ESS Options within one year from the Offer Date, as per Listing Requirements or any prevailing applicable guidelines.

**5. MAXIMUM ALLOWABLE ALLOCATION AND THE BASIS OF ALLOCATION**

- 5.1 Subject to any adjustments which may be made under By-Law 16, the aggregate maximum number of Awards that may be granted to a Selected Person will be determined entirely at the discretion of the ESS Committee ("**Maximum Allowable Allocation**") provided that:
- (a) the allotment to any director, chief executive or persons connected to them shall require prior approval of the shareholders of ATech at a general meeting and he/she shall not vote on the resolution approving the allocation and allotment to them and persons connected to them;
  - (b) no allocation of more than 80% of the total Awards will be made in aggregate to the Directors and/or Senior Management of the ATech Group;
  - (c) no allocation of more than 10% of the total Awards will be made to each of the Director; and
  - (d) no allocation of more than 10% of the total Awards will be made to any Selected Person who, either singly or collectively through persons connected with them, hold 20% or more of the total number of issued shares of ATech (excluding treasury shares, if any).

For the purpose of these By-Laws, "persons connected" with the Eligible Person shall have the same meaning given in relation to persons connected with a director or major shareholder as defined in Paragraph 10.1 of the Listing Requirements.

- 5.2 Subject to By-Law 5.1 and any adjustments which may be made under By-Law 16, the ESS Committee will determine the actual number of ESGP Shares and ESS Options to be allocated to a Participant after taking into consideration various factors pertaining to the Participant such as position, ranking, performance, seniority, the length of service, contribution and potential contribution to the continued success of the Group and any other factors deemed appropriate by the ESS Committee.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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- 5.3 At the time the Offer is made in accordance with By-Law 8, the ESS Committee will set out the basis of allotment, identifying the category or grade of the Selected Person and the Maximum Allowable Allocation for the Selected Person.
- 5.4 A set of criteria on eligibility in respect of the allocation as determined by the ESS Committee from time to time will be made available to all employees and Directors of the Group.
- 5.5 ATech and/or ESS Committee will ensure that:-
- (a) the allocation of ESS Shares to Participants is verified at the end of each financial year of ATech by ATech's audit committee, as being in compliance with the criteria referred to in By-Law 5.2; and
  - (b) a statement by the audit committee, verifying such allocation, is included in ATech's annual report.
- 5.6 In the event that a Participant is promoted, such promoted Participant may be eligible for consideration for additional Awards to be decided by ESS Committee at its discretion subject to the following:
- (a) that the additional Offer will be from the balance of the Shares available under the Scheme; or
  - (b) the ESS Committee has the discretion not to make further additional Offer in the event that the balance of the Shares available is inadequate to make a meaningful additional allotment.
- 5.7 The ESS Committee has the absolute discretion in determining whether the Awards will be granted in a single tranche or on a staggered basis over the Scheme Period. In the event the ESS Committee decides that the Awards are to be staggered, the number of Awards to be offered pursuant to each Awards and the timing for the vesting of the same shall be decided by the ESS Committee at its sole and absolute discretion and each Awards shall be separate and independent from the other. The number of Awards to be granted per financial year are dependent on amongst others, financial performance of ATech Group, the number of Eligible Persons, retention periods, Awards subscription and/or exercise price and fair value of the Awards.
- 5.8 In the event that the Participant who is demoted to a lower grade for whatsoever reason will only be entitled to the allocation of that lower grade unless an Offer has been made and accepted by him before such demotion and where he has accepted an Offer which exceeds his Maximum Allowable Allotment under that lower grade, he will not be entitled to any further allocation for that lower grade.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)****6. SCHEME PERIOD AND TERMINATION OF THE SCHEME**

6.1 The Scheme will take effect on the date on which the last of the following approvals and/or conditions will have been obtained and/or complied with ("**Effective Date**") and will continue to be in force for a period of five (5) years from the Effective Date ("**Scheme Period**"):

- (a) submission to Bursa Securities of the final copy of these By-Laws together with a letter of compliance pursuant to Paragraph 2.12 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
- (b) receipt of the approval-in-principle of Bursa Securities for the listing of and quotation for the ESS Shares to be issued pursuant to the Scheme;
- (c) approval of the shareholders of ATech in a general meeting for the Scheme;
- (d) the submission to Bursa Securities of the final copy of the By-Laws;
- (e) the approval of the relevant regulatory authorities whose approval is necessary in respect of the Scheme; and
- (f) fulfilment of all conditions attached any of the above mentioned approvals (if any),

provided always that on or before the expiry of the Scheme Period, the Board will have the discretion upon recommendation of the ESS Committee to extend in writing the tenure of the Scheme for another five (5) years or such shorter period as it deems fit immediately from the expiry of the first five (5) years, provided that the Scheme does not exceed a maximum period of ten (10) years in its entirety.

6.2 Within five (5) Market Days from the Effective Date, ATech will through its adviser submit a confirmation letter to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 6.1 stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of ATech in the general meeting approving the Scheme.

6.3 Notwithstanding anything set out in these By-Laws and subject always to compliance with Bursa Securities and any other regulatory authorities' guidelines or directives, the Scheme may be terminated by the ATech at any time before its expiry without obtaining the approvals or consents from the Participants or ATech's shareholder, provided that the ATech makes an announcement immediately to Bursa Securities. In the event of such termination:-

- (a) no further Offer will be made by the ESS Committee from the Termination Date;
- (b) all Offer which have yet to be accepted by Eligible Persons will automatically lapse on the Termination Date and be null and void;



**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

- (c) all outstanding ESS Options which have yet to be exercised by Participants will be automatically terminated on the Termination Date; and
  - (d) all Unvested ESGP Shares will cease to be capable of being vested in the relevant Participants.
- 6.4 Subject to the relevant approvals being obtained, ATech may implement a new employees' share scheme after the expiration or termination of the Scheme.

**7. RETENTION PERIOD**

- 7.1 The ESS Shares to be allotted and issued or transferred pursuant to the Scheme will not subject to any retention period or restriction on transfer, save as otherwise provided in the Constitution of ATech, the Listing Requirements or By-Law 4 or unless the ESS Committee stipulates otherwise in the Offer.
- 7.2 The expression "retention period" referred to in By-Law 7.1 means the period in which the ESS Shares allotted and issued or transferred pursuant to this Scheme must not be sold, transferred, assigned or otherwise disposed of by the Participant.

**8. OFFER OF AWARDS UNDER THE SCHEME**

- 8.1 Pursuant to the Scheme, the ESS Committee may, subject to compliance with all relevant regulatory authorities' guidelines and/or directives, from time to time during the Scheme Period, make an Offer to a Selected Person to participate in the Scheme.
- 8.2 Subject to By-Law 8.3, an Offer will comprise an Award where a Participant is granted:
- (a) the right to have a number of ESGP Shares vested in the Participant on the Vesting Date; and/or
  - (b) an ESS Option to subscribe for ATech Shares during the Option Period,
- provided that the conditions as set out in By-Law 9.2 and such other conditions as may be stipulated by the ESS Committee in the Offer are duly and fully satisfied.
- 8.3 Nothing in the By-Laws will prevent the ESS Committee from making:
- (a) an Offer to a Participant which consists of only an Award; or
  - (b) more than one Offer to any Participant provided always that the aggregate number of ESS Shares in respect of the Awards granted (including ESS Shares under ESS Options granted pursuant thereto) does not exceed the Maximum Allowable Allocation.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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8.4 The Offer which has lapsed for any reason whatsoever may be made available for re-granting at the discretion of the ESS Committee under the Scheme.

**9. TERMS OF THE OFFER**

9.1 The ESS Committee may stipulate any terms and conditions it deems appropriate in an Offer and the terms and conditions of each Offer may differ.

9.2 The terms and conditions set out in the Offer relating to the Award(s) may include the following, where applicable:

- (a) Value;
- (b) ESGP Price;
- (c) number of ATech Shares to be granted under an Award;
- (d) Exercise Price;
- (e) number of ATech Shares entitled to be acquire or subscribe upon the exercise of the ESS Option;
- (f) Option Period;
- (g) Offer Date;
- (h) Offer Period;
- (i) Vesting Date;
- (j) Performance Targets;
- (k) Performance Period;

and may include such/any other conditions as may be stipulated by the ESS Committee.

9.3 In the event of any error in the stating of any particulars referred to in By-Law 9.2 or otherwise in the Offer, the ESS Committee may, to the extent permitted by law, issue a supplemental Offer stating the correct particulars referred to in By-Law 9.2.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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**10. ESGP PRICE AND EXERCISE PRICE**

Subject to any adjustments made under these By-Laws and pursuant to the Listing Requirements, the ESGP Price and Exercise Price shall be determined by the ESS Committee and in any case, shall be based on the five (5)-day volume weighted average market price of ATech Shares immediately preceding the Offer Date, with a discount, if any, provided always that such discount is no more than ten percent (10%), if deemed appropriate, or such other percentage of discount as may be permitted by any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the Scheme Period.

