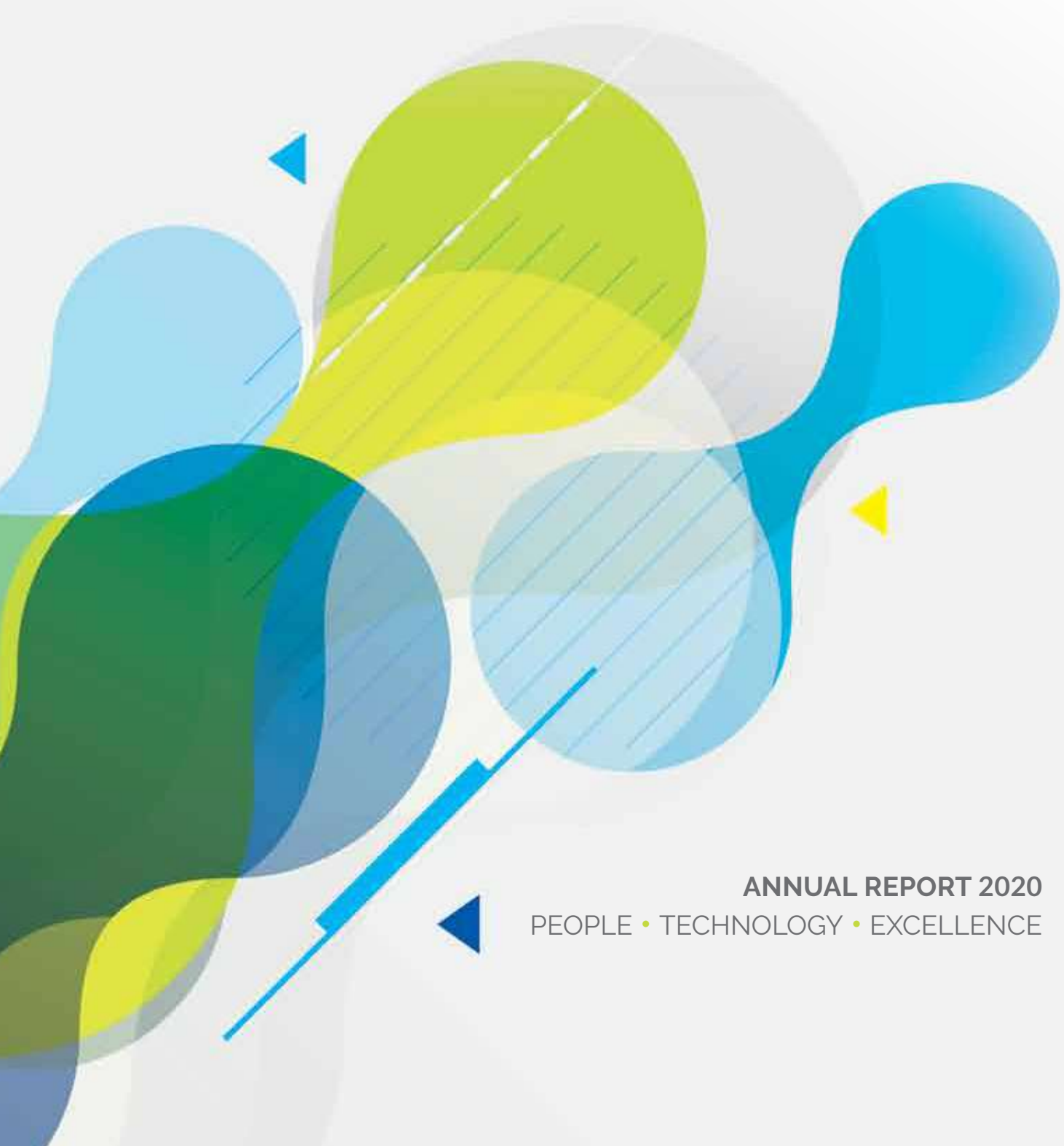




BCM ALLIANCE BERHAD
201501009903 (1135238-U)



ANNUAL REPORT 2020

PEOPLE • TECHNOLOGY • EXCELLENCE

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CORPORATE INFORMATION



BOARD OF DIRECTORS

Datuk Chin Goo Chai

Independent Non-Executive Chairman

Liaw Chong Lin

Managing Director

Hoo Swee Guan

Executive Director
(appointed on 4 January 2021)

Ho Kee Wee

Executive Director
(appointed on 4 January 2021)

Yap Kim Choy

Independent Non-Executive Director
(appointed on 4 January 2021)

Khor Ben Jin

Independent Non-Executive Director
(appointed on 8 January 2021)

Datin Latiffah Binti Endot

Independent Non-Executive Director

Ng Kok Wah

Independent Non-Executive Director

AUDIT COMMITTEE

Ng Kok Wah

Chairman

Independent Non-Executive Director
(Member of Malaysian Institute of Accountants)

Datuk Chin Goo Chai

Member

Independent Non-Executive Chairman

Datin Latiffah Binti Endot

Member

Independent Non-Executive Director

Yap Kim Choy

Member

Independent Non-Executive Director
(appointed on 8 January 2021)

Datin Latiffah Binti Endot

Member

Independent Non-Executive Director

Ng Kok Wah

Member

Independent Non-Executive Director

Yap Kim Choy

Member

Independent Non-Executive Director
(appointed on 8 January 2021)

RISK MANAGEMENT COMMITTEE

Datin Latiffah Binti Endot

Chairperson

Independent Non-Executive Director

Ng Kok Wah

Member

Independent Non-Executive Director

Hoo Swee Guan

Member

Executive Director
(appointed on 8 January 2021)

Ho Kee Wee

Member

Executive Director
(appointed on 8 January 2021)

COMPANY SECRETARIES

Tan Tong Lang

(MAICSA 7045482 / SSM PC No. 201908002253)

Thien Lee Mee

(LS0009760 / SSM PC No. 201908002254)

REGISTERED OFFICE

Level 5, Block B,
Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam,
Selangor.
Tel no. : 03-7890 0638
Fax no.: 03-7890 1032

HEAD OFFICE

No. 73-2, Jalan Equine 10,
Taman Equine,
43300 Seri Kembangan,
Selangor.
Tel. No.: 03- 8953 0031
Fax No.: 03- 8957 0936

AUDITORS

Messrs UHY (AF 1411)
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur.
Tel : 03 – 2279 3088
Fax : 03 – 2279 3099

PRINCIPAL BANKER

Alliance Bank Malaysia Berhad

SHARE REGISTRAR

Boardroom.com Sdn. Bhd.
Level 5, Block B,
Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam,
Selangor.
Tel no. : 03-7890 0638
Fax no.: 03-7890 1032

STOCK EXCHANGE LISTING

ACE Market of
Bursa Malaysia Securities Berhad
("Bursa Securities")
Stock Name : BCMALL
Stock Code : 0187

WEBSITE

www.bcmalliance.com.my

INVESTOR RELATIONS

Email : ir@bcmalliance.com.my
Tel no : 03- 8993 9139

REMUNERATION COMMITTEE

Datin Latiffah Binti Endot

Chairperson

Independent Non-Executive Director

Datuk Chin Goo Chai

Member

Independent Non-Executive Chairman

Yap Kim Choy

Member

Independent Non-Executive Director
(appointed on 8 January 2021)

Hoo Swee Guan

Member

Executive Director
(appointed on 8 January 2021)

Ho Kee Wee

Member

Executive Director
(appointed on 8 January 2021)

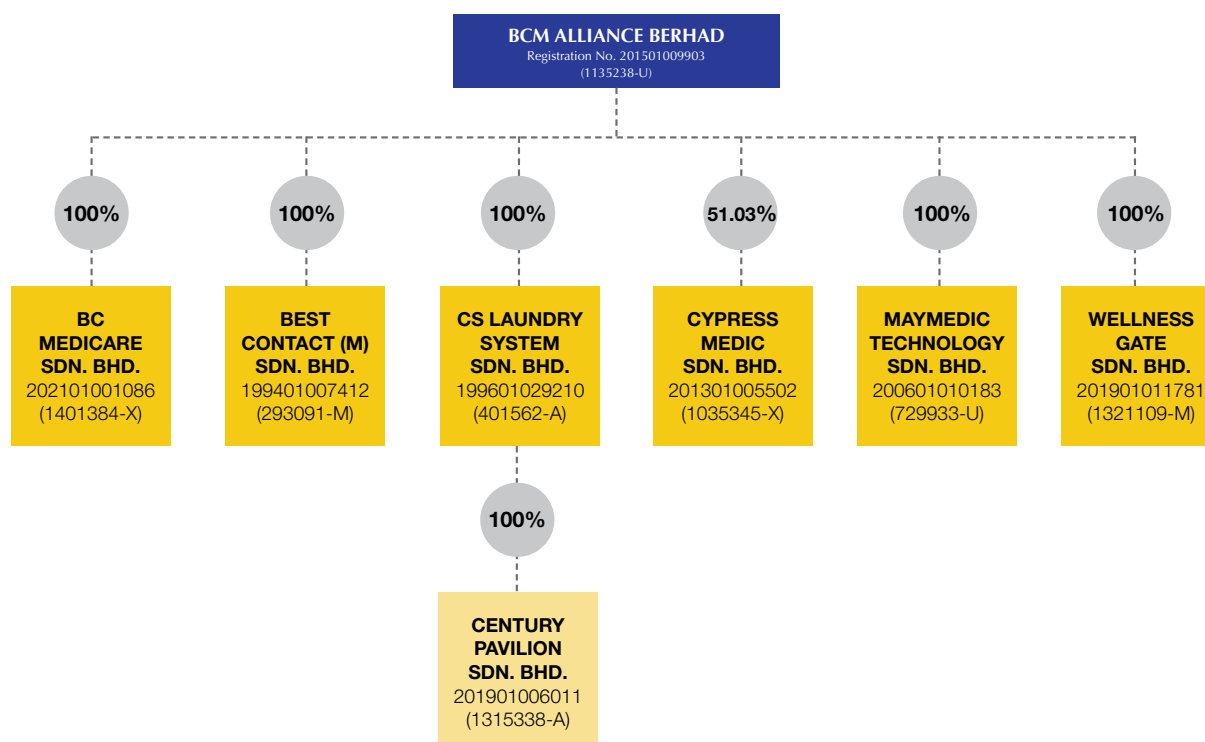
NOMINATION COMMITTEE

Datuk Chin Goo Chai

Chairman

Independent Non-Executive Chairman

CORPORATE STRUCTURE



BCM Alliance Berhad (“BCM” or “the Company”) has marked its reputable presence in the industry after over decades of experience, supported by an established business track record. From its humble beginnings as maintenance service provider for various types of electrical equipment in 2015, BCM has today successfully evolved into a diversified entity with footprint in three major distribution businesses namely:-

Commercial laundry equipment; Medical devices; and Healthcare products and clinical devices.

Through its wholly-owned subsidiary of CS Laundry System Sdn. Bhd. (“CS Laundry”), the Company offers services related to the supply, testing, installation and commissioning of commercial laundry equipment across Malaysia. Meanwhile, BCM is also involved in the supply, testing, installation and commissioning of medical devices via its two wholly-owned entities namely, Best Contact (M) Sdn. Bhd. (“Best Contact”) and Maymedic Technology Sdn. Bhd. (“Maymedic”).

In a bid to further diversify and future-proof its business, BCM ventured into the distribution of healthcare products and clinical devices following the acquisition of 51.03% of Cypress Medic Sdn. Bhd. (“Cypress”), effective from 9 February 2018.

In 2019, BCM also incorporated Wellness Gate Sdn. Bhd. (“Wellness Gate”) - a wholly-owned subsidiary of BCM. The incorporation is mainly to facilitate the expansion of new business activities of BCM and its subsidiaries (collectively, the Group). Besides that, CS Laundry acquired 100% equity interest of Century Pavilion Sdn. Bhd. (“Century Pavilion”) to allow the Group to expand its future service offerings to include the provision of laundry services. As a result, Century Pavilion has become an indirect wholly-owned subsidiary of the BCM.