**11. ACCEPTANCE OF THE OFFER**

- 11.1 The Offer may only be accepted by the Selected Person during the Offer Period in such form and manner as may be prescribed in the Offer and must be accompanied by a non-refundable sum of Ringgit Malaysia One (RM1.00) only payable to ATech only in the event the Offer comprises ESS Options. The date of receipt by the ESS Committee of such form together with the money will be the date of acceptance of the Offer by the Selected Person, provided that the Scheme is not terminated pursuant to By-Law 6.3.
- 11.2 In the event that the Selected Person fails to accept the Offer in the manner prescribed within the Offer Period, the Offer will automatically lapse and will then be null and void provided that the ESS Committee will not be precluded from making a fresh Offer on such terms as the ESS Committee may so decide to the Selected Person subsequently.
- 11.3 Within 30 calendar days after the due acceptance of the Offer (comprising ESS Options) or such longer period as may be determined by the ESS Committee, the ESS Committee shall issue to the Participant a certificate of ESS Options in such form as may be determined by the ESS Committee.

**12. SATISFACTION OF CONDITIONS**

- 12.1 The determination as to whether the stipulated conditions in the Offer have been fulfilled will be made by the ESS Committee, as the case may be.
- 12.2 Where the ESS Committee has made the determination that the stipulated conditions has been fulfilled pursuant to By-Law 12.1, the ESS Committee will notify the Participant of:
- (a) the number of ESGP Shares vested/which will be vested in him on the Vesting Date; and
  - (b) the number of ESS Shares which the Participant is entitled to acquire or subscribe upon the exercise of the ESS Option granted to him;

**ANNEXURE A: BY-LAWS FOR THE ESS** (Cont'd)

- as the case may be. Upon receipt of such notification, the Participant will notify the ESS Committee (in the form as may be prescribed by the ESS Committee from time to time) of his CDS Account number.
- 12.3 In the event that the conditions stipulated in an Offer in respect of any one or more Participant cannot be achieved/satisfied, the ESS Committee may in its discretion by notice in writing to such Participant(s), waive any conditions stipulated in the Offer.
- 12.4 No Participant will have any right to or interest in the ESS Shares or right to exercise the ESS Options granted to him unless and until the ESS Committee has made a determination and notification under the provisions of By-Laws 12.1 and 12.2 and on and with effect from the Vesting Date or the date during the Option Period on which the ESS Options are duly exercised and the remittance for the full amount of the monies for the ESS Shares in respect of which the ESS Options are exercised is paid pursuant to By-Law 13.
- 12.5 In relation to ESGP Shares to be vested on the Vesting Date, the ESS Committee will, within 8 Market Days after the receipt of the Participant's notice of his CDS Account number pursuant to By-Law 12.2 (or such other period as may be prescribed or allowed by Bursa Securities):
- (a) credit the relevant number of ESGP Shares into the CDS Account so notified;
  - (b) despatch a notice of transfer of such ESGP Shares to the Participant; and
  - (c) make an application for the quotation of such relevant number of ESGP Shares (where applicable).
- 12.6 In relation to ESS Shares to be allotted and issued and/or transferred pursuant to an exercise of an ESS Option, the ESS Committee will, within 8 market days after the ESS Committee's receipt of the notice of exercise of an ESS Option and remittance for the full amount of monies for the ATech Share in respect of which the ESS Option is exercised pursuant to By-Law 13.3 (or such other period as may be prescribed or allowed by Bursa Securities):
- (a) credit the relevant number of ESS Shares into the CDS Account so notified;
  - (b) despatch a notice of allotment and issue and/or transfer of such ESS Shares issued pursuant to the ESS Option to the Participant; and
  - (c) make an application for the quotation of such relevant number of ESS Shares issued pursuant to the ESS Option (where applicable).

For the avoidance of doubt, no physical share certificates will be issued for the new ATech Shares.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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**13. EXERCISE OF ESS OPTIONS UNDER THE AWARD**

- 13.1 An ESS Option may be exercised by a Participant within the Option Period in full or in part by notice in writing to ATech or ESS Committee in the prescribed form as may be amended from time to time during the Option Period, provided that where an ESS Option is exercised in part, such exercise must not be for less than 100 Shares and must be for multiples of 100 Shares other than in the case of the final exercise by the Participant under the ESS Option.
- 13.2 The partial exercise of an ESS Option will not preclude the Participant from exercising the ESS Option with respect to the balance of Shares comprised in the ESS Option during the Option Period.
- 13.3 Every notice of exercise of an ESS Option referred to in By-Law 13.1 must be in the form prescribed by the ESS Committee as amended from time to time and accompanied by a remittance for the full amount of the monies for the Shares in respect of which the ESS Option is exercised.
- 13.4 Subject to the discretion of the ESS Committee to waive any breach, failure by a Participant to comply with the procedure for an exercise of ESS Option as stipulated in the provisions of By-Law 13 will invalidate the purported exercise of such ESS Option by the Participant.
- 13.5 The ESS Committee may at any time and from time to time before and after the ESS Options are granted, limit the exercise of the ESS Options to a maximum number of new ATech Shares and/or such percentage of the total ATech Shares comprised in the ESS Options during such period within the Option Period and impose any other terms and/or conditions as the ESS Committee may, in its sole discretion deem appropriate including amending or varying any terms and conditions imposed earlier other than pertaining to the imposition of performance targets. Thereafter, the Participants are free to exercise the ESS Options without further performance targets being achieved.
- 13.6 An ESS Option is exercisable by the Participant only on a Market Day during the Option Period and while the Participant remains an Eligible Person.

Except when it is decided otherwise and announced by the ESS Committee:

- (a) under each Award, the aggregate number of Shares which a Participant can subscribe under his/her ESS Options in a particular year of the Scheme (the first year to be calculated from the Effective Date and expiring 12 months after the Effective Date, and subsequent years shall be successive 12-month periods thereafter), shall be determined as follows:

$$\begin{array}{l}
 \text{Maximum} \\
 \text{number of ESS} \\
 \text{Options} \\
 \text{exercisable in} \\
 \text{any year}
 \end{array}
 = \frac{\text{Total number of ESS Options under each Award}}{\text{Number of years remaining prior to expiry of the Scheme (excluding the year in which the Award is granted)}}$$

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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- (b) a Participant may, in any one year, exercise his/her ESS Option according to the maximum number of ESS Options stipulated above. If any Participant does not wholly exercise his/her ESS Options up to the maximum number allowed in a particular year, the remaining unexercised ESS Options for any particular year will be accumulated to the said Participant's entitlement in the following year.

**14. DISCIPLINARY ACTIONS**

- 14.1 In the event a Selected Person is subject to Disciplinary Actions after an Offer is made but before the acceptance of such Offer by such Selected Person, the Offer is deemed withdrawn and no longer capable of acceptance, unless otherwise decided by the ESS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Actions made or brought against the Selected Person. Nothing in the By-Laws will prevent the ESS Committee (but the ESS Committee will not be obliged to do so) from making a fresh Offer to such Selected Person in the event that such Disciplinary Actions are not found against him or if such Disciplinary Actions are withdrawn provided that such Offer is made within the duration of the Scheme Period.
- 14.2 In the event a Participant is subject to Disciplinary Actions, the right of the Participant to have vested any Unvested ESGP Shares and/or to exercise any Unexercised Option will be suspended pending the outcome of the Disciplinary Actions unless otherwise decided by the ESS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the Disciplinary Actions made or brought against the Participant. Nothing in the By-Laws will prevent the ESS Committee (but the ESS Committee will not be obliged to do so) from making a fresh Offer and/or reinstating the right of the Participant to have vested any Unvested ESGP Shares and/or to exercise any Unexercised Option in the event that such Disciplinary Actions are not found against him or if such Disciplinary Actions are withdrawn provided that such Offer and/or reinstatement is made within the duration of the Scheme Period. If the ESS Committee does not reinstate such right of the Participant prior to the expiry of the Scheme Period, the Offer and acceptance of the Offer will automatically lapse and will immediately become null and void.

For the avoidance of doubt, Disciplinary Actions initiated against a Participant after the exercise by such Participant of his/her ESS Option(s) in accordance with the terms of these By-Laws or after notice has been given by the ESS Committee of the right of the Participant to have the relevant number of ESS Shares vested in him on the Vesting Date pursuant to By-Law 12.2(a) will not affect the right of the Participant to acquire or subscribe the ESS Shares pursuant to such exercise of ESS Option or ESGP.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)****15. TERMINATION OF OFFERS, UNVESTED ESGP SHARES AND UNEXERCISED OPTION(S)**

15.1 Subject to By-Laws 15.2 and 15.3, any unaccepted Offers in respect of a Selected Person and/or any Unvested ESGP Shares and/or any Unexercised Option in respect of a Participant will forthwith lapse and/or be deemed to be cancelled and/or ceased to be capable of vesting in a Participant and/or ceased to be exercisable, as the case may be, without any liability to or right to claim against ATech and/or the ESS Committee upon the occurrence of any one or more of the following events:

- (a) service of a notice to resign by a Director and/or an employee or Participant, as the case may be;
- (b) service of a notice of termination on or termination contract of service or cessation of employment of a Director (including removal thereof) and/or an employee or Participant with the ATech Group by reason of misconduct, as the case may be;
- (c) bankruptcy of a Director and/or an employee or Participant, as the case may be; or
- (d) any other circumstances prescribed by the ESS Committee from time to time.