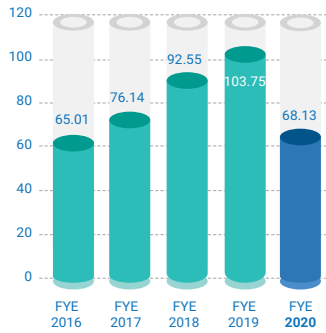
In 2021, through its wholly-owned subsidiary of BC Medicare Sdn Bhd, the Group also inked an agreement to supply a total of 10 million COVID-19 RTK Antigen kits to MTPS Innotech (Thailand) Co Ltd (MTPS), which will be shipped in branches and exported to Thailand over a period of one year.

Moving forward, BCM continues to be supported by its competitive strengths, which are backed by an established track record that spans over 40 years. Its team of experienced key management personnel and skilled employees continually ensures that the Group remains resilient and adopts the best business strategies amid any arising challenges in the operating environment.

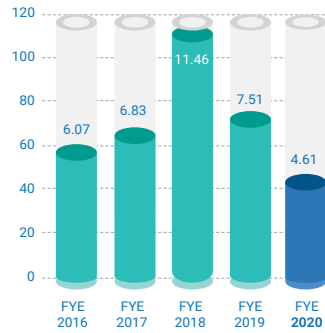
FINANCIAL HIGHLIGHTS



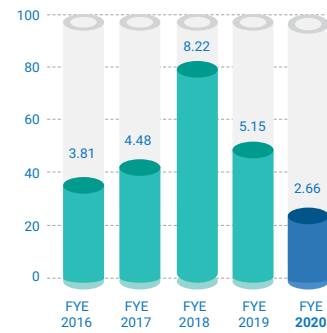
REVENUE (RM mil)



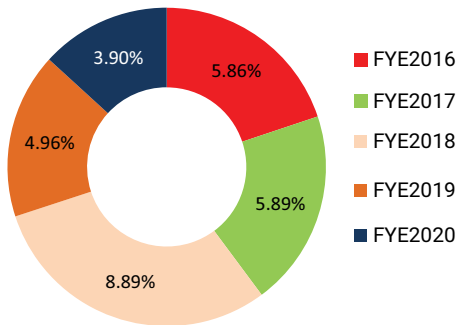
PROFIT BEFORE TAX (RM mil)



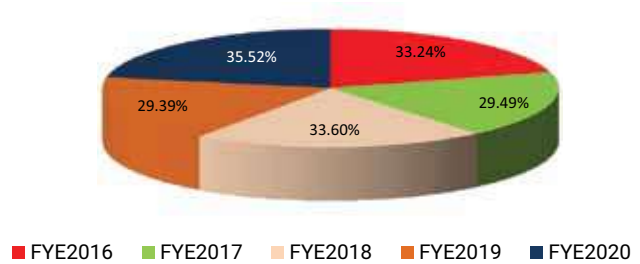
PROFIT AFTER TAX ATTRIBUTABLE TO OWNERS OF THE PARENT (RM mil)



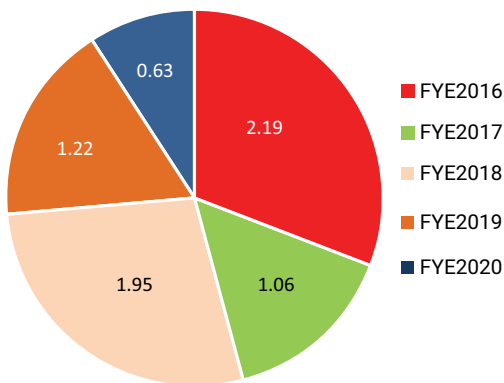
MARGIN OF THE PROFIT AFTER TAX ATTRIBUTABLE TO OWNERS OF THE PARENT (%)



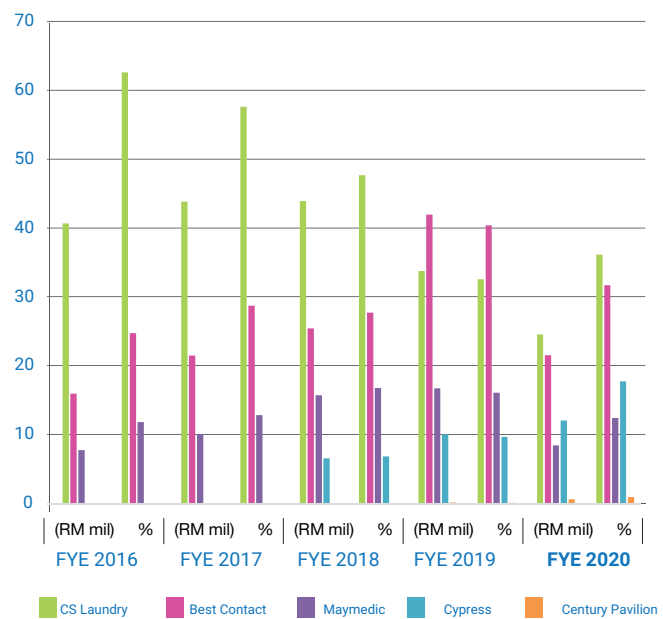
GROSS PROFIT MARGIN (%)



BASIC EARNING PER SHARE (sen)



REVENUE BY SUBSIDIARIES (RM mil / %)



DIRECTORS' PROFILE

DATUK CHIN GOO CHAI

67 years of age, Malaysian, Male
 Independent Non-Executive Chairman
 Chairman of Nomination Committee
 Member of Audit Committee and Remuneration Committee

Datuk Chin Goo Chai was appointed to the Board on 2 November 2015 as Independent Non-Executive Chairman. He has more than thirty (30) years of working experience in the area of hospital facility engineering and project, financial and personnel management, which he has accumulated during his years of service with the Ministry of Health.

He graduated in 1978 with a bachelor's degree in Engineering (Mechanical) from University Teknologi Malaysia. Upon his graduation, he joined the Malaysian public service as a Mechanical Engineer at the Ipoh General Hospital, Perak in 1978. In 1984, he was promoted as a Senior Mechanical Engineer and was then transferred to the Engineering Services Division of the Ministry of Health. In 1990, he was posted to Hospital Sultanah Aminah Hospital, Johor Bahru, as its Chief Engineer. In 1991, he returned to the Engineering Services Division of the Ministry of Health as its Chief Mechanical Engineer and was subsequently promoted as its Principal Assistant Director (1995), Deputy Director (2002) and Director of Engineering Services of the Ministry of Health in 2007. In November 2014, he retired from the Malaysian public service.

Throughout his tenure with the Ministry of Health, he has accumulated vast experience relating to hospital project, facility, financial and personnel management which include construction of new hospitals, clinics and healthcare facility upgrading projects, maintenance of hospital facilities and equipment as well as the implementation and maintenance of ISO 9000:2008 quality assurance system for engineering services. He was also serving as member of various government councils including being a member of the National Measurement Council in 2011 to 2012.

He is not a Director in any other public company and listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) with the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.



DIRECTORS’ PROFILE (CONT’D)

LIAW CHONG LIN

59 years of age, Malaysian, Male
Managing Director

Liaw Chong Lin was appointed to the Board on 2 November 2015 as Managing Director. He is responsible for charting the overall strategic direction and management of our Group. He is also the business unit head of Best Contact and is responsible for overseeing its day-to-day operations. He has more than thirty (30) years of working experience in the medical devices business segment.

In 1983, Liaw Chong Lin obtained a Diploma in Electrical and Electronic Engineering from Jaya Institution of Technology, Kuala Lumpur. He started his career in 1984 as a Service Technician in Antah Sri Radin Sdn. Bhd., where he was involved in the maintenance of medical imaging equipment including X-Ray, fluoroscopy and angiography systems. He was also involved in the installation of various machinery and equipment such as freezers, ice-cream machines and safety boxes at 7-11 convenience stores across Peninsular Malaysia. He then left Antah Sri Radin Sdn. Bhd. in July 1988. Between 1988 to 1990, he was attached to Convenience Shopping Sdn. Bhd. as a Service Supervisor where he was responsible for the supervision of contractors in the setting up of new 7-11 convenience stores and maintenance of related equipment in the 7-11 convenience stores. In January 1990, he left Convenience Shopping Sdn. Bhd. and joined Smitech (M) Sdn. Bhd. as a Service Engineer where he was involved in the installation and maintenance of medical devices (such as diagnostic imaging equipment, sterilisers, surgical lights and tables) of various brands of medical devices, such as Hitachi, Amsco, Varian, Bennett and Soredex. Subsequently in 1994, he was promoted as its Service Manager where he was responsible for leading a team in carrying out installation and maintenance work and was given additional responsibilities in undertaking project planning, tendering and overseeing the sales processes for various projects.

In March 1998, he left the company and joined Hitachi Medical System (S) Pte Ltd as its Project and Service Manager, where he was responsible for the project planning and has led a project team for the installation and maintenance of Hitachi brand of diagnostic imaging equipment in Malaysia. In 2000, he was promoted as its Country Manager, handling Hitachi Medical System (S) Pte Ltd’s operations, sales and services in Malaysia. He then left Hitachi Medical System (S) Pte Ltd in March 2004 and took a career break from March 2004 to October 2004 before joining Best Contact in November 2004 as the Executive Director to spearhead the medical devices business segment.

He is not a Director in any other public company and listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) with the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

HOO SWEE GUAN

39 years of age, Malaysian, Male
Executive Director
Member of Remuneration Committee and Risk
Management Committee

Hoo Swee Guan was appointed to the Board on 4 January 2021 as Executive Director. He obtained his Master of Business Administration (MBA) from Victoria University, Australia. He has more than 12 years experiences in accounting and finance across industries including audit and advisory firm, steel and hardware industry, services and retails industry, property development industry, freight and logistic industry, food and beverage industry and manufacturing industry.

His vast experiences well-equipped himself to render the services to multi-national companies such as Johor Corporation Berhad, Perbadanan Kemajuan Negeri Selangor (“PKNS”), CPA Australia (Malaysia) Sdn. Bhd., Panasonic Manufacturing Malaysia Berhad and lots of public listed companies listed in Bursa Securities Malaysia Berhad.

He also involved in business advisory division during his tenure with an audit and advisory firm to turn around few public listed companies as well as few private limited companies. His expertise in taxation, business development and strategic planning, sales and marketing, merger and acquisition, as well as solvency contributed to his success pathway along with his partners.

Currently, he is an Independent Non-Executive Director of PDZ Holdings Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) with the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE (CONT'D)

HO KEE WEE

37 years of age, Malaysian, Male
Executive Director
Member of Remuneration Committee and Risk
Management Committee

Ho Kee Wee was appointed to the Board on 4 January 2021 as Executive Director. He obtained his bachelor's degree of Information Technology from Edinburgh Napier University in year 2004.

He has vast experiences in Property Development industry for the past 15 years. He started his career in an established real estate company and managed to achieve top performer and soon be given the opportunity to lead the sales team.

He then was also appointed as Sales Department Head over seeing the Sales & Marketing Department since year 2014. Under his supervision, he has been involved in multiple projects worth more than RM300 million Gross Development Value ("GDV").

Currently, he acts as the Sales & Marketing Director in a subsidiary of a public listed company. He chairs the sales and marketing division which carries the developments across Malaysia with a GDV of approximately RM1 billion. He is also involving in strategic planning, product branding, project management, costing, human resource management and sales and marketing. He is currently sits on the Board of few private companies.

He is not a Director in any other public company and listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) with the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

YAP KIM CHOY

38 years of age, Malaysian, Male
Independent Non-Executive Director
Member of Audit Committee, Remuneration
Committee and Nomination Committee

Yap Kim Choy was appointed to the Board on 4 January 2021 as Independent Non-Executive Director. He has over 12 years of experience in the Property Development Industry. He started his career in a public listed developer in Malaysia. During his stint with the public listed developer, he chaired the Business Development division for a mixed development in Johor with a GDV of RM1.5 billion.