15.2 In the event of the termination or cessation of employment or contract of service of the Participant with the ATech Group in any of the following circumstances:

- (a) retirement on attaining the retirement age under the ATech Group's retirement policy;
- (b) retirement before attaining the normal retirement age by reason of ill-health, injury, physical or mental disability;
- (c) redundancy or voluntary separation scheme;
- (d) transfer to any company outside the Group at the direction of ATech;
- (e) termination or non-renewal of contract of service; or
- (f) any other circumstances which are acceptable to the ESS Committee in its sole discretion;

the ESS Committee may in its discretion permit the vesting of Unvested ESGP Shares (or any part thereof) in the Participant and/or the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the Vesting Date is not due or has not occurred; and/or
- (b) the Option Period has not commenced; and/or

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

- (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied;

provided that unless the ESS Committee in its sole discretion so permits such vesting or exercise, as the case may be by notice in writing to the Participant, any unaccepted Offers in respect of an Award and/or any Unvested Scheme Share and/or any Unexercised Option in respect of a Participant will forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting in a Participant and/or cease to be exercisable, as the case may be, without any liability to or right to claim against ATech and/or ESS Committee.

- 15.3 In the event of death of the Participant, By-Law 15.2 may at the discretion of the ESS Committee apply mutatis mutandis to the Participant's legal or personal representatives as if the Participant's legal or personal representatives were the Participant.
- 15.4 All ESS Options which the ESS Committee permits to be exercisable pursuant to By-Law 15.2 will automatically lapse and will become null and void to the extent unexercised by the date prescribed notwithstanding that the Option Period has not commenced or expired.
- 15.5 Any unaccepted Offers, Unvested ESGP Shares and/or Unexercised Options will forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting/exercisable, as the case may be, without any claim against ATech and/or ESS Committee upon the occurrence of one or more of the following events:
- (a) winding-up or liquidation of ATech; or
- (b) termination of the Scheme pursuant to By-Law 6.

**16. ALTERATION OF CAPITAL**

- 16.1 In the event of any alteration in the capital structure of ATech during the Scheme Period, whether by way of rights issue, bonus issue or other capitalisation of profit or reserves, , subdivision or consolidation of ATech Shares or reduction of capital or any other variation of capital being effected but excluding any cancellation of capital which is lost or unrepresented by available assets, the ESS Committee may determine whether a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of ATech during the Scheme Period and if it so determines (i.e. that a material dilution or enlargement of the rights of the Participants would result from such alteration in the capital structure of ATech), adjustments in:-

- (a) the ESGP Price and/or Exercise Price; and/or
- (b) the number of ATech Shares comprised in the Offer;

will be made in order to prevent dilution or enlargement provided that no adjustments will be made in the event of any alteration in the capital structure of ATech in respect of which rights/benefits arising therefrom are accrued to the Shares pursuant to By-Law 17.



**ANNEXURE A: BY-LAWS FOR THE ESS** (Cont'd)

- 16.2 If the ESS Committee decides that no material dilution or enlargement of the rights of the Participants would result from an alteration in the capital structure of ATech and no adjustments will be made, the ESS Committee will inform the Participants of this decision through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESS Committee.
- 16.3 Subject to By-Law 16.5, any adjustment in the ESGP Price, Exercise Price and/or number of ATech Shares comprised in Offers will comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and will, where appropriate and to the extent possible, endeavour to give each Participant the same proportion of the issued ordinary shares of ATech as that to which he was previously entitled.
- 16.4 The provisions of By-Laws 16.1, 16.2 and 16.3 will not apply where a change in the capital structure of ATech arises from:
- (a) the issue of ATech Shares or other securities convertible into ATech Shares or right to acquire or subscribe for ATech Shares in consideration or part consideration for any acquisition by the ATech Group;
  - (b) a special issue, restricted issue or private placement of ATech Shares;
  - (c) a share buy-back arrangement by ATech and the cancellation of all or a portion of the shares pursuant to the relevant provisions of the Companies Act;
  - (d) an issue of ATech Shares arising from the exercise of any conversion rights attached to securities convertible to ATech Shares or upon exercise of any other rights including warrants and convertible loan stocks (if any) issued by ATech;
  - (e) a special issue of new ATech Shares to Bumiputera investors nominated by the Ministry of International Trade and Industry, Malaysia and/or any other government authority to comply with Government policy on Bumiputera capital participation; and
  - (f) an issue of further Offers pursuant to the Scheme and the allotment and issuance of ATech Shares for the purpose of satisfying ESGP and ESS Options.
- 16.5 Any adjustment pursuant to this By-Law 16 will be made in accordance with the formulae as set out below on the Market Day immediately following the books closure date for the event giving rise to the adjustment:
- (a) If and whenever a consolidation or subdivision or conversion of ATech Shares occurs, then the ESGP Price and/or Exercise Price will be adjusted and the additional number of Shares comprised in the Offer will be calculated in accordance with the following formula:

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

$$\text{New ESGP Price/New Exercise Price} = S \times \left[ \frac{U}{V} \right]$$

$$\text{Adjustment on number of Awards unexercised} = T \times \left[ \frac{V}{U} \right]$$

where

S = existing ESGP Price and/or Exercise Price; and

T = existing number of Shares comprised in the Offer that remains unexercised.

U = aggregate number of Shares (excluding Shares held as treasury shares, if any) in the share capital of ATech immediately preceding such consolidation, subdivision or conversion; and

V = aggregate number of Shares in the share capital of ATech after such consolidation, subdivision or conversion.

Each such adjustment will be effective from the close of business on the Market Day immediately preceding the date on which the consolidation or subdivision or conversion becomes effective (being the date when the ATech Shares are traded on Bursa Securities at the new par value), or such period as may be prescribed by Bursa Securities.

- (b) If and whenever ATech makes any issue of ATech Shares to its ordinary shareholders of ATech credited as fully paid, by way of bonus issue or capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the ESGP Price and/or Exercise Price will be adjusted in the following manner:

$$\text{New ESGP Price/Exercise Price} = S \times \left[ \frac{A}{A+B} \right]$$

and the additional number of Shares comprised in the Offer will be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[ \frac{A+B}{A} \right] - T$$

where

A = the aggregate number of issued and fully paid-up ATech Shares immediately before such bonus issue or capitalisation issue;

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

B = the aggregate number of ATech Shares to be issued pursuant to any allotment to ordinary shareholders of ATech credited as fully paid by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund);

S = as S in By-Law 16.5(a) hereof; and

T = as T in By-Law 16.5(a) hereof.

Each such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for such issue.

(c) If and whenever ATech makes:

- (i) a Capital Distribution (as defined below) to its ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
- (ii) any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for ATech Shares by way of rights; or
- (iii) any offer or invitation to its ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into ATech Shares or securities with rights to acquire or subscribe for ATech Shares,

then and in respect of each such case, the ESGP Price and/or Exercise Price will be adjusted in the following manner:

$$\text{New ESGP Price/Exercise Price} = S \times \left[ \frac{C - D}{C} \right]$$

and in respect of the case referred to in By-Laws 16.5(c)(ii) and (c)(iii) hereof, the additional number of Shares comprised in the Offer will be calculated as follows:

$$\text{Additional number of Shares} = T \times \left[ \frac{C}{C - D^*} \right] - T$$

where

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

- C = the Current Market Price (as defined in By-Law 16.5(h) below) of each ATech Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation;
- D = (aa) in the case of an offer or invitation to acquire or subscribe for ATech Shares by way of rights under By-Law 16.5(c)(ii) above or for securities convertible into ATech Shares or securities with rights to acquire or subscribe for ATech Shares under By-Law 16.5(c)(iii) above, the value of rights attributable to 1 ATech Share (as defined below); or
- (bb) in the case of any other transaction falling within By-Law 16.5(c) hereof, the fair market value, as determined by an auditor of ATech, of that portion of the Capital Distribution attributable to 1 ATech Share; and
- S = as S in By-Law 16.5(a) hereof.