He marks his footprints across the industry with the involvement in property development projects in Klang Valley. He was involved in numerous renowned residential development projects accumulated exceeding a GDV of RM15.4 billion. He successfully built star performing teams that are involved in strategic planning, mapping, branding and connecting the teams with the chain across the domestic as well as international real estate players, agencies, consultants and suppliers.

With the vast experience he accumulated throughout the years within the property development industry, he has established himself as a leader with the reputation of probity and competence. He is currently sits on the Board of few private companies.

He is not a Director in any other public company and listed issuer in Malaysia. He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) with the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE (CONT'D)

KHOR BEN JIN

46 years of age, Malaysian, Male
Independent Non-Executive Director

Khor Ben Jin was appointed to the Board on 8 January 2021 as Independent Non-Executive Director.

He is a Certified Internal Auditor and has special focus in internal audit consulting services, risk management exercises and corporate governance review with public listed companies involved in both industrial and consumer products manufacturing, integrated livestock farming activities, property development and construction and trading services. He was a Manager of one of the big 4 accounting firms. He also had 3 years' experience in external audit at another international accounting firm.

He has been trained in Internal Audit methodologies which enabled him to identify risks and establish an internal control structure which covers the roles and functions and scope of work to assist the Audit Committees and Board of numerous public listed companies to discharge their responsibilities in relation to ensuring good systems of internal controls.

Some of his project experiences include:

- Quality Assurance Review for an in-house internal audit function of a major public listed telecommunication company
- Secondment to one of the largest Malaysian general insurers, a public listed company to perform internal audit/lookback review on Know Your Customer ("KYC") procedures (i.e. Customer due diligence and transaction monitoring system), underwriting and general insurance claims procedures
- FRS accounting standard review for a public listed company
- Financial due diligence review in the acquisition exercise of business entities

Currently, he is an Independent Non-Executive Director of AHB Holdings Berhad and ARB Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) with the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE (CONT'D)

DATIN LATIFFAH BINTI ENDOT

71 years of age, Malaysian, Female
Independent Non-Executive Director
Chairperson of Remuneration Committee and Risk
Management Committee
Member of Audit Committee and Nomination
Committee

Datin Latiffah Binti Endot was appointed to the Board on 2 November 2015 as Independent Non-Executive Director. She has more than thirty (30) years of working experience in various areas such as procurement, human resources management, hospital management as well as policy and development sectors in which she accumulated during her service in different departments and ministries within the Malaysian public service.

She graduated in 1973 with a Bachelor of Arts (Anthropology and Sociology) from the University of Malaya, Kuala Lumpur. She began her career in 1974 as an Administrative and Diplomatic Service Officer in the procurement and administrator division of the Ministry of Defence, Malaysia where she was responsible for the procurement of all types of rations that were required by the Malaysian Armed Forces. In 1980, she joined the Ministry of Works, Malaysia as a Senior Officer in the Contract and Bumiputera Division, where she was responsible for the development of Class D, E and F contractors as well as the development of Bumiputera contractors. Between 1982 to July 1983, she took a career and sabbatical break from the Malaysian public service. She returned to the Malaysian public service in 1983 where she became the Senior Officer of the Services Division (Human Resources) in the Ministry of Health, where she was responsible for its human resources (except for doctors and paramedics) related matters which include amongst other, the training programmes for healthcare officers and staffs and their welfare rights and benefits.

In 1989, she was posted to the Contracts Division of the Ministry of Finance, Malaysia and was responsible for the registration of Bumiputera companies participating in Government contracts. In November 1991, she left the Ministry of Finance, Malaysia and joined University Malaya Medical Centre as its Deputy Director of Administration where she was responsible for managing the non-clinical aspects of the hospital which includes amongst other, training programmes for its staff, implementation of its ISO quality system and staff welfare system.

In April 2006, she retired as the Deputy Director of Administration, University Malaya Medical Centre. Since her retirement, she has been actively involved as a volunteer with the Malaysian Information Network on Disabilities (also known as BAKTI-MIND Project), an organisation established to promote the use of information and communication technology related to healthcare, rehabilitation, education, employment, adaptive technologies and equipment, government and non-government assistance to persons with disabilities.

She is not a Director in any other public company and listed issuer in Malaysia. She does not have any family relationship with any Director and/or major shareholder of the Company, nor does she have any conflict of interest with the Company. She has not been convicted of any offences (other than traffic offences, if any) with the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

DIRECTORS' PROFILE (CONT'D)



NG KOK WAH

43 years of age, Malaysian, Male
Independent Non-Executive Director
Chairman of Audit Committee
Member of Nomination Committee and Risk
Management Committee

Ng Kok Wah was appointed to the Board on 2 November 2015 as Independent Non-Executive Director.

He is an Accountant by profession, a fellow member of the Association of Chartered Certified Accountants (ACCA), United Kingdom and a member of Malaysian Institute of Accountants (MIA).

He started his career with a small accounting firm since year 1998 followed by an international medium accounting firm, Morison Anuarul Azizan Chew & Co. Handling various audit and non-audit assignments for both listed and non-listed companies involved in a wide range of business activities include financial institutions like bank and insurance company.

He is also an Independent Non-Executive Director of Multi-Usage Holdings Berhad, Ageson Berhad and Bright Packaging Industry Berhad.

He does not have any family relationship with any Director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences (other than traffic offences, if any) with the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILES OF KEY SENIOR MANAGEMENT

LIM JIT WEI

61 years of age, Malaysian, Male
Managing Director of CS Laundry

Lim Jit Wei, a Malaysian aged 61, is business unit head of CS Laundry, where he is responsible for overseeing the day-to-day operations of CS Laundry. He has more than twenty-five (25) years of experience in the commercial laundry equipment business segment.

After completing his secondary school education at Sekolah Menengah Jenis Kebangsaan Jinjang, Kuala Lumpur in 1976, he took on various odd jobs before joining Perkhidmatan Megah Sdn. Bhd. in 1980 as a Contract Site Supervisor. He was tasked with supervising the installation of fire-fighting systems at business premises. At the end of 1988, he left Perkhidmatan Megah Sdn. Bhd. to join I.E. Candid Sdn. Bhd., which was principally involved in the trading and installation of industrial kitchen and laundry equipment. He has held various positions at I.E. Candid Sdn. Bhd., including as its Senior Technician (1988 to 1991), Technical Supervisor (1991 to 1994) and Sales and Technical Design Executive (1994 to 1998). He was involved in the sales and maintenance of various commercial laundry equipment and its laundry systems (such as water inlet, drainage pipe and electrical supply box) during his working tenure at I.E. Candid Sdn. Bhd.

He left I.E. Candid Sdn. Bhd. at the end of 1998 and became a shareholder of CS Laundry in December 1998.

He is not a Director in any other public company and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

CHUNG ENG LAM

56 years of age, Malaysian, Male
Managing Director of Maymedic

Chung Eng Lam, a Malaysian aged 56, is the business unit head for Maymedic and is responsible for overseeing the day-to-day running of the operations of Maymedic. He has approximately thirty (30) years of working experience in the area of the supply of disinfection, sterilisation and surgical room equipment products as well as its related repair and maintenance services.

He obtained a Certificate in Technology (Mechanical and Automotive Engineering) from Kolej Tunku Abdul Rahman, Kuala Lumpur in 1986. He started his career in 1986 as a Technician in Syarikat Sunto Trading, where he was involved in maintaining and installing medical devices, as well as servicing mechanical and electrical components of other hospital related equipment. He was also responsible for the design of stainless-steel furniture used in the sterile department and the mortuary department of various hospitals which included Hospital Ampang, Hospital Serdang and Hospital Putrajaya, amongst others. In 1996, he was promoted as its Technical Manager. In 1998, he became a shareholder of CS Laundry. In 2006, he co-founded Maymedic. He plays an instrumental role in spearheading the business expansion of Maymedic.

He is not a Director in any other public company and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.



PROFILES OF KEY SENIOR MANAGEMENT (CONT'D)

HEW CHUN SHUN

48 years of age, Malaysian, Male
Group Finance Director

Hew Chun Shun, a Malaysian aged 48, he is responsible for overseeing the day-to-day operations of the Group's finance, administrative and human resources functions. He has more than twenty (20) years of experience in the commercial laundry equipment and medical devices business segment.

In 1995, he obtained a Diploma in Electrical and Electronic Engineering from Institute Megatech, Kuala Lumpur and the Master of Business Administration from the University of Southern Queensland, Australia in 2008.

He began his career in 1995 as a Technician in GMS Technology Sdn. Bhd. He subsequently left GMS Technology Sdn. Bhd. during the fourth quarter of 1996 and joined Syarikat Sunto Trading as a Technician in 1996, where he was involved in the service and maintenance of sterilising equipment. In 1999, he joined Amirdic Sdn. Bhd. as its Project Manager (a position he has relinquished in 2008), where he was responsible for the management of hospital mortuary projects undertaken by the company. He was also involved in the supply and distribution of mortuary and laundry equipment projects. In these projects, his roles included drafting the layout plan, handling and monitoring the progress of site works, testing and commissioning, equipment procurement and costing.

He was a Director in Amirdic Sdn. Bhd. since 1999 and with the relinquishment of his position as its Project Manager in 2008, he has since been re-designated as a Non-Executive Director in Amirdic Sdn. Bhd.

In 1998, he co-founded CS Laundry.

He is not a Director in any other public company and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILES OF KEY SENIOR MANAGEMENT (CONT'D)

LAW SOO CHIN

57 years of age, Malaysian, Male
Managing Director of Cypress

Law Soo Chin, is one of the founders and Managing Director of Cypress since 20 February 2013. He was directly involved in the new business set up and oversees the activities of the company and responsible for the management of the entity's resources as well as formulating plans and strategic goals are met. He reports to the Board of Directors to make sure all the efforts are in alignment.

He has deep knowledge of the Standard Operating Procedures for Good Distribution Practice, a requirement under the Medical Device Act 737 and actively involved in the internal audit of the company. Before the implementation of Medical Device Act 737, he was the active Committee Member of The Malaysia Medical Device Association from the year 2004 till 2012 and was assigned to a Working Group in the Technical Committee 3 in SIRIM for the setting up of Medical Device Standards in Malaysia during the same period.

He undertook Executive Master of Business Administration (EMBA) programs in Branding & Marketing for a year in Open University Malaysia (OUM), and Diploma in Building Engineering in Federal Institute Technology (FIT).

He has over 30 years of working experience in the medical device industry. In the year 1986, his first job was as a Sales Representative in a small medical device company covering pharmacy, clinics and hospitals in Northern Region. His task was to handle sales, packing, delivery and minor repair work on Home Healthcare products and other general medical devices. After 3 years he left them to join an established company in Kuala Lumpur as a Product Specialist. The new job required him to develop specific brand of agencies covering the Diagnostic and Surgical department in hospitals and clinics. In 1992, he was offered to join a Singapore based company as a Country Manager for a famous brand of Home Healthcare products supplying to pharmacy and healthcare shops since he had vast experience in the medical device field. After joining them for a year, the business expanded and he was asked to set up a localized company and employ new staffs, to manage and head the company to become a profit center. Subsequently, he brought in many new agency products for the company distributing them to medical dealers and won tenders in new private and government hospitals. He also opened up new sales channels to the Corporate market such as Drug companies related to healthcare products for clinical research purposes and insurance companies and banks, for their customers as redemption points and gifts. In the year 2007, a public listed company bought the local company and their Singapore based company. He was assigned a new responsibility as General Manager to oversee the Healthcare division's strategic goals are met, creating and maintaining budgets, managing employees and, more. He learned a lot while working with the company and improved his management skills after bringing successes in sales to the public listed company. In February 2013, together with his business partners, he set up Cypress Medic Sdn. Bhd.