For the purpose of definition (aa) of D above, the "value of the rights attributable to 1 ATech Share" will be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where

- C = as C in By-Law 16.5(c) hereof;
- E = the subscription price for 1 additional ATech Share under the terms of such offer or invitation or subscription price for 1 additional ATech Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for 1 ATech Share under the offer or invitation;
- F = the number of ATech Shares necessary for the ATech shareholder to hold in order to be offered or invited to acquire or subscribe for 1 additional ATech Share or security convertible into rights to acquire or subscribe for 1 additional ATech Share; and
- D\* = the value of rights attributable to 1 ATech Share (as defined below); and

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

For the purpose of definition D\* above, the “value of rights attributable to 1 ATech Share” will be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where

C = as C in By-Law 16.5(c) hereof;

E\* = the subscription price for 1 additional ATech Share under the terms of such offer or invitation to acquire or subscribe for ATech Shares; and

F\* = the number of ATech Shares necessary for a ATech shareholder to hold in order to be offered or invited to acquire or subscribe for 1 additional ATech Share.

For the purpose of By-Law 16.5(c) hereof, “Capital Distribution” will (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of ATech Shares (not falling under By-Law 16.5(b) hereof) or other securities credited as fully or partly paid-up by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend charged or provided for in the accounts of any period will (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders of ATech as shown in the audited consolidated profit and loss accounts of ATech.

Such adjustments will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (d) If and whenever ATech makes an allotment to its ordinary shareholders as provided in By-Law 16.5 (b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 16.5(c)(ii) or (c)(iii) above and the record date for the purpose of the allotment is also book closure date for the purpose of the offer or invitation, the ESGP Price and/or Exercise Price will be adjusted in the following manner:

$$\text{New ESGP Price and/or Exercise Price} = S \times \left[ \frac{(G \times C) + (H \times I)}{(G + H + B) \times C} \right]$$

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

and where ATech makes an allotment to its ordinary shareholders as provided in By-Law 16.5(b) above and also makes an offer or invitation to its ordinary shareholders as provided in By-Law 16.5(c)(ii) above and the record date for the purpose of the allotment is also the book closure date for the purpose of the offer or invitation, the additional number of Scheme comprised in the Offer will be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in ESS Options

$$= T \times \left[ \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Additional number of ESGP Shares to be vested

$$= T \times \left[ \frac{(G + H + B) \times C}{(G \times C) + (H \times I)} \right] - T$$

where

- B = as B in By-Law 16.5(b) hereof;
- C = as C in By-Law 16.5(c) hereof;
- G = the aggregate number of issued and fully paid-up ATech Shares on the book closure date;
- H = the aggregate number of new ATech Shares under an offer or invitation to acquire or subscribe for ATech Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into ATech Shares or rights to acquire or subscribe for ATech Shares, as the case may be;
- H\* = the aggregate number of new ATech Shares under an offer or invitation to acquire or subscribe for ATech Shares by way of rights;
- I = the subscription price of 1 additional ATech Share under the offer or invitation to acquire or subscribe for ATech Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional ATech Share, as the case may be;
- I\* = the subscription price of 1 additional ATech Share under the offer or invitation to acquire or subscribe for ATech Shares; and
- S = as S in By-Law 16.5(a) hereof; and
- T = as T in By-Law 16.5(a) hereof.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for such issue.

- (e) If and whenever ATech makes any offer or invitation to its ordinary shareholders to acquire or subscribe for ATech Shares as provided in By-Law 16.5(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for ATech Shares as provided in By-Law 16.5(c)(iii) above, the ESGP Price and/or Exercise Price will be adjusted by multiplying in the following manner:

$$\text{New ESGP Price/Exercise Price} = S \times \left[ \frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C} \right]$$

and the additional number of Shares comprised in the Offer will be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in ESS Options

$$= T \times \left[ \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Additional number of ESGP Shares to be vested

$$= T \times \left[ \frac{(G + H^* + J) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)} \right] - T$$

where

C = as C in By-Law 16.5(c) hereof;

G = as G in By-Law 16.5(d) hereof;

H = as H in By-Law 16.5(d) hereof;

H\* = as H\* in By-Law 16.5(d) hereof;

I = as I in By-Law 16.5(d) hereof;

I\* = as I\* in By-Law 16.5(d) hereof;

J = the aggregate number of ATech Shares to be issued to its ordinary shareholders of ATech upon conversion of such securities or exercise of such rights to subscribe for ATech Shares by the ordinary shareholders of ATech;

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

K = the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional ATech Share; and

S = as S in By-Law 16.5(a) hereof; and

T = as T in By-Law 16.5(a) hereof.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (f) If and whenever ATech makes an allotment to its ordinary shareholders as provided in By-Law 16.5(b) above and also makes an offer or invitation to its ordinary shareholders to acquire or subscribe for ATech Shares as provided in By-Law 16.5(c)(ii) above, together with rights to acquire or subscribe for securities convertible into ATech Shares or with rights to acquire or subscribe for Shares as provided in By-Law 16.5(c)(iii) above, and the record date for the purpose of allotment is also the book closure for the purpose of the offer or invitation, the ESGP Price and/or Exercise Price will be adjusted in the following manner:

$$\text{New ESGP Price/Exercise Price} = S \times \left[ \frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C} \right]$$

and the additional number of Shares comprised in the Offer will be calculated as follows:

Additional number of Option Shares (as defined herein) comprised in ESS Options

$$= T \times \left[ \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

Additional number of ESGP Shares to be vested

$$= T \times \left[ \frac{(G + H^* + J + B) \times C}{(G \times C) + (H^* \times I^*) + (J \times K)} \right] - T$$

where

B = as B in By-Law 16.5(b) hereof;

C = as C in By-Law 16.5(c) hereof;

G = as G in By-Law 16.5(d) hereof;

H = as H in By-Law 16.5(d) hereof;



**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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- H\* = as H\* in By-Law 16.5(d) hereof;
- I = as I in By-Law 16.5(d) hereof;
- I\* = as I\* in By-Law 16.5(d) hereof;
- J = as J in By-Law 16.5(e) hereof;
- K = as K in By-Law 16.5(e) hereof;
- S = as S in By-Law 16.5(a) hereof; and
- T = as T in By-Law 16.5(a) hereof.

Such adjustment will be effective (if appropriate retroactively) from the commencement of the next Market Day following the book closure date for the above transactions.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of ATech and requiring an adjustment under By-Laws 16.5(c)(ii), (c)(iii), (d), (e) or (f) above), ATech will issue either any ATech Shares or any securities convertible into ATech Shares or any rights to acquire or subscribe for ATech Shares, and in any such case, the Total Effective Consideration per ATech Share (as defined below) is less than 90% of the Average Price for 1 ATech Share (as defined below) or, as the case may be, the price at which the ATech Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the ESGP Price and/or Exercise Price will be adjusted in the following manner:

$$\text{New ESGP Price/Exercise Price} = S \times \left[ \frac{L + M}{L + N} \right]$$

where

- L = the number of ATech Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of ATech Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of ATech Shares so issued or, in the case of securities convertible into ATech Shares or rights to acquire or subscribe for ATech Shares, the maximum number (assuming no adjustment of such rights) of ATech Shares issuable upon full conversion of such securities or the exercise in full of such rights,

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

and

S = as S in By-Law 16.5(a) hereof.

For the purpose of By-Law 16.5(g), the "Total Effective Consideration" will be determined by the Board with the concurrence of an auditor or relevant expert in the following manner:

- (i) in the case of the issue of ATech Shares, the aggregate consideration receivable by ATech on payment in full for such ATech Shares; or
- (ii) in the case of the issue by ATech of securities wholly or partly convertible into ATech Shares, the aggregate consideration receivable by ATech on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by ATech upon full conversion of such securities (if any); or
- (iii) in the case of the issue by ATech of securities with rights to acquire or subscribe for ATech Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by ATech upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Total Effective Consideration per ATech Share" will be the Total Effective Consideration divided by the number of ATech Shares issued as aforesaid or, in the case of securities convertible into ATech Shares or securities with rights to acquire or subscribe for ATech Shares, by the maximum number of ATech Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 16.5(g), the Average Price of a ATech Share will be the average price of 1 ATech Share as derived from the last dealt prices for one or more board lots of ATech Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such ATech Shares is determined.

Each such adjustment will be calculated (if appropriate retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which ATech determines the offering price of such ATech Shares. Each such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

- (h) For the purpose of By-Law 16.5(c), (d), (e) and (f), the "Current Market Price" in relation to 1 ATech Share for any relevant day will be the five (5)-day volume weighted average market price of ATech transacted on the Bursa Securities immediately preceding such date.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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- 16.6 If an event occurs that is not set out in By-Law 16.5 or if the application of any of the formulae to an event results in a manifest error or in the opinion of ESS Committee is not appropriate, the ESS Committee may agree to an adjustment subject to the provision of By-Law 16.3 provided that the Participants will be notified of the adjustment through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESS Committee.
- 16.7 In the event that a fraction of an ATech Share arises from the adjustments pursuant to this By-Law 16, the number of ATech Shares will automatically be rounded down to the nearest whole number.
- 16.8 The provisions of By-Law 16 will also apply to a situation where the Offer Period has not lapsed and the Offer has not been accepted by the Participant or withdrawn by the ESS Committee.