He is not the Director in any other public listed company and has no family relationship with any Director and/or major shareholder of the company, nor does he have any conflict of interest with the company. He has not been convicted of any offenses (other than traffic offences, if any) with the past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.



PROFILES OF KEY SENIOR MANAGEMENT (CONT'D)

CHONG WAI MUN

50 years of age, Malaysian, Male
General Manager

Chong Wai Mun, a Malaysian aged 50, is the General Manager of Best Contact since 1 January 2015. He is primarily responsible for assisting the Managing Director, Liaw Chong Lin in the day-to-day running of operations of Best Contact. He is in charge of all projects and services relating to medical devices. He is responsible for our Group's compliance on matters related to DIN ISO 13485:2003 (which specifies requirements for a quality management system where an organisation needs to demonstrate its ability to provide medical devices and related services that consistently meet customer requirements as well as regulatory requirements applicable to medical devices and related services) and Good Distribution Practice for Medical Devices ("GDPMD"). As the representative of the management, he is tasked with the planning, execution, enforcement and continuous improvement of the ISO standards in respect of the company which includes the coordination and communication with the regulatory authorities such as the Medical Device Authority ("MDA"), as well as the auditors from the certification body of ISO standards and GDPMD.

He obtained an Advanced Certificate in Electronic and Communication Engineering from TAFE College, Seremban, Negeri Sembilan in 1995. He also graduated with a Bachelor of Engineering in Communication Systems Engineering from Coventry University, United Kingdom in 1997.

He began his career in 1997 as an Engineer with Perwira Ericsson (M) Sdn. Bhd. where he was involved in handling system conversion, testing and commissioning. He left the company in 1998 and joined EXI Asia Sdn. Bhd. the same year as an Engineer, where he was responsible for the testing and commissioning for mobile switching centre and base station controller systems for local and overseas telecommunication companies. He left the company in 2000 and joined Ericsson France as its Contract Engineer on a one (1) year contract basis and upon the expiry of his contract in 2001, he joined Dalian Ericsson Communication Company Ltd, Nanjing Branch as its Engineer on a one (1) year.

He is not a Director in any other public company and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILES OF KEY SENIOR MANAGEMENT (CONT'D)

LIM TOW KENG

48 years of age, Malaysian, Male
General Manager

Lim Tow Keng, a Malaysian aged 48, is the General Manager of Maymedic. He is primarily responsible in-charge of Maymedic's business operation matters and overseeing the project and servicing department in relation to disinfection, sterilization and surgical room equipment. In 2011, Lim Tow Keng obtained an International Diploma in Business Management from Camford International College.

After completing his secondary school education in 1991, he joined Interdev Corporation Sdn. Bhd. in 1992 as an apprentice draughts person. During his tenure there, he obtained a Graphic Design Certificate from the Malaysian Institute of Art in 1993 and proceeded to complete his Diploma Juruteknik Senibina from the Pertubuhan Akitek Malaysia in 2002. He left Interdev Corporation Sdn. Bhd. in March 2004 and joined GB Architect in 2004 as an Intermediate Draughts person until 2006. He then left the company in February 2006 and he was attached to Dynamic Team Holding Sdn. Bhd. as its Client Relationship Manager between 2006 and 2007, where he was responsible for handling and coordinating all aspects of training related duties, administrative and operational support functions and procedures to run workshops offered by Dynamic Holdings Sdn. Bhd. to its customers. Subsequently, he left the company in November 2007 and joined Maymedic in 2007 as its Sales Manager and was subsequently promoted to General Manager on 1 January 2018, a position he has held the position since then.

He is not a Director in any other public company and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

KEW KIN CHEE

49 years of age, Malaysian, Male
Technical Manager

Kew Kin Chee, a Malaysian aged 49, is the Technical Manager of Maymedic. He is primarily responsible for the technical operations of Maymedic.

He holds a Certificate in Electrical Engineering in Power from Polytechnic Ungku Omar, Ipoh which he obtained in 1993. He began his career in 1993 as a Technical Manager for Sunto Trading Sdn. Bhd. ("STSB"), where he was mainly involved in the maintenance and repair of sterilisation equipment. In 2006, he left STSB in 2006 and joined Maymedic as a Technical Manager on 1 May 2006, where he was in-charge of the maintenance and repair of medical devices and has held the position since then.

He is not a Director in any other public company and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.



PROFILES OF KEY SENIOR MANAGEMENT (CONT'D)

TANG FOOK CHOY

45 years of age, Malaysian, Male
Financial Controller

Tang Fook Choy, a Malaysian aged 45, is our Financial Controller. He is primarily responsible for the financial and accounting function of our Group.

He holds a Certificate in Book-keeping and Accounts (Second Level) from London Chamber of Commerce & Industry ("LCCI"). He had completed the Association of Chartered Certified Accountants ("ACCA") course at SEGI College and obtained his professional accounting qualification from the ACCA in 2002. He is also a member of the Malaysian Institute of Accountants since 2002.

He began his career in March 1999 as an Audit Assistant with Mea & Co. Chartered Accountants, an independent member firm of McMillan Woods Global Ltd. He left Mea & Co. Chartered Accountants in October 2003 with his last position there being an Audit and Tax Senior. In November 2003, he joined Vanli Auto Spares Sdn. Bhd. as its Accountant and was responsible for handling accounting and finance matters of Vanli group of companies. He left Vanli Auto Spares Sdn Bhd in February 2004. In March 2004, he joined TADMAX Resources Berhad as an Assistant Accountant and left the company in July 2012 with his last position there being a Senior Accountant. During his tenure with the company, he was responsible in the areas of financial accounting, audit, taxation and finance related matters. He then joined Agromate (M) Sdn. Bhd. as its Accountant in September 2012, supervising the Accounts Department for Agromate group of companies. In May 2015, he left Agromate (M) Sdn. Bhd. He later joined O&C Resources Berhad as its Financial Controller in June 2015. He was responsible for managing the accounting and financial matters of O&C Resources Berhad. He left O&C Resources Berhad in February 2016 and joined our Group as a Financial Controller in April 2016.

He is not a Director in any other public company and listed issuer in Malaysia. He has no family relationship with any Director and/or major shareholder of the Company, no conflict of interest with the Company, and he has no conviction for any offences (except for traffic offences, if any) within past five (5) years and has not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT



“For FYE 2020, BCM has maintained its profitability streak with a profit attributable to the owners of amounted to RM2.66 million. While the result is a 48.35% y-o-y decline as compared to RM5.15 million recorded in FYE 2019, it is still a recommendable performance given the circumstances that the Group faced with. The Group’s ability to maintain its profit during this time is a testimony to the Directors’ visionary direction and management’s strategic business drive to mitigate the impact of the pandemic.”



On behalf of the Board of Directors of BCM, it is my great pleasure to present our Annual Report for the financial year ended 31 December 2020 (FYE 2020).

RESILIENCE AMIDST THE PANDEMIC

2020 has been a challenging year for all of us as the world imposed an unprecedented global lockdown to contain the COVID-19 pandemic. The lockdown measures had caused most economies to fall into a recession with the exception for China last year. Malaysia was also pushed to a recession induced by the COVID-19 pandemic as gross domestic product (GDP) fell by 5.6% year-on-year (“y-o-y”), the worst since the 1997/98 Asian Financial Crisis period.

There was impact on our group’s financial performance given that our operations are not spared from the impact of the pandemic.

However, I am proud to say that the Group has risen above such challenges to record another year of profit. For FYE 2020, BCM has maintained its profitability streak with a profit attributable to the owners amounted to RM2.66 million. While the result is a 48.35% y-o-y decline as compared to RM5.15 million recorded in FYE 2019, it is still a recommendable performance given the circumstances that the Group faced with.

Over the course of 2020, the Group has shown that its Directors’ visionary directive and the management’s strategic business measures have helped to build a strong foundation to weather through an economic crisis. This is seen in our business operations, which remained healthy even when the global economies are being stressed by the pandemic. In addition to that, our financial position remains strong, providing us the economic moat to weather through this crisis while our profits are fortified by our impregnable business operations, derived from our four key business segments – healthcare products, medical devices, commercial laundry equipment and provision of laundry services.

CHAIRMAN'S STATEMENT (CONT'D)

Healthcare Products

Healthcare products business is essentially recession-proof as the demand for such products will remain largely undisrupted even when macroeconomic conditions turn more challenging. In 2020, we witnessed the recession-proof business model at work as healthcare products business segment recorded strong growth to cushion the impact of the COVID-19 pandemic on the Group's overall financial performance.

In fact, the pandemic may have escalated growth for the business division as Malaysians become more conscious about their health and are more willing to spend on healthcare products. Among some of the most sought-after healthcare products during this time was thermometer. Aside from the spike in demand in the near-term, we are also optimistic of the business division in the long run as Malaysia has seen an increase in the expenditure on healthcare products over the years on the back of the ageing population. A more health-conscious consumers coupled with a longer-life expectancy of Malaysians also point to an increase in demand for healthcare products in the long-term.



Among some of the key factors that consumers look into when buying healthcare products are the quality and niche healthcare products as well as price affordability. Manufacturers who offer healthcare products with a good quality at an affordable price is likely to gain from this trend.

BCM's healthcare products distribution business banks on products that have strong demand in the market. Among the products distributed are blood pressure monitor, nebuliser, body fat monitor and thermometer. These are part of the well-known Rossmax brand of healthcare products, known in the market for their superior performance using the most leading technology application. The customers for these products are either individuals or healthcare institutions such as hospitals and clinics.

Medical Devices Industry

Malaysia's medical device industry is a multi-billion ringgit business, with robust growth potential moving forward. In fact, the industry is one of the fastest-growing sectors of the healthcare spectrum, which continues to be one of the most vital and dynamic economic sectors in Malaysia. While keeping the trend as the world's leading producer and exporter of traditional products such as catheters and medical gloves, the Malaysian medical device industry has transformed from producing simple devices to higher value-added and technologically advanced products. In recent years, it has also risen to become an important industry that contributes to high-value exports for Malaysia.

According to the latest available official data, there are more than 200 manufacturers, including over 30 multinational corporations operating within the country. Recognising its immense prospects, the government has designated the

medical devices industry as one of the '3+2' high-growth sub-sectors under the Eleventh Malaysia Plan. We expect to see a similar focus in the medical devices industry in the upcoming Twelfth Malaysia Plan, which would be unveiled this year.



The industry is an important growth area which includes higher value-added and technologically advanced products, such as cardiac pacemakers, stents, orthopaedic implantable devices, electro-medical, therapeutic, and monitoring devices. The medical device industry in Malaysia is well-supported by government policies and incentives to spur the increase in home-grown medical device manufacturers, particularly the small and medium enterprises, as well as to boost high-value export activities.

CHAIRMAN'S STATEMENT (CONT'D)

As an upcoming player in the booming medical device industry, BCM is poised to benefit from the industry growth both domestically and internationally. However, we have seen a disruption over the last one year as the movement restrictions imposed in Malaysia has led to a delay or termination of some of the hospital's expansion plans. The delay in the expansion plans of hospital operators is expected as most await for more clarity on the pandemic front.

Commercial Laundry Equipment Industry and Provision of Laundry Services

The competition in the Malaysian commercial laundry equipment scene has continued to intensify with the entry of new suppliers. This is however supported by the rising demand for commercial laundry equipment amidst the rising population and increase in the setup of self-operated laundrettes across the country.

In recent years, we also saw more visitors patronising coin-operated laundry shops to do their laundry, and this has increased the demand for commercial laundry equipment. Besides, the higher demand from the robust hospitality industry and healthcare sector will also spur growth in the commercial laundry equipment segment. The commercial laundry equipment business is also shifting to include more automation options, in order to improve its appeals to customers.



As a supplier of commercial laundry equipment in Malaysia, BCM is unperturbed by the increasing competition and instead is focused on tapping into the promising prospects and opportunities available in the industry. Over the years, the commercial laundry equipment industry has delivered good returns for the investors and business players and as a result, attracted the emergence of more investors and businesses to tap into the growth potential.

However, COVID-19 pandemic has put a halt into the growth in this business segment as seen by the decline in the commercial laundry equipment business in FYE 2020. The recent easing in the Movement Control Order ("MCO") 2.0 and roll-out of the vaccination program in Malaysia is likely to help reinvigorate interest into the commercial laundry equipment business.

The management of BCM is continuously taking strategic measures to ensure the Group's commercial laundry equipment division is ahead of the curve and delivers top quality products and services to its clients. On top of that, BCM stands to benefit from the projected outlet expansion by its existing customers of more than 1,535 laundry outlets, with higher equipment sales moving forward. Meanwhile, BCM will also continue to expand its self-operated laundrette outlets to tap into growing market demand. This will offer synergistic benefits to the Group's commercial laundry equipment business moving forward.

Financial Performance Review

For FYE 2020, BCM has maintained its profitability streak with a profit attributable to the owners amounted to RM2.66 million. While the result is a 48.35% y-o-y decline as compared to RM5.15 million recorded in FYE 2019, it is still a recommendable performance given the circumstances that the Group faced with. The Group's ability to maintain its profit during this time is a testimony to the Directors' visionary direction and management's strategic business drive to mitigate the impact of the pandemic. The Group has also taken proactive measures to lower our administrative expenses and to improve on our gross profit margin during this time as well.

In terms of revenue, the Group recorded a revenue of RM68.13 million in FYE 2020, which represents a 34.34% decline as compared to RM103.75 million in FYE 2019. The lower revenue was mainly due to the lower revenue contribution from the medical devices business segment and commercial laundry equipment business segment.

CHAIRMAN'S STATEMENT (CONT'D)



Breaking down by business segments, BCM's healthcare products business segment recorded a sharp rise in revenue by RM2.02 million or 19.73% to RM12.23 million in FYE 2020 as compared to RM10.22 million in FYE 2019. The stronger revenue was mainly due to higher demand from our customers for our healthcare products as well as the increase in the number of outlets of our clients (chain pharmacies) in FYE 2020. The better performance in the healthcare products business is in line with the global trend as more people become more conscious about healthcare following the COVID-19 pandemic.

We also saw a strong performance in the Group's laundry services business segment, which posted an increase of 171.38% or RM0.45 million in revenue to RM0.71 million in FYE 2020 as compared to RM0.26 million in the corresponding period a year ago. The improvement was driven by the increased demand from our customers for the use of our services as well as the increase in laundrette outlets over the FYE 2020 prior to the COVID-19 pandemic.

As for the Group's commercial laundry equipment business segment, it saw a sharp decline of 27.19% or RM9.26 million to RM24.81 million in FYE 2020, from RM34.07 million in FYE 2019. This was mainly due to the closure of business temporarily during the MCO period in 2020. In addition, conservative approach adopted by potential customers (more caution in their investment plans) during the recent economic environment also led to a lower sales for the division throughout the year 2020.



BCM also saw its medical devices business segment registered a revenue of RM30.38 million in FYE 2020, which is a decline of 48.69% as compared to RM59.20 million recorded in the corresponding period a year ago. The lower revenue in the business segment was primarily due to lower billing to a number of its clients as some of the hospitals have either postponed or temporarily put on hold their expansion plans in 2020 amidst the COVID-19 pandemic and the MCO that was imposed to contain the spread of COVID-19 infections. During this pandemic-induced challenging operation environment, consumers have tightened their expenditure while hospitals have also cut their budget.

Business Outlook

The COVID-19 pandemic has a severe impact on the global economy as the restrictions on movement domestically and globally have put a halt to economic activities. Aside from the restrictions on movement of the public, most businesses including the self-service laundrette outlets were also not allowed to operate during the MCO period. This has a profound impact on some of our businesses especially the commercial laundry equipment business segment. Similarly, the impact on our medical devices business segment has also been negative as hospitals postpone some of their expansion plans amidst the pandemic.

There are however signs of optimism going forward as seen by moderation of the new COVID-19 infections, the easing in movement restrictions as well as the rollout of our country's vaccination programme. We are cautious of a recovery ahead as we are at the tail ends of the COVID-19 pandemic but the Group will remain prudent in its operations to withstand any downside risks from a resurgence of the COVID-19 infections.

The management of BCM has shown that its strategy to focus on its four key business segments have bear fruit as it maintains its profitability streak despite of the COVID-19 pandemic's damage on the global economy.

In 2021, the Group will continue to introduce few suitable new medical devices (including but not limited to the high-end and cost-effective solutions medical devices) and healthcare products that have strong demand or traction in the market. We believe that this would enable BCM to tap on the window of opportunities to win new long-term customers, which could strengthen our core earnings.

CHAIRMAN'S STATEMENT (CONT'D)



Along with that, BCM intends to introduce advanced health station which can be placed in pharmacies, hospital and corporate places to attract end users to experience our core healthcare brand's bluetooth products before they buy a device and become our core healthcare brand's health style application members, to expand our portfolio of products and brands to enhance the Group's future performance.

Aside from that, the management is also keen on expanding its business via organic and inorganic growth to create additional income streams in the future. For 2021, BCM is expanding its healthcare products line to include the marketing, trading and distribution of COVID-19 test kits.

Another key area of focus in 2021 would be to broaden the Group's client base by attracting new customers and enhancing our relationship with existing customers. BCM is targeting to add more new prospective hospitals and medical centres into its portfolio of clients, especially through the supply of big-ticket medical equipment. This will support the Group's continuous effort to widen its product line and after-sales services. The Group's healthcare products segment also targeting to attract more new customers under various categories

such as chain pharmacy, chain independent pharmacy, independent pharmacy, hospital, clinic, medical dealers, corporate, online and others in order to boost up its performance in 2021.

As for the Group's commercial laundry equipment business segment, BCM is optimistic of a recovery this year and would target to add big hotel operator into its client portfolio through the supply of laundry equipment in the future. The Group is also looking to widen its market base by penetrating into two Southeast Asia countries going forward. There will also be initiatives to provide one stop solution program for customers to start-up their own laundromat business by adopting mutual benefits concept. The online platform to sell laundry equipment parts and offer maintenance service is among some of the digitalisation efforts undertaken by the Group to boost its earnings in the future. Currently, BCM operates 12 self-service laundrette outlets and intends to set up another 4 new self-service laundrette outlets in future, to improve our capability to meet customers' demand and to enhance the Group's revenue. In addition to strengthening the Group's core business, BCM will also diversify into the fast-moving consumer goods (FMCG) business segment as the Group entered into a proposed subscription of new shares of the Foodict Maker Sdn. Bhd. ("Foodict"), which would give BCM's 60% equity interest in Foodict. The COVID-19 pandemic has given the Group's a window of opportunity to further diversify its business as the Group is able to acquire new businesses with great opportunities at a reasonable price. With the easing of the restrictions globally and the rollout of the vaccination continue to progress, we expect to see a rebound in the FMCG business, which would be beneficial to the Group.

Acknowledgement

On behalf of the Board of Directors, I would like to thank all shareholders of BCM for your continued support and loyalty to the Group throughout this challenging period. Backed by the strategic decisions made by the Board and the management of BCM, I am confident that the Group is better positioned moving forward as the global economy adapts to the new normal. We will continue to focus on our key business segments and build a strong, customer-centric businesses. On this note, I would also like to convey my sincere appreciation to the management and employees of BCM for their untiring commitment throughout the COVID-19 pandemic.

With great support from all BCM's stakeholders, I am confident that we would come out of this storm stronger.



MANAGEMENT DISCUSSION AND ANALYSIS



1. Overview of Business and Operations

i) Core Business of the Group

BCM was established in 2015 and was listed on ACE Market of Bursa Securities in 2016. The Group has a diversified business presence and is principally involved in the distribution of products, with investments in four main segments namely medical devices, healthcare products, commercial laundry equipment and provision of laundry services.

Under the medical device business, BCM operates Best Contact and Maymedic, which are both involved in the supply, testing, installation and commissioning of medical devices. Best Contact has won two awards from Arjo, which is a global supplier of medical devices and medical solutions. The two awards that Best Contact won are the “Best Growth Award” in FYE 2020 and “Top Performer In The Hygiene Products” in FYE 2019. Among the well-known medical device brands supplied by the Group include Hitachi, Quantum, Shielding, STERIS, Trilux, Newmed, Ziehm, Carestream and etc.

Meanwhile, the Group also operates CS Laundry, which is a subsidiary company involved in the supply, testing, installation and commissioning of commercial laundry equipment. We supply well-known laundry equipment brands such as SpeedQueen, Huebsch, Lelit, Renzacci, Pony, Jensen, Lapauw, Sealion, Domus and etc.

CS Laundry has expanded its service offerings through the acquisition of a wholly-owned subsidiary company, Century Pavilion in April 2019, to provide laundry services via operating self-service launderette outlets in Malaysia.

Besides, the healthcare products segment is represented by Cypress, in which the Group subscribed a 51.03% stake in February 2018. Cypress’s core business is in the trading and distribution of healthcare products and clinical devices such as blood pressure monitor, nebulizer, thermometer and etc.

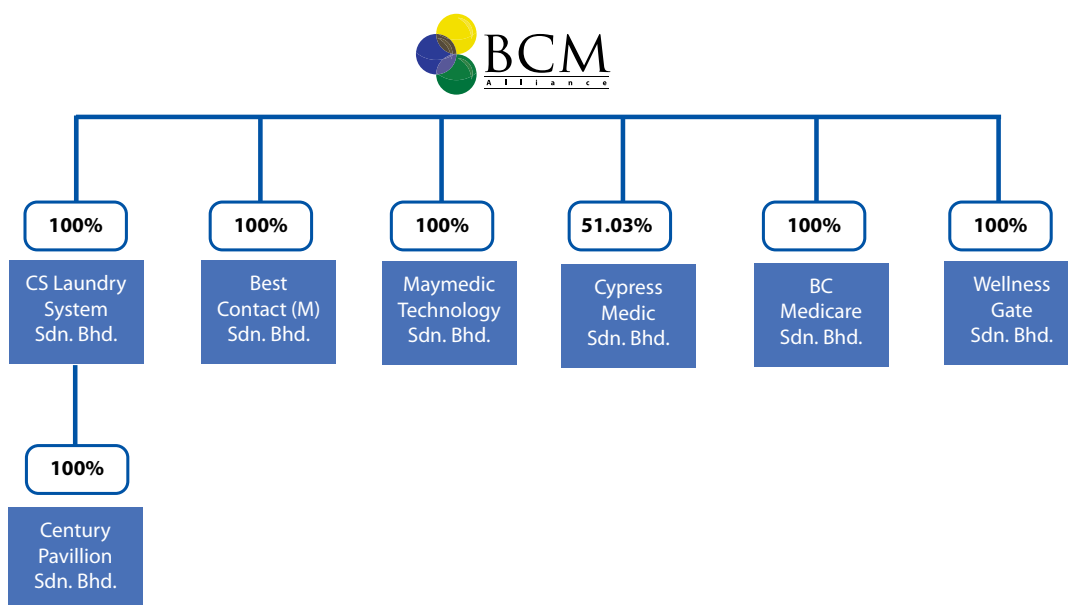
On 5 February 2021, the Company had acquired 100% equity interest in BC Medicare Sdn. Bhd. (“BC Medicare”). The acquisition is mainly to facilitate the Group strategic plan to expand its healthcare business segment, enable it to distributes medical related products such as whole-body disinfectant system, Covid-19 swab test kit, Covid-19 first aids box, AI temperature measure system, washer disinfectant, sterilizer, surgical table, surgical light, medical pendant, sonic cleaner, sterile assurance products, wound care products as well as to venture into any other medical related business through partnerships and collaborations.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