**17. TAKEOVER AND DISPOSAL OF ASSETS**

- 17.1 In the event of:
- (a) a take-over offer being made for ATech through a general offer to acquire the whole of the issued shares of ATech (or such part thereof not at the time owned by the person making the general offer ("**Offeror**") or any persons acting in concert with the Offeror) and such takeover offer is announced by the Offeror as being unconditional or have become unconditional; or
  - (b) ATech dispose of all or substantially all of its assets and the disposal becomes unconditional,

upon determination of the ESS Committee at its sole discretion, the Unvested ESGP Shares may be immediately vested in a Participant and/or any Unexercised Options may immediately be exercised by a Participant at any time subject to such terms and conditions (if any) as may be prescribed by the ESS Committee notwithstanding that:

- (i) the Vesting Date is not due or has not occurred; and/or
  - (ii) the Option Period has not commenced.
- 17.2 All ESS Options which the ESS Committee permits to be exercisable pursuant to By-Law 17.1 will automatically lapse and will become null and void to the extent unexercised by the date prescribed notwithstanding that the Option Period has not commenced or expired.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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**18. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

18.1 In the event of the court sanctioning a compromise or arrangement between ATech and its members proposed for the purposes of, or in connection with, a scheme of arrangement and reconstruction of ATech or its amalgamation with any other company or companies the ESS Committee may permit the vesting of Unvested ESGP Shares (or any part thereof) in the Participant and/or the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the Vesting Date is not due or has not occurred; and/or
- (b) the Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

18.2 All ESS Options which the ESS Committee permits to be exercisable pursuant to By-Law 18.1 will automatically lapse and will become null and void to the extent unexercised by the date prescribed notwithstanding that the Option Period has not commenced or expired.

**19. RIGHTS ATTACHED TO SHARES**

19.1 Awards satisfied via ESGP

- (a) In the event the Awards are satisfied via ESGP, the Participant will not be entitled to any entitlement attached to the ATech Shares in respect of which the entitlement date is prior to the date on which the ATech Shares are allotted/credited into the CDS Account of the Participant.

19.2 Awards satisfied via grant of ESS Options

- (a) The new ATech Shares to be allotted upon exercise of the ESS Options pursuant to Awards will upon allotment and issue, rank *pari passu* in all respects with the existing ATech Shares, save and except that the new ATech Shares so issued will not be entitled for any dividends, rights, allotments and/or other distribution in respect of which the entitlement date is prior to the allotment of the ATech Shares to the Participant.
- (b) In the event the ESS Options exercised are satisfied via existing ATech Shares, the Participant will not be entitled to any entitlement attached to such ATech Shares in respect of which the entitlement date is prior to the date on which the ATech Shares are credited into the CDS Account of the Participant.

19.3 The ESS Shares will subject to all the provisions of the Constitution of ATech in relation to their transfer, transmission or otherwise.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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**20. ADMINISTRATION**

- 20.1 The Scheme will be implemented and administered by the ESS Committee consisting of such persons from the Board and/or Senior Management of the Group, appointed by the Board from time to time. The ESS Committee is to ensure that the respective Directors and/or senior management do not participate in the deliberation or discussion of their own allocation.
- 20.2 The ESS Committee will administer the Scheme in such manner as it in its discretion deems fit. For the purpose of administering the Scheme, the ESS Committee may do all such acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Scheme, as the ESS Committee may in its discretion deem fit necessary and/or expedient for the implementation and administration of, and to give full effect to, the Scheme.
- 20.3 The Board will have power at any time and from time to time to:
- (a) approve, rescind and/or revoke the appointment of any member of the ESS Committee and appoint replacement members to the ESS Committee; and
  - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the ESS Committee pursuant to these By-Laws.
- 20.4 The ESS Committee has the absolute discretion in determining whether the Awards will be granted in a single tranche or on a staggered basis over the duration of the Scheme.

**21. IMPLEMENTATION OF THE SCHEME**

- 21.1 In implementing the Scheme, the ESS Committee may in its sole discretion and subject to compliance with the provisions of the Companies Act and the Listing Requirements, decide that the Awards be satisfied either by way of:
- (a) issuance of new ATech Shares;
  - (b) acquisition of existing ATech Shares from the open market;
  - (c) transferring ATech Shares held in treasury;
  - (d) payment of cash; or
  - (e) a combination of any of the above.
- 21.2 In considering the settlement of the Awards, the ESS Committee will take into consideration, amongst others, factors such as the prevailing market price of ATech Shares, funding considerations and dilutive effects on ATech's capital base.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

For the avoidance of doubt, should the ESS Committee decide to satisfy the Awards via payment by cash, the amount to be paid to the Participant for each ESGP or ESS Option exercised will be the excess of the five (5)-day volume weighted average market price of ATech Shares immediately preceding the date of vesting of ESGP Shares or exercise of the ESS Options over the Exercise Price, if any.

**22. QUOTATION**

In cases where the ESGP and/or ESS Options are satisfied by the issue of new ATech Shares, the new ATech Shares to be allotted will not be listed or quoted on the Main Market of Bursa Securities until an application is made to Bursa Securities for such listing and quotation of the new ATech Shares.

**23. AMENDMENT, VARIATION AND/OR MODIFICATION TO THE SCHEME**

- 23.1 Subject to the By-Law 23.2 and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESS Committee may at any time and from time to time recommend to the Board any additions, amendments and/or modifications to and/or deletions of these By-Laws as it in its discretion thinks fit and the Board will at any time and from time to time have the power by resolution to add to, amend, modify and/or delete all or any part of these By-Laws upon such recommendation.
- 23.2 The approval of the shareholders of ATech in general meeting will not be required in respect of additions, amendment and/or modification to or deletion of these By-Laws save and except if such addition, amendment, modifications and/or deletion would:
- (a) increase the number of Shares available for issuance under the Scheme beyond the Maximum ESS Shares; or
  - (b) provide an advantage to any Participant or group of Participants or all the Participants unless otherwise permitted under the provisions of the Listing Requirements.
- 23.3 Where an amendment and/or modification is made to these By-Laws, ATech must submit to Bursa Securities, the amendment and/or modification to these By-Laws and a confirmation letter that the amendment and/or modification complies with the provisions of the guidelines on employee share scheme stipulated under the Listing Requirements no later than five (5) Market Days from the effective date of the said amendment and/or modification.

**24. NON-TRANSFERABILITY**

The rights of a Participant to the vesting of ESGP Shares and where applicable, to ESS Options are personal to him and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever unless By-Laws 15.3, 16.1 and 18.1 (where applicable) apply.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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**25. DISPUTES**

In the event of any dispute between the ESS Committee with an Eligible Person or any Participant or group of Participants, as to any matter or thing of any nature arising hereunder, such dispute or difference are to be referred the Board whose decision will be final and binding on all parties in all respects.

**26. SCHEME NOT A TERM OF EMPLOYMENT/ CONTRACT OF SERVICE**

This Scheme does not form part of or will not in any way be construed as forming part of the terms and conditions of employment or contract of service of any Director or employee. This Scheme will not confer or be construed to confer on any Director and/or employee any special rights or privileges over the Director and/or employees' terms and conditions of employment or contract of service in the ATech Group or any rights in addition to compensation or damages that the Director and/or employee may be normally entitled to arising from the cessation of such employment or contract of service.

**27. COMPENSATION**

27.1 No Directors, employees or Participants who cease to hold office in or employment or under a contract of service with the ATech Group will be entitled to any compensation for the loss of any right or benefit or prospective right or benefit under the Scheme.

27.2 ATech, the Board or the ESS Committee will not be liable for any compensation, loss or damages of any claim, action or proceeding by any Director, employee, Participant or legal or personal representatives whatsoever and howsoever arising from the suspension of rights to the vesting of ESGP Shares and/or his rights to exercise his ESS Options, ceasing to be valid pursuant to the provisions of these By-Laws.

**28. DIVESTMENT FROM THE GROUP**

28.1 If a Participant who held office or was in the employment or under a contract of service with a corporation of the ATech Group which has ceased to be a Subsidiary as a result of a restructuring or divestment exercise or otherwise (other than a takeover or reconstruction as provided under these By-Laws), the ESS Committee may in its discretion permit the vesting of Unvested ESGP Shares (or any part thereof) in the Participant and/or the exercise of any Unexercised Options by the Participant at any time subject to such terms and conditions as may be prescribed notwithstanding that:

- (a) the Vesting Date is not due or has not occurred;
- (b) the Option Period has not commenced; and/or
- (c) other terms and conditions set out in the Offer has not been fulfilled/satisfied.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

28.2 All ESS Options which may be allowed by the ESS Committee to be exercisable under By-Law 28.1(b), to the extent unexercised by the date prescribed by the ESS Committee, will automatically lapse and will become null and void.