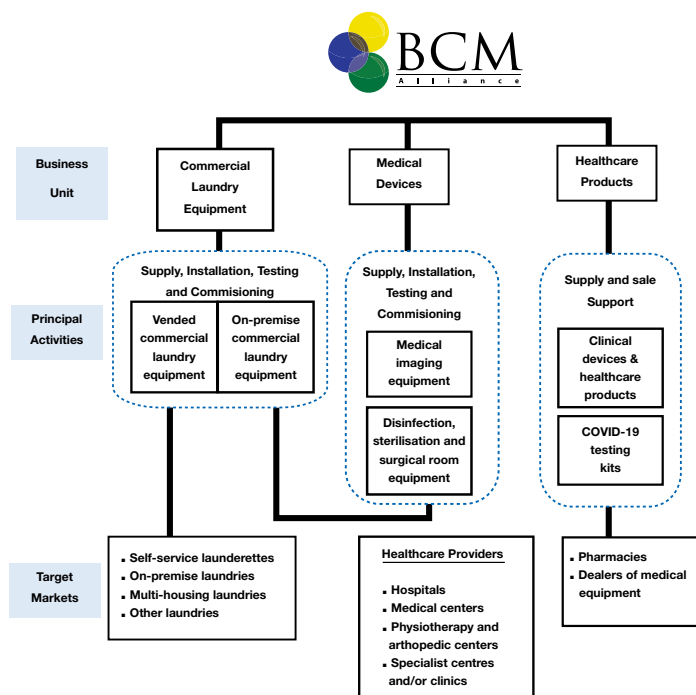
1. Overview of Business and Operations (cont'd)

i) Core Business of the Group (cont'd)

Below is the latest Group's corporate structure:



Our business activities are as follows:



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



1. **Overview of Business and Operations (cont'd)**

ii) Products & Services

BCM distributes a comprehensive range of commercial laundry equipment, healthcare products, medical imaging equipment as well as disinfection, sterilisation and surgical room products from various international brands. In 2021, the Group is expanding of its healthcare products line to include the marketing, trading and distribution of COVID-19 test kits via its new wholly-owned subsidiary company namely BC Medicare. The Group also engaged in the provision of laundry services via operating self-service launderette outlets.

Medical devices business segment

BCM distributes two product categories, namely medical imaging equipment as well as disinfection, sterilisation and surgical room equipment, under the medical devices business segment. Our subsidiary company, Best Contact operates our medical imaging business while the disinfection, sterilisation and surgical room equipment business is carried out by Maymedic.

We also distribute the related spare parts, accessories and consumables of medical devices such as MRI system, CT scanner, digital radiography system, X-Ray system, various types of sterilisers, medical printing system and washers/disinfectors.

We mainly distribute our range of medical devices such as MRI system, CT scanner, digital radiography system, X-Ray system, medical beds, various types of sterilisers, medical printing system and washers/disinfectors to healthcare and medical service providers such as medical institutions, medical centres, physiotherapy centres and dental clinics in Malaysia.

For our medical devices business segment, our Group's target markets are healthcare providers such as hospitals and medical centres. Our distribution activities of medical devices business segment include the supply, equipping, installation, development, testing and commissioning of various medical devices at the medical imaging departments, operating theatres and central sterile supply departments of healthcare institutions. The medical devices that we distribute have an estimated product lifespan of between 5 years and 10 years with regular interval maintenance.

We also provide product recommendations, operation workflow design, mechanical and engineering services, installation, training as well as assisting our customers in obtaining relevant approvals from authorities for use of such medical devices (such as obtaining the approval from the Atomic Energy Licensing Board of Malaysia for the installation and usage of CT scanner in the medical centres/hospitals). We also provide support to our customers in terms of training, after-sales services, repair and maintenance services and other services.

Healthcare products business segment

The Group diversified into the distribution of healthcare products and clinical devices such as blood pressure monitor, nebulizer, thermometer and etc. in 2018 via a majority stake of 51.03% in Cypress. The diversification strategy has proven to bear fruit last year as this business segment helps to cushion the impact of the COVID-19 pandemic in 2020. In fact, healthcare product business segment has been one of the key driver of growth for BCM in FYE 2020.

Cypress primary target markets are pharmacies and dealers of medical equipment. Cypress is the authorised distributor for the Rossmax range of products, which is a leading global brand. The synergistic subscription of Cypress would allow BCM to expand its reach into the distribution of healthcare products in the retail market/ pharmacies.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

1. Overview of Business and Operations (cont'd)

Healthcare products business segment (cont'd)

In 2021, BCM has also expanding its healthcare products line to include the marketing, trading and distribution of COVID-19 test kits via its new wholly-owned subsidiary namely BC Medicare Sdn. Bhd. We have inked an agreement to supply the test kits to MTPS Innotech (Thailand) Co. Ltd, with the first batch comprising of 1.5 million kits valued at USD12 million or RM48 million. The deal is for the supply of 10 million COVID-19 RTK Antigen test kits worth USD80 million or RM320 million to Thailand over a one-year period. The remaining batches of the supply kits will be delivered in accordance to an agreed schedule by both parties.

Commercial laundry equipment business segment and Provision of laundry services segment

Operated by our wholly-owned subsidiary company, CS Laundry, we are involved in the distribution activities for commercial laundry equipment, which include the supply, installation, testing, and commissioning of this equipment. Besides, we are also involved in the distribution of the related spare parts, accessories and consumables of commercial laundry equipment. The commercial laundry equipment that we distribute has an estimated product lifespan of up to 12 years with regular interval maintenance.

As part of our distribution package offerings, we provide consultancy services such as designing and planning for our customer's self-service launderette layout, presentation and other related services in setting up self-service launderette and on-premise laundries. This involves recommending the type of commercial laundry equipment to be installed, drawing of schematics and layouts, flow and space planning, fixture and fittings as well as other fit-outs to be installed.

We maintain several self-service launderette layout templates to suit our customer's preferences, designed to attract end-users to our customer's self-service launderette and maximize its full potential. Once the renovation of the launderette outlet is completed, we will assist our customers to outfit their new launderette outlet, including the installation of commercial laundry equipment (washer, dryer, etc), furniture and fittings, and others.

To ensure the best services available, we provide training, after-sales services and other services. Our commitment to our customers is to provide the best repair and maintenance services for our range of commercial laundry equipment. We source our commercial laundry equipment as well as the related spare parts, accessories and consumables from reputable international brand manufacturers with a proven operating track record as well as a portfolio of quality products.

Over the years, the Group has accumulated extensive experience and expertise in the self-service launderette industry. With the introduction of more efficient and cost-saving machines in recent years, the Board has also ventured into the self-service launderette business, which is expected to provide an additional source of income and contribute positively to the future financial performance of BCM.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

1. Overview of Business and Operations (cont'd)

Commercial laundry equipment business segment and Provision of laundry services segment (cont'd)

Although this business segment faces stiff competition from other operators due to the low barrier into the industry, BCM has maintained its competitive advantages by:-

1. Strong expertise team that ensure no disruption to machines by conducting timely servicing for the machines.
2. Targeted corner units which provide more space for customers, besides the benefit of easy-to-notice;
3. 24-hour operated CCTV, installation of spotlights for a brighter environment in all outlets to enhance security;
4. Competitive pricing;
5. Largest wash capacity up to 28kg per wash, with a minimum of 8 machines;
6. Environmentally-friendly laundry washer with ECO Wash Technology which consumes less water; and
7. Target to install more dual-directional dryers which can save drying energy by 20% at our outlets, from current one outlet.

2. Analysis of Financial Results and Financial Condition

i) Financial performance review

BCM has maintained its profitability streak in FYE 2020 despite of the severe impact from the COVID-19 pandemic. While most companies have slipped into losses, the Group has managed to record profit attributable to owners amounted to RM2.66 million. The result was a decline of 48.35% y-o-y decline as compared to RM5.15 million recorded in FYE 2019 but it is still a recommendable performance given the economic crisis faced globally. One of the main factors that helped to cushion the impact of the COVID-19 pandemic was the strong performance in the Group's healthcare products segment, which has seen an increase in demand.

Meanwhile, the Group's revenue fell by 34.34% to RM68.13 million in FYE 2020 as compared to RM103.75 million recorded in the same period a year ago. The lower revenue was mainly due to the lower revenue contribution from the medical devices business segment and commercial laundry equipment business segment.

Medical devices business segment

The medical devices business segment is the largest contributor to the Group's total revenue in FYE 2020 but saw a decline of 48.69% to RM30.38 million as compared to RM59.20 million recorded in FYE 2019. The lower revenue was mainly due to the lower billing to a number of its clients as some of the hospitals have either postponed or temporarily put on hold their expansion plans during current economic challenging time since MCO. This was due to the cautious market sentiment as consumers tighten their expenditure and hospitals reduce their budget, amidst the pandemic-induced challenging operational environment.

Commercial laundry equipment business segment

For FYE 2020, the commercial laundry equipment business segment recorded a decrease in revenue by RM9.26 million or 27.19% to RM24.81 million as compared to RM34.07 million in FYE 2019. The MCO imposed in the country has led a temporary closure of its businesses. In addition to that, potential customers also took a more conservative approach and withheld some of their investment plans into the self-service laundry businesses amidst the COVID-19 pandemic. This has resulted in lower sales in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

2. Analysis of Financial Results and Financial Condition (cont'd)

i) *Financial performance review (cont'd)*

Healthcare Products

Meanwhile, the healthcare products business segment saw a sharp rise in revenue by RM2.02 million or 19.73% to RM12.23 million in FYE 2020 as compared to RM10.22 million in FYE 2019. The stronger revenue contribution was mainly due to higher demand from customers for our healthcare products as well as increased on number of outlets of our clients (chain pharmacies) in year 2020.

Provision of Laundry Services

The laundry services segment also saw an improvement in FYE 2020 as revenue rose by 171.37% from RM0.45 million to RM0.71 million as compared to RM0.26 million in FYE 2019. The improvement was mainly due to good demand from customers for use of our services as well as more launderette outlets that have been opened.

iii) *Analysis of gross profit and gross profit margin by business segments*

Despite the sharp decline in revenue in 2020, BCM has managed to sustain profit for the financial year, driven by the diversified business segments as well as the improvement in the Group's gross profit margin. For the FYE 2020, BCM recorded a gross profit ("GP") of RM24.20 million or a GP margin of 35.52%. Meanwhile, the Group's GP and GP margin stood at RM30.50 million and 29.39% for the FYE 2019. The improvement in GP margin is mainly due to the proactive measures taken by the management to reduce its cost of sales in FYE 2020.

Business Segments	FYE 2020		FYE 2019	
	RM'000	%	RM'000	%
Medical devices	11,246	37.02	17,167	29.00
Healthcare products	5,286	43.21	4,249	41.59
Commercial laundry equipment	7,075	28.52	8,908	26.14
Laundry services	588	82.86	174	66.72
Total	24,195		30,498	

iii) *Review of financial position and liquidity*

The Group's total assets have increased by RM9.94 million or 11.73% to RM94.74 million, from RM84.80 million recorded last financial year. The increase was contributed mainly by the higher total deposited cash and bank balances.

As at 31 December 2020, the Group's total deposited cash and bank balances increased by 47.18% to RM47.57 million as compared to RM32.32 million as at 31 December 2019. The increase in total deposited cash and bank balances is partly due to the positive operating cashflow as well as the RM15.65 million raised from the special shares issue in 2020.

The increase in total deposited cash and bank balances shows that the management is beefing up its economic moat to withstand some of the uncertainties in the market following the COVID-19 pandemic. The strong cash balance also puts BCM in a good position to enter into other investment or acquisition plans at a reasonable price as we are heading towards the tail end of the pandemic.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

2. Analysis of Financial Results and Financial Condition (cont'd)

iii Review of financial position and liquidity (cont'd)

On the other hand, the Group's total liabilities declined by 25.55% to RM23.28 million as at 31 December 2020 as compared to RM31.27 million as at 31 December 2019. The decline was mainly due to the lower trade payables and other payables.