**29. TRANSFER TO OTHER COMPANIES NOT WITHIN THE GROUP**

29.1 Notwithstanding By-Law 15.1, in the event a Participant who was employed in a corporation within the Group and is subsequently transferred from such corporation to an associate company of ATech, the Participant will be entitled to:

- (a) continue to have a right in any Unvested ESGP Shares; and
- (b) exercise any Unexercised Options;

upon the same terms and conditions as may be set out in the Offer as if the Participant is still in employment or under a contract of service with the Group for the purposes of the Scheme Period.

29.2 In the event that a person who was in the employment or under a contract service of a company which subsequently becomes a Subsidiary as a result of a restructuring or acquisition or otherwise involving ATech and/or any company within the Group, such person ("**Affected Participant**") will, if the Affected Participant satisfies all the relevant conditions of these By-Laws, be eligible to be considered for an Offer for the remaining Scheme Period at the discretion of the ESS Committee.

**30. INSPECTION OF THE AUDITED FINANCIAL STATEMENTS**

All Participants will be entitled to inspect a copy of the latest audited financial statements of ATech at the registered office of ATech from Monday to Friday (excluding public holidays) during normal office hours.

**31. COSTS, EXPENSES AND TAXES**

31.1 ATech will bear all fees, costs and expenses incurred in relation to the Scheme including but not limited to the costs and expenses (including stamp duty, if any) relating to the issue, allotment and/or transfer of ESS Shares pursuant to the ESGP or exercise of the ESS Options.

31.2 For the avoidance of doubt, all other costs, fees, levies, charges and/or taxes, including, without limitation, income taxes that are incurred by a Participant pursuant to by-Law 31.1 or relating to the exercise of any ESS Options or vesting of ESGP Shares and any holding or dealing of such ESS Shares (such as, but not limited to brokerage commissions and stamp duty) will be borne by that Participant and ATech will not be liable for any of such costs, fees, levies, charges and/or taxes.



**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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**32. CONSTITUTION**

Notwithstanding the terms and conditions contained in this Scheme, if a situation of conflict should arise between any provision of these By-Laws and the Constitution of ATech and/or the Listing Requirements, the provisions of the Constitution of ATech and/or the Listing Requirements will prevail to the extent of such conflict.

**33. ERRORS AND OMISSIONS**

If in consequence of an error or omission, the ESS Committee discovers/determines that:

- (a) a Director and/or an employee who was selected by the ESS Committee as a Participant, has not been given the opportunity to participate in the Scheme on any occasion; or
- (b) the number of the ATech Shares allotted and issued and/or transferred to any Participant (including those allotted and issued and/or transferred pursuant to an exercise of ESS Option(s)) on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESS Committee may do all such acts and things to rectify such error or omission and ensure that the Participant is given the opportunity to participate in the Scheme and/or the aggregate number of ATech Shares to which the Participant is correctly entitled to is credited into his CDS Account.

**34. NOTICE**

- 34.1 Any notice under the Scheme required to be given to or served upon the ESS Committee by a Director, employee, Participant or any correspondence to be made between a Director, employee, Participant to the ESS Committee will be given or made in writing and sent to the registered office of ATech or such other office which the ESS Committee may have stipulated for a particular purpose of delivery by hand (with acknowledgement of receipt) or registered letter.
- 34.2 Unless otherwise provided in these By-Laws, any notice which under the Scheme is required to be given to or served upon a Director, employee, Participant and correspondence to be made with a Director, employee or Participant will be deemed to be sufficiently given, served or made if it is given, served or made by hand or registered letter addressed to the Director, employee or Participant at the place of employment or address known to ATech or address. Any notice served by hand or post as aforesaid will be deemed to have been received at the time when such notice if by hand is received and duly acknowledged if by registered letter would in the ordinary course of post be delivered.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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34.3 Notwithstanding By-Law 34.2, where any notice is required to be given by ATech or the ESS Committee under these By-Laws in relation to matters which may affect all the Directors, employees or Participants, as the case may be, ATech or ESS Committee may give notice through an announcement to all employees of the Group to be made in such manner deemed appropriate by the ESS Committee. Upon the making of such an announcement, the notice to be made under By-Law 34.2 will be deemed to be sufficiently given, served or made to all affected Directors, employees, or Participants, as the case may be.

**35. SEVERABILITY**

If at any time any provision of these By-Laws is or becomes illegal, void or unenforceable in any respect, the same will be ineffective to the extent of such illegality, voidness or unenforceability without invalidating the remainder thereof, and any such illegality, voidness or unenforceability will not invalidate or render illegal, void or unenforceable any other term, condition, stipulation or provision herein contained.

**36. DELAY OF PERFORMANCE**

The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond the control of ATech or the ESS Committee.

**37. DISCLAIMER OF LIABILITY**

37.1 Notwithstanding any provisions contained herein and subject to the Companies Act, the ESS Committee and ATech, the Board (including Directors of ATech who have resigned but were on the Board during the Scheme Period) will not under any circumstances be liable for any cost, loss, expense and/or damage whatsoever incurred, arising and/or suffered by any Participant howsoever arising in the event of:-

- (a) any delay on the part of ATech or ESS Committee in allotting and issuing new ATech Shares and/or applying for or procuring the listing of the new ATech Shares on Bursa Securities and/or transferring the ESGP Shares in accordance with these By-Laws for any reason whatsoever.
- (b) any delay in crediting the new ATech Shares into the CDS Account as stated in the notice of exercise given by the Participant; and
- (c) any other matter or dealing which is outside the control of the Company.

**ANNEXURE A: BY-LAWS FOR THE ESS (Cont'd)**

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37.2 The Participant will at all times indemnify and keep ATech indemnified against all losses, damages, claims, proceedings, demands, actions, penalties and expenses whatsoever that may be made or brought against and/or suffered by ATech at any time as a result of and/or in connection with or arising from any failure on the part of the Participant to perform and/or observe the terms and conditions and stipulations of the By-Laws as from and including the Effective Date or for any act or default under or for any breach of any provision of the By-Laws by the Participant or that may be incurred suffered or sustained by ATech as a result thereof and the Participant will promptly upon a demand being made by ATech pay to ATech all amounts so paid incurred suffered or sustained by ATech.

**38. DECISION OF THE ESS COMMITTEE**

Any decision and/or determination made by the ESS Committee under these By-Laws will, in the absence of any manifest of error, be final and binding.

**39. GOVERNING LAW**

The Scheme is governed by and construed in accordance with the laws of Malaysia. The Participant, by accepting the Offer in accordance with the By-Laws and terms of the Scheme and the Constitution of ATech, irrevocably submit to the non-exclusive jurisdiction of the courts in Malaysia.

**ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH**



Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)

2 November 2021

**PRIVATE & CONFIDENTIAL**

**THE BOARD OF DIRECTORS**  
**AURELIUS TECHNOLOGIES BERHAD**  
Plot 21, Jalan Hi-Tech 4  
Industri Zone Phase 1, Kulim Hi-Tech Park  
09090 Kulim  
Kedah Darul Aman

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Dear Sirs

**CERTIFICATE OF VALUATION OF**  
**LOT NO. 4271, SECTION 39, TOWN OF KULIM**  
**DISTRICT OF KULIM, KEDAH**  
(Plot 21, Jalan Hi-Tech 4, Industrial Zone Phase 1, Kulim Hi-Tech Park,  
09090 Kulim, Kedah Darul Aman)  
**FOR SUBMISSION TO SECURITIES COMMISSION MALAYSIA ("SC")**

We thank you for your instructions to carry out a formal valuation and providing our opinion on the market value of the unexpired 60-year leasehold interest of the above-mentioned property for the purpose of the submission to the SC by Aurelius Technologies Berhad ("ATech"), the holding company of BCM Electronics Corporation Sdn Bhd in relation to the proposed initial public offering of ATech on the Main Market of Bursa Malaysia Securities Berhad ("IPO").

Having inspected the property and investigated available data related and relevant to the matter, we are pleased to report that in our opinion, the market value of the subject property as at 31 March 2021, with permission to transfer, sublet, sublease and charge, and free from all encumbrances, is **RM28,000,000/- (Ringgit Malaysia : Twenty Eight Million Only)**.

The valuation has been prepared in accordance with the requirements as set out in the Asset Valuation Guidelines issued by the SC and the Malaysian Valuation Standards issued by the Board of Valuers, Appraisers, Estate Agents and Property Managers Malaysia.

The basis of the valuation is Market Value which is defined by the Malaysian Valuation Standards to be "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion".

**ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH (Cont'd)**



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)  
Page 2

**PROPERTY IDENTIFICATION**

The property	: An industrial complex in Industrial Zone Phase 1, Kulim Hi-Tech Park
Address	: Plot 21, Jalan Hi-Tech 4, Industrial Zone Phase 1, Kulim Hi-Tech Park, 09090 Kulim, Kedah Darul Aman
Title No.	: GRN 210066
Lot No.	: 4271, Section 39, Town of Kulim, District of Kulim, Kedah
Land Area	: 40,627 square metres (437,305 sq. ft.)(10.039 acres)
Registered Owner	: Perbadanan Kemajuan Negeri Kedah – full share
Tenure	: Term in perpetuity
Leaseholder	: BCM Electronics Corporation Sdn Bhd
Leaseholder Interest	: 60-year leasehold commenced on 29 October 1996 and expiring 28 October 2056
Category of Land Use	: Industrial
Encumbrances	: The leasehold interest is charged to Malayan Banking Berhad.
Other Endorsements	: The entire land is leased to BCM Electronics Corporation Sdn Bhd for a period of 60 years, commencing from 29 October 1996 and expiring on 28 October 2056, vide Presentation Number 4924/2000, registered on 2 April 2000.
Express Condition	Tanah yang terkandung dalam hakmilik ini hendaklah digunakan sebagai bangunan untuk Tapak Industri sahaja.
Restriction In Interest	: a) Tanah yang terkandung dalam hakmilik ini boleh dipindah milik oleh Perbadanan Kemajuan Negeri Kedah kepada pembeli pertama.  b) Ditegah pindah milik selanjutnya sehingga selepas 10 tahun melainkan dengan kebenaran Majlis Mesyuarat Kerajaan.
Age of Buildings and Structures	: 21 years for Phase 1 19 years for Phase 2
Date of Valuation	: 31 March 2021

**ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH (Cont'd)**



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)

Page 3

**GENERAL DESCRIPTION**

The subject property is an industrial complex located within the Industrial Zone Phase 1 of the Kulim Hi-Tech Park, Kulim, Kedah. It is erected on Lot No. 4271, Section 39, Town of Kulim, District of Kulim, Kedah. It bears postal address No. Plot 21, Jalan Hi-Tech 4, Industrial Zone Phase 1, Kulim Hi-Tech Park, 09090 Kulim, Kedah Darul Aman.

Site

The site is almost trapezoidal in shape with a surveyed land area of 4.0627 hectares (40,627 square metres)(10.039 acres). It has a frontage of 251.252 metres (approximately 824 feet) onto Jalan Hi-Tech 4 and a depth of 173.94 metres (approximately 571 feet) along its southern boundary.

The land is generally flat and lies at about the same level as the existing frontage road except the northern portion which is lies slightly lower than the frontage road.

The boundaries are not demarcated by any form of fencing. A guard house with security automation system is installed at the main front entrance.

The internal driveways are paved with tarmac.

Car parking bays and motorcycle parking areas are provided within the compound.

Buildings and Structures

Phase 1

a) Single-Storey Production Area

The building is constructed of plastered brickwalls on a reinforced concrete framework supporting a metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil. The building has main floor area of 39,181 square feet (3,640.00 square metres).

b) Annexed Double-Storey Office Building

The building is constructed of partly plastered brickwalls and partly glass curtain walls on a reinforced concrete framework supporting a metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil. The building has gross floor area of 35,202 square feet (3,270.37 sq. metres).

c) One-and-A-Half (1½)-Storey Facility Section

This section is constructed of mainly plastered brickwalls and partly metal on a reinforced concrete framework supporting partly metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil and partly reinforced concrete flat roof. The building has gross floor area of 30,490 square feet (2,832.61 sq. metres).

d) Guard House

The guard house is erected at the main entrance from Jalan Hi-Tech 4. The building is constructed of aluminium composite panel / glass panel walls on a metal framework supporting a metal framed butterfly roof. The guard house has gross floor area of 1,283 square feet (119.20 sq. metres).

**ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH (Cont'd)**



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)

Page 4

**GENERAL DESCRIPTION (Cont'd)**

**Buildings and Structures (Cont'd)**

**Phase 2**

a) **Single-Storey Production Area**

This single-storey production area (Phase 2) is adjoining to the single-storey production area (Phase 1). It is constructed of plastered brickwalls on a reinforced concrete framework supporting a metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil. The building has main floor area of 44,184 square feet (4,104.82 sq. metres).

b) **Annexed Double-Storey Office Building**

This annexed double-storey office building (Phase 2) which is adjacent to the annexed double-storey office building (Phase 1) is constructed of partly plastered brickwalls and partly glass curtain walls on a reinforced concrete framework supporting a metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil. The building has gross floor area of 16,735 square feet (1,554.70 sq. metres).

c) **One-and-A-Half (1½)-Storey Warehouse / Utility Section**

This section is adjoining to the southern portion of the 1½-storey facility section (Phase 1). The building is constructed of plastered brickwalls on a reinforced concrete framework supporting a metal framed pitched roof covered with klip-lok roofing sheets insulated with aluminium foil. The building has gross floor area of 23,623 square feet (2,194.61 sq. metres).

d) **Covered Passageway**

The covered passageway is adjoining to the southern portion of the one-and-half (1½)-storey production area and warehouse / utility section. It is constructed of a metal framework supporting a metal truss roof covered with klip-lok roofing sheets. The structure has ancillary floor area of 4,313 square feet (400.70 square metres).

e) **Motorcycle Shed**

The structure is constructed of a metal framework supporting a metal truss roof covered with klip-lok roofing sheets. The structure has ancillary floor area of 784 square feet (72.80 square metres).

**ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH (Cont'd)**



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)  
Page 5

**REPAIRS AND MAINTENANCE**

The buildings and structures under Phase 1 were built in 1999 while those under Phase 2 were built in 2002.

At the time of our inspection, the buildings were generally in a good state of repair and maintenance. No recent significant refurbishment or renovation were done on the buildings and structures.

The subject buildings and structures have been constructed and completed according to Approved Building Plans and the corresponding Certificates of Fitness for Occupation (CFO) have been issued by the Local Authority Kulim Hi-Tech Industrial Park (PBT TPHTK) with the details as follows:-

	Buildings	
	Phase 1	Phase 2 (Extension)
Approved Plans Ref. No.	PBT/T/25/22-98	PBT/T/25/22-98(1)
Dated	3 October 1999	30 September 2001
CFO No.	0019	0034
Dated	31 May 2000	31 October 2002

The age of the subject buildings and structures are approximately 21 years for Phase 1 and 19 years for Phase 2. There were no breaches of relevant laws, rules and regulations noted on the subject property.

**EXISTING USE / OCCUPATION**

At the time of our inspection, the subject property was occupied by the registered leaseholder, BCM Electronics Corporation Sdn Bhd, as industrial complex in the manufacturing of electronics parts and products including printed circuit board assemblies (PCBA), subassemblies and finished electronics products such as two-way radio, internet of things devices and telematics instrumentation.

**METHOD OF VALUATION**

The subject property is valued using the Cost Approach as the primary approach and the Income Approach (Investment Method) is used as a cross check.

**VALUE CONSIDERATION**

a. Cost Approach

The Cost Approach of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property.

The land is valued by reference to transactions of similar lands in the surrounding with adjustments made for differences in size, accessibility, frontage, site improvement, tenure if any and other relevant characteristics. The buildings are valued by reference to their depreciated replacement costs, i.e. the replacement cost new less an appropriate adjustment for depreciation or obsolescence to reflect the existing condition of the buildings at the date of valuation. The land and building values are then summated to arrive at the market value of the subject property.

Land Value

In arriving at the market value of the subject property, several recent transactions of comparable industrial lands have been considered.



**ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH (Cont'd)**



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)  
Page 6

**VALUE CONSIDERATION (Cont'd)**

a) Cost Approach (Cont'd)

Land Value (Cont'd)