The Group's net cash position stood at RM38.98 million as at 31 December 2020 by netting off its total deposited cash and bank balances of RM47.57 million against its total borrowings and lease liabilities of RM8.59 million. It represents an increase of 57.62% as compared to RM24.73 million as at 31 December 2019.

Shareholders' equity attributable to owners of the Group registered an increase of 34.33% to RM68.37 million, from RM50.90 million a year ago. Net assets per share stood at 14 sen as at 31 December 2020.

BCM's working capital showed a marginal improved position at RM61.19 million as at 31 December 2020, as compared to RM43.36 million as at 31 December 2019. The Group's working capital is healthy and efficiency as the current assets are about 4.2 times of its current liabilities.

In regard to Acid-Test Ratio, which is an indicator if the Group has sufficient short-term liquid assets to cover its immediate liabilities. It showed BCM's position stood at financial health level at approximately 3.5 times.

The strong financial position of BCM puts it in a good position to expand its business offerings and tap into windows of opportunities as the global economies recover. The improvement in the overall asset is a testimony to the Group's management strategic approach to mitigate the impact of COVID-19 on the overall Group's financial performance.

3. Review of Operating Activities

BCM's business operations have seen positive developments in FYE 2020 as below:

On 19 June 2020, the Group proposed Special Issue of up to 60.197 million new ordinary shares in the Company to Bumiputera investors to be identified and/or approved by Ministry of International Trade and Industry Malaysia. This special issue is undertaken to comply with the Bumiputera Equity Conditions and to allow the Company to raise funds for the Group's business.

This Special Issue had completed following the listing of 60,197,000 Special Issue Shares on the ACE Market of Bursa Securities on 11 December 2020.

4. Future Plans & Prospects

In tandem with the Group's focus to enhance its revenue growth, optimise margin, business and operation support functions as well as to increase shareholders' value, BCM intends to achieve its objectives through the following strategies:

(i) Continuous introduction of our new portfolio of products and brands

In 2021, BCM will continue to introduce few suitable new medical devices (including but not limited to the high-end and cost effective solutions medical devices) and healthcare products that have strong demand or traction in the market as well as intends to introduce advanced health station which can be placed in pharmacies, hospital and corporate places to attract end-users to experience our core healthcare brand's bluetooth products before they buy a device and become our core healthcare brand's health style application members, to expand our portfolio of products and brands to enhance the Group's future performance.

The Group will keep increasingly focusing on consumable proprietary products as well as cash-in spare parts. Besides that, BCM has leverage on the enhancement business model by renting out Ripple Mattress that provides recurring income, and also intends to introduce stand-alone clinical application software and workstation to meet unique visualization needs in future.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

4. **Future Plans & Prospects (cont'd)**

(ii) Pursue active business expansion via organic and inorganic growth

BCM plans to expand our product offerings via organic and inorganic growth to create additional income stream in future. In 2021, the Group is expanding of its healthcare products line to include the marketing, trading and distribution of COVID-19 test kits via its new wholly-owned subsidiary company namely BC Medicare Sdn. Bhd.

(iii) Broaden our client base by attracting new customers and enhancing the relationship with our existing customers

BCM is targeting to add more new prospective hospitals and medical centres into its portfolio of clients, especially through the supply of big-ticket medical equipment. This will support the Group's continuous effort to widen its product line and after-sales services. The Group's healthcare products segment also targeting to attract more new customers under various categories such as chain pharmacy; chain independent pharmacy; independent pharmacy; hospital; clinic; medical dealers; corporate; online and etc., to boost up its performance in 2021. Our management and marketing team are also working proactively to secure new customers to expand our current customer base via various promotion packages; up-to-date advertisement channels and data-driven digital marketing activities. We are keeping improvement to provide continuous sales support to our existing customer by rendering suggestion and recommendation on any suitable device/machine, suitable upgrade, replacement and service packages to our existing customer as an initiative to secure potential sales order in 2021.

(iv) Strengthening of self-service launderette and commercial laundry equipment business

The Group's commercial laundry equipment business segment is targeting to add big hotel operator into its client portfolio through the supply of laundry equipment in future and also eyes to penetrate into two Southeast Asia countries in future, to benefit from another growth markets which could spell opportunities for BCM in future. In 2021, besides to keep increasing to conduct laundry opportunity sharing webinar to enhance its revenue growth, the Group also plans to provide one stop solution program for customer to start up laundromat business by adopting mutual benefits concept. Online platform to sell laundry equipment spare parts and providing maintenance services also another digital one-stop solution platform planned to be implemented by the Group in future to boost up its future revenue. The Group currently operates 12 self-service launderette outlets. In addition, the Group intends to set up another 4 new self-service laundrette outlets in future, to improve our capability to meet customers' demand and to enhance the Group's revenue.

(v) Diversify into consumer business segment

In addition to strengthening the Group's core business, BCM will also diversify into the consumer business segment as the Group entered into a subscription agreement with the Foodict Maker Sdn. Bhd. ("Foodict") on 18 March 2021. This proposed subscription is to subscribe 600,000 new ordinary shares in the Foodict, at an issue price of RM3.80 per ordinary share, representing 60% equity interest in the enlarged issued and paid-up share capital of the Foodict.

The pandemic has given the Group's a window of opportunity to further diversify its business as the Group is able to acquire new businesses with great opportunities at a reasonable price. With the easing of the restrictions globally and the rollout of the vaccination continue to progress, we expect to see a rebound in the FMCG business, which would be beneficial to the Group.

Effects of COVID-19 pandemic

The financial impact of the COVID-19 outbreak to the Group cannot be reasonably estimated due to the inherent unpredictable nature and rapid development relating to COVID-19, the extent of the impact depends on the ongoing precautionary measures introduced by each country to address this pandemic and the durations of the pandemic. However, the Directors of the Company have continuously monitoring the local and global development of the outbreak of COVID-19 and also work closely with the trade partners and suppliers to ensure minimal disruption during this period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



4. **Future Plans & Prospects (cont'd)**

Effects of COVID-19 pandemic (cont'd)

Looking ahead, we remain steadfast in our commitment to protect the health and safety of our teams around the world as we navigate these uncertain times. We are highly focused on the execution of our strategic initiatives and are taking decisive actions to mitigate the challenges created by the COVID-19 global pandemic on the Group's performance in 2021.

5. ***Anticipated or Known Risks***

Our business is focused on the medical devices business segment, commercial laundry equipment and services as well as the health products business segments. This has helped us to mitigate the external impact on our Group's earnings as our businesses are diversified across different segments. During the COVID-19 pandemic in 2020, we saw the impact of the COVID-19 pandemic-induced challenging operational environment on our commercial laundry equipment and services segment as well as the medical devices business but our health products segment continue to outperform as there is a surge in demand for health products. Our strategies to tap into a recession-proof business segment is one of the ways to reduce our reliance on cyclical growth sectors

Despite our best efforts to ensure earnings remain consistent, here are some of the factors that would have an impact on our Group's financial performance:

- a) Market conditions of the commercial laundry equipment, medical devices, healthcare devices and laundry services industries in Malaysia;
- b) Our ability to stay competitive and maintain our market shares;
- c) The ability to develop and implement marketing strategies to suit customers' needs and expansion of our distribution markets;
- d) Developments in the political and economic environments in Malaysia which may materially and adversely affect the business, operations and financial performance of our Group;
- e) The abilities and continued performance of our directors, managers and key management personnel. Any loss of these key management personnel could materially affect our Group;
- f) Fluctuations in foreign currencies exchange rate, which may vary the purchase price of the equipment, spare parts, accessories, consumables and devices that we have purchased from our international brand manufacturers;
- g) Our Group's ability to keep abreast with the latest developments in the commercial laundry equipment, healthcare and medical devices industries;
- h) Ability to pass on the higher cost of goods sold to our customers due to the fluctuation of the market prices of our products; and
- i) The potential effects of adverse or favourable interest rate fluctuation, which may affect our Group's profitability as all of our Group's borrowings are interest-bearing.

Our mitigation strategies include but not limited to:-

- a) ***Constant review of our marketing strategies for all divisions.***

The review will help the Group to plan on its investment plans and directions going forward. The Group also continue to explore new advertising and promotion strategies, which includes the usage of digital marketing and social media.

- b) ***Engagement with customers, suppliers and those in the industries that the Group operates in.***

The Group has taken proactive measures to engage with the customers, suppliers and regulators in the industry that the Group operates in to keep tabs on the latest updates in the industry. The strategy team also subscribe to journals related to our industries and participate in conferences or local events to stay up to date with the industry challenges, opportunities and trends. There is also constant engagement and active communication with the Medical Device Authority and Atomic Energy Licensing Board officer for latest development on regulatory requirement.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

5. *Anticipated or Known Risks (cont'd)*

c) *Attractive employees benefits*

Be clear about the structure of pay, bonuses, and raises for the key management personnel. Besides that, the Group offers our employees a career path to provide them with an opportunity to learn, advance and contribute in new ways. Nurture talents to the leaders of the Group.

d) *Negotiate for better exchange rate with banking institutions*

Negotiate for better exchange rate with banking institutions that offer financing facilities. This would serve as a natural hedging mechanism for the Group which could compare and book spot exchange rates during remittance.

e) *Understand the competitors*

Study competitors' products and services to enhance and improve the competitive advantages of BCM.

Impact from foreign exchange rate

Foreign exchange rate is a key risk for the Group given that a significant proportion of our purchases is transacted in foreign currencies such as the United States Dollar and Euro, while our revenues are mainly denominated in Ringgit Malaysia ("RM"). Hence, our GP margin is directly affected by foreign currency exchange rate fluctuations.

A depreciation of the RM against these currencies may ultimately affect the cost of our purchases. This may adversely affect our financial performance as it would reduce the Group's GP margin. Whilst we can pass on our foreign exchange risks by increasing the selling price of our products to maintain our GP margin, such action would result in our products becoming less competitive in the market and this, in turn, may affect our sales volume.

In order to mitigate the Group's foreign currency risk, the Group continues to monitor our exposure to foreign currency movements on a regular basis. Our management would assess the need to utilise financial instruments to hedge our currency exposure by taking into account factors such as the foreign currency involved, exposure periods, transaction costs as well as the most recent foreign currency movement.

Impact from interest rate hike

While the Group's borrowings remain at a low level, any interest rate hike would have an impact on our financial results. Given our strong financial position at the moment, the Group would benefit from any interest rate hike as the impact would not be as significant to the Group. In fact, there is ample of cash at hand for the management to utilise in order to lower borrowings in the event of a surge in interest rate. Nonetheless, given the current environment, the interest rate is likely to remain stable. For the financial year under review, our financial results were not adversely affected by the interest rate fluctuations.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



5. Anticipated or Known Risks (cont'd)

Impact from inflation

Our Group's financial performance during the financial year under review was not significantly affected by the impact of inflation. Notwithstanding that, our Group is confident of passing on the effect of higher product costs due to inflation to our customers.

Impact from government, economic, fiscal and monetary policies

Our financial and business prospects, and the prospects of the industries in which we operate, will depend to some degree on the developments on the political, economic and regulatory fronts in Malaysia. They include changes in inflation rates, interest rates, foreign exchange rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in government policies and regulations. Any adverse developments in the political, economic and regulatory conditions in Malaysia could have a material and unfavourable effect on the Group's financial position and business prospects.

6. Dividend Policy

Any declaration of interim dividends and recommendation of final dividends are at the discretion of our Board, in consideration of the overall market conditions and the Group's internal strategies to practice prudent financial management. BCM does not have any formal dividend policy. No dividend was announced during the FYE 2020 in view of the challenging business environment.