Adjustment – For the subject property

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Source	Lease Agreement	Valuation and Property Services Department (JPPH) and Lease Agreement	Valuation and Property Services Department (JPPH) and Lease Agreement	Lease Agreement
Scheme	Kulim Hi-Tech Park Phase 4	Kulim Hi-Tech Park Phase 4	Kulim Hi-Tech Park Phase 4	Kulim Hi-Tech Park Phase 3
Lot No.	PT 4065	PT 4079, PT 4058 and PT 4059	PT 4066	70875
Section / Town	Section 11, Town of Lunas	Section 11, Town of Lunas	Section 11, Town of Lunas	Section 39, Town of Kulim
District	Kulim	Kulim	Kulim	Kulim
State	Kedah	Kedah	Kedah	Kedah
Location	Along Butterworth-Kulim Expressway, Kulim Hi-Tech Park Phase 4	Along Jalan Hi-Tech 16 and Lebuhraya Perdana, Kulim Hi-Tech Park Phase 4	Along Butterworth-Kulim Expressway, Lebuhraya Perdana and Lorong Hi-Tech 14, Kulim Hi-Tech Park Phase 4	Along Jalan Hi-Tech 14, Kulim Hi-Tech Park Phase 3
Land Area (square metres)	118,700.00 square metres (1,277,676 square feet / 29.331 acres)	319,329.66 square metres (3,437,236 square feet / 78.908 acres)	79,070.00 square metres (851,102 square feet / 19.539 acres)	29,400.00 square metres (316,459 square feet / 7.265 acres)
Type	A parcel of vacant industrial land	A parcel of vacant industrial land	A parcel of vacant industrial land	A parcel of vacant industrial land
Tenure	60-year leasehold expiring 31 August 2080	60-year leasehold expiring 20 November 2079	60-year leasehold expiring 20 December 2078	60-year leasehold expiring 17 April 2078
Date of Transaction	1 September 2020	22 October 2019	21 December 2018	18 April 2018
Vendor	Kulim Technology Park Corporation Sdn Bhd	Kulim Technology Park Corporation Sdn Bhd	Kulim Technology Park Corporation Sdn Bhd	Kulim Technology Park Corporation Sdn Bhd
Purchaser	Aspen Glove Sdn Bhd	Jinjing Technology Malaysia Sdn Bhd	Everbest Biotech Sdn Bhd	Aicello Malaysia Sdn Bhd
Consideration	RM51,107,040/-	RM88,000,000/-	RM26,810,243.46	RM10,285,000/-
Analysed Land Value	RM40.00 per square foot (RM430.56 per square metre)	RM25.60 per square foot (RM275.58 per square metre)	RM31.50 per square foot (RM339.07 per square metre)	RM32.50 per square foot (RM349.83 per square metre)
Consideration after adjustment of staggered payment	RM46,679,699.39	-	RM26,672,076.83	-
Analysed land price (after adjustment for staggered payment)	RM36.53 per square foot (RM393.26 per square metre)	-	RM31.34 per square foot (RM337.32 per square metre)	-

**ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH (Cont'd)**



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)

Page 7

VALUE CONSIDERATION (Cont'd)

a) Cost Approach (Cont'd)

Land Value (Cont'd)

Adjustment – For the subject property (Cont'd)

Details	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Adjustments	Size, site improvement, location - accessibility / visibility, frontage and tenure	Size, site improvement, location - accessibility / visibility, frontage and tenure	Size, site improvement, location - accessibility / visibility, frontage and tenure	Site improvement and tenure
Adjusted Land Value	RM22.65 per square foot (RM243.82 per square metre)	RM21.63 per square foot (RM232.86 per square metre)	RM18.65 per square foot (RM200.71 per square metre)	RM26.65 per square foot (RM286.86 per square metre)

From the above analysis, the adjusted land values range from RM18.65 per square foot (RM200.71 per square metre) to RM26.65 per square foot (RM286.86 per square metre) among the comparables.

Having regard to the foregoing, we have adopted Comparable 1 as the best comparable as it is the latest transaction.

The adopted land value is rounded down to RM22.50 per square foot (RM242.19 per square metre).

The land value of the subject property based on RM22.50 per square foot is derived at RM9,839,362/-, say RM10,000,000/-.

Building Value

The building values are derived based on our analysis of construction cost during our previous valuation of other comparable industrial properties and from our research as well as referring to the Juru Ukur Bahan Malaysia (JUBM) and Arcadis Construction Cost Handbook Malaysia 2020 published by Arcadis (Malaysia) Sdn Bhd as a guide.

The building values adopted for the subject buildings are as follows:-

Phase	Description	Building Value	
		Main Floor Area (RM per square foot)	Ancillary Floor Area (RM per square foot)
Phase 1	Single-storey Factory and Annexed Double-Storey Office Building	RM165	RM85
	1.5-storey Facility Section	RM165	RM85
	Guard House	RM100	RM50
Phase 2	Single-storey Factory and Annexed Double-Storey Office Building	RM165 & RM85 (AHU platform)	RM85
	1.5-storey Warehouse / Utility Section	RM165	RM85
	Motorcycle Shed	-	RM85
	Covered Passageway	-	RM85

Depreciation

We have adopted a depreciation rate at 40%.

**ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH (Cont'd)**



C H Williams Talhar & Wong Sdn Bhd (18149-U)

Our Ref: WTW/03/V/002186/20/PEH/cpk(luq)  
Page 8

VALUE CONSIDERATION (Cont'd)

a) Cost Approach (Cont'd)

The market value of the subject property based on Cost Approach is summarised as follows:-

Description	Market Value
Land Value	RM10,000,000/-
Depreciated Building Value	RM18,000,000/-
Market Value	RM28,000,000/-

Hence, the market value of the subject property derived from Cost Approach is RM28,000,000/-.

b) Income Approach (Investment Method)

This method entails determining the net annual income by deducting the annual outgoings from the gross annual income and capitalising the net income by a suitable rate of return consistent with the type and quality of investment to arrive at the market value.

Summary of Parameters Adopted in Valuation

The parameters adopted in the Income Approach (Investment Method) for the subject property are as follows:-

Description	Parameters	Remarks
Gross Market Rental	RM1.16 per square foot per month on the lettable area of the aforementioned buildings and structures	Considered the concluded / realised rentals of industrial buildings within the surroundings with adjustments made on location – general & accessibility / visibility, size, building specifications, facilities / amenities provided within industrial park, to arrive at the prevailing market rental.
	RM0.25 per square foot per month on the aforementioned vacant land	Considered the concluded / realised rental and asking rentals of vacant industrial lands within the surroundings with adjustments made on location – general & accessibility / visibility, facilities / amenities provided within industrial park and discount due to negotiation on asking rental, to arrive at the prevailing market rental.
Outgoings	RM0.10 per square foot per month on the lettable area of the aforementioned subject buildings and structures which have been issued with Certificates of Fitness for Occupation (CFO)	Considered the current actual outgoings of the quit rent, assessment and insurance premium (for the subject buildings and structures and their building services) and the estimated capital expenditure for structural repair and maintenance.
Void	5.00%	We have adopted the void for rent-free period and risk of vacancy and uncertainty.
Capitalisation Rate (with dual rate)	7.00% and 4.00%	Based on the analysis of recently rented industrial complexes within Penang with adjustments made on location and tenure, the adjusted net yields range from 5.66% to 9.03%. The average of the adjusted net yields is 7.01%. As such, we have adopted the net yield at 7.00% and 4.00% (dual rate).

**ANNEXURE B: CERTIFICATE OF VALUATION OF AN INDUSTRIAL COMPLEX OCCUPIED BY BCM ELECTRONICS LOCATED AT PLOT 21, JALAN HI-TECH 4, INDUSTRIAL ZONE PHASE 1, KULIM HI-TECH PARK, 09090 KULIM, KEDAH (Cont'd)**

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Our Ref: WTW/03/V/002186/20/PEH/cpk(lua)

Page 9

VALUE CONSIDERATION (Cont'd)

b) Income Approach (Investment Method) (Cont'd)

The market value of the subject property derived from the Income Approach (Investment Method) is RM29,272,429/-, say RM29,300,000/-.

RECONCILIATION OF VALUE

The market value for the subject property derived from Cost Approach and Income Approach (Investment Method) are as follows:-

Cost Approach	RM28,000,000/-
Income Approach (Investment Method)	RM29,300,000/-

We have adopted the market value derived from Cost Approach as a fair presentation of the market value of the subject property in view that there are sufficient transactions of comparable vacant industrial lands within the subject scheme of Kulim Hi-Tech Park for analysis and adjustments as well as availability of data on building construction cost to refer to as a guide, in order to reflect the market value of the subject property.

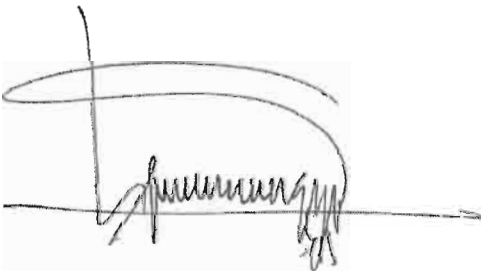
On the other hand, the Income Approach (Investment Method) is more aptly for the fair presentation of the market value for investment properties, comprising commercial and income generating properties such as purpose-built office buildings, shopping malls, public warehouses, etc.

The subject buildings and structures have been constructed to suit the specific requirement of its manufacturing / industrial activities, and not for the purpose of generating revenue from renting out the premises. As such, for a fair presentation of the market value of the subject property, the Cost Approach is the better method than the Income Approach (Investment Method).

VALUATION

Taking into consideration the above factors, we therefore assess the market value of the subject property as at 31 March 2021, with permission to transfer, sublet, sublease and charge, and free from all encumbrances, at RM28,000,000/- (Ringgit Malaysia : Twenty Eight Million Only).

Yours faithfully  
for and on behalf of  
C H Williams Talhar & Wong Sdn Bhd



Sr PEH SENG YEE  
MBA, B. Surv (Hons) Prop. Mgt., MRICS, FRISM, MPEPS, MMIPFM  
Chartered Surveyor, Registered Valuer (V-527)