SUSTAINABILITY STATEMENT

OUR APPROACH

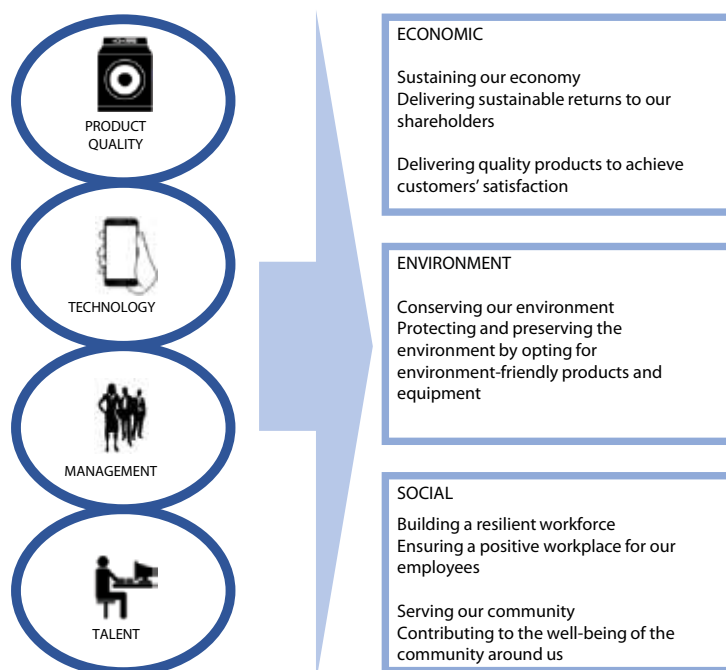
Sustainability has always been a pillar of the Group’s culture as we strived to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are one of the important criterion in investors’ investment decisions.

In line with Bursa Malaysia Securities Berhad’s Sustainability Reporting Guide (2nd Edition), the Group’s sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

In this respect, our mission, as a responsible corporate citizen, is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate.



BCM’s continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation, and is a key consideration in our approach to strategies formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over the near, medium and long term.



SUSTAINABILITY STATEMENT (CONT'D)



OUR SCOPE

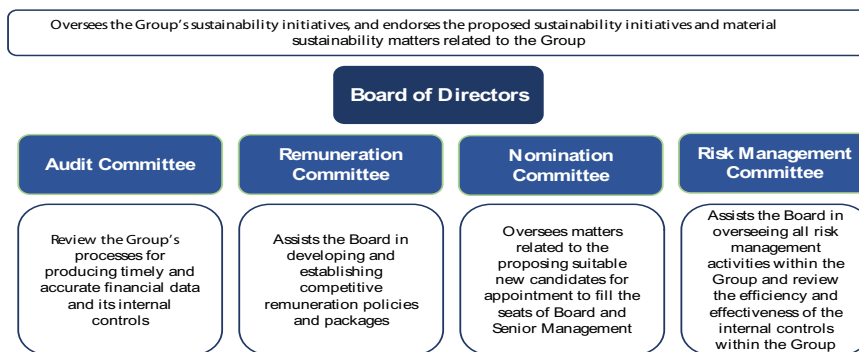
This Statement covers BCM Alliance Berhad and its subsidiaries. Information disclosed in this Statement encompasses our activities related to trading and distribution of commercial laundry equipment, medical devices, healthcare products and provision of laundry services in Malaysia.



SUSTAINABILITY GOVERNANCE

Corporate Governance

Sustainability is embedded in our organisational approach and is led from the top. The Board of Directors (“Board”) plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Senior Management to oversees the implementation of the organisation’s sustainability approach and ensures that key targets are being met. The Board also acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Risk Management Committee. Asides, the Group’s performance is also tracked with the assistance of Audit Committee, Nomination Committee and Remuneration Committee.



The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE (Cont'd)

Ethical Business Practices

The Board recognise the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Our business are conducted with integrity through good governance as mentioned by the Code of Conduct and Ethics. Our Whistle Blowing Policy, uploaded on our website, provides all stakeholders a direct channel for reporting instances of misconduct that contradict to our Code of Conduct and Ethics and/or other non-compliance offences.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law, but through processes and directives that continue to reinforce the principles.

In line with Section 17(A) of Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Group had developed and adopted the Anti-Corruption Policy and Guidelines on 15 May 2020 that will also enable the incorporation of the responsibilities for sustainability into the day-to-day operations of the Group.

BCM has adopted a zero-tolerance policy against all forms of bribery and corruption. BCM is committed to conduct our business dealings with integrity. This means avoiding practices of bribery and corruption in all forms of our Company's daily operations. Employees who refuse to pay bribes or participate in acts of corruption will not be penalised even if such refusal may result in losing business.

BCM expects that stakeholders and others performing work or services for or on behalf of BCM will comply with it in relevant part when performing such work or services.

STAKEHOLDERS ENGAGEMENT

We continued to engage our stakeholders actively throughout the financial year as part of our sustainability assessment process. Engagement with stakeholders allow us to gain more complete understanding on our materiality issues and matters. Whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

Stakeholders	Engagement Methods	Engagement Area
Shareholders	<ul style="list-style-type: none"> Annual & Extraordinary General Meetings Investors presentations Press releases Bursa announcements Quarterly report Annual report 	<ul style="list-style-type: none"> Financial and operational performance Share price performance Dividend policy Return on investments
Government	<ul style="list-style-type: none"> Compliances to laws and regulations 	<ul style="list-style-type: none"> Operations regulations Bursa listing requirements Companies Act Labour law Taxations
Board of directors	<ul style="list-style-type: none"> Board meetings 	<ul style="list-style-type: none"> Corporate strategy Corporate governance
Employees	<ul style="list-style-type: none"> Trainings Performance appraisal Team building activities 	<ul style="list-style-type: none"> Occupational safety & health Remuneration policy Career development Performance review Fair employment practices



SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDERS ENGAGEMENT (Cont'd)

Stakeholders	Engagement Methods	Engagement Area
Customers	<ul style="list-style-type: none"> Regular meetings Advertisement and marketing events 	<ul style="list-style-type: none"> Customer satisfactions After-sales services Quality assurance Innovative product
Suppliers	<ul style="list-style-type: none"> Regular meetings Quality audit on products Contract negotiation 	<ul style="list-style-type: none"> Products' quality Legal compliance
Communities	<ul style="list-style-type: none"> Community events 	<ul style="list-style-type: none"> Social contribution Job opportunities Donation and financial aid
Analyst/Media	<ul style="list-style-type: none"> Annual & Extraordinary General Meetings Press conferences and events Media releases 	<ul style="list-style-type: none"> Financial and operational performance

MATERIAL SUSTAINABILITY MATTERS

Economic

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the Annual General Meeting where shareholders are encouraged to ask questions to the Board and Executive Management on business operations and the financial performance and position of the Group. The Group's corporate website at www.bcmalliance.com.my also provides investor related information including quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Customers & Products

The Group is committed to see that not only our shareholders' interests are taken of but also those of our customers and suppliers. In this regard, the Group values its customers as they are a major reason for its profitability. Our marketing and sales representatives schedule regular meetings, both formal and informal, with our customers to build a strong and conducive relationship. The objective of this is to promote a culture of open communication, trust and reliability.

Our commitment to quality services in distribution of commercial laundry equipment and medical devices has been affirmed with ISO 9001:2015 (Quality Management Systems) and ISO 13485:2016 (Medical Devices - Quality Management Systems- Requirements for regulatory purposes). In addition to that, for medical devices, we are also in compliance with Good Distribution Practice for Medical Device (Regulatory Requirement for Medical Device Safety & Performance), and Medical Device Regulations, 2012. These certifications provide worldwide recognition and acceptance of our products.

Asides, medical devices imported and distributed by our Group have also been registered with Medical Device Authority of Malaysian in accordance with Section 5(1), Medical Devices Act, 2012. As of 5 April 2021, one hundred and fifty five (155) registered devices has been approved by the said Authority. These registrations provide regulatory control on the medical devices through compliance of the Act and to ensure the safety and performance of the medical devices to protect the public towards excellence customer satisfaction.

Our emphasis on prompt delivery, and efficient and reliable customer service, has accorded us with our industry reputation as a trusted and reliable distributor of commercial laundry equipment and medical devices.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (Cont'd)

Customers & Products (Cont'd)

CUSTOMERS' SATISFACTION
Internationally recognised best practices and international quality accreditation
Experienced management and equipped with industry knowledge, extensive technical support and comprehensive training services
Prompt delivery and reliable customer service
Efficient after-sales service, create an integrated and resilient workforce

In this context, we are able to expand our range of well-known brands and reliable medical products to clinics, diagnostic imaging centres, and private and government hospitals throughout Malaysia, such as our major customers of KPJ Healthcare, Columbia Asia Hospitals and etc.

Furthermore, BCM group has won some awards in year 2020 and 2021, such as the "Asia Pacific Top Excellence Brand 2019 & 2020 and 2021 & 2022" by The Asia Pacific BOOK OF THE TOP under CS Laundry as well as the "Best Growth Award 2020" awarded under Best Contact. We uphold the belief that customers rights should be preserved at all times and are on continuous endeavours to create value-for-money for our customers. We also wish to be a responsive and reliable partner to our customers within their respective markets.

As part of our sustainability move, as mentioned in "Management Discussion & Analysis", the Company had on 5 February 2021 acquired BC Medicare Sdn Bhd. ("BC Medicare"). The Acquisition is mainly to facilitate the Group strategic plan to expand its healthcare business segment. The intended principal activities of BC Medicare are to distributes medical related products such as whole-body disinfectant system, Covid-19 swab test kit, Covid-19 first aids box, AI temperature measure system, washer disinfectant, sterilizer, surgical table, surgical light, medical pendant, sonic cleaner, sterile assurance products, wound care products and to venture into any other medical related business through partnerships and collaborations.

The Company had on 18 March 2021 entered into a Subscription Agreement with Foodict Maker Sdn. Bhd. ("Foodict") for the proposed subscription of 600,000 new ordinary shares, representing 60% equity interest in the enlarge issued and paid up share capital of the Foodict. This Proposed Subscription will provide a good opportunity for BCM to strengthen its market presence in the health food and supplements, hair and body care products,

As the economic environment has become more challenging since March of 2021 which impacted by the coronavirus ("COVID-19") pandemic, the Group are highly focused on the execution of our strategic initiatives and are taking decisive actions to mitigate the challenges created by the COVID-19 global pandemic on the Group's performance in 2021.

Moving forwards, the Group will continue to expand the customer base and introduction of our new portfolio of products and services in order to strengthen our market position coupled with the expansion plans for revenue growth. To achieve sustainability in the long run, the Group opined that other diversification in terms of products, services and geographical shall also be ventured into to enhance its financial performance and in turn its' shareholders' value in future.

Suppliers

To our suppliers, we practise transparent and fair procurement policies so that they as our business partners know that they can depend on us.

SUSTAINABILITY STATEMENT (CONT'D)



MATERIAL SUSTAINABILITY MATTERS (Cont'd)

Environment

Products

With the rising awareness on eco-friendly practices, consumers are opting for environment-friendly products and equipment in which impacted the commercial laundry equipment and medical device business segments. Thus, the Group continuously source for the latest technology equipment which reduce the consumption of water and energy.

In this respect, the Group had opted to distribute laundry equipment which prevents wastage of water in the laundry process and reduce energy consumption while not compromising the quality of the equipment.

Water Saving Initiatives

Water is a limited resource, and as the world continues to advance and the global population continues to grow, an increasing strain is being placed on the supply of clean water. Water conservation is therefore an area that our Group is works hard on, both improving the efficiency with which we use our water, as well as working to educate our employees and the public about the need to conserve it.

Waste Management

Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double sided printing. Additionally, other material such as furnishing and fixture are recycled or reused where possible.

Waste segregation has been done by placing different bins in and around our hangars. Waste segregation is planned to be fully implemented in the coming years throughout the Group where recycling stations will be set up in convenient locations.

Social

Employees

We are made up of people with vast experience and industry background. Building capability is key, hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination Committee also reviewed our Group's succession plans for key and critical positions, ensuring that an emergency cover plan for critical leadership roles is in place at all times, and an adequate talent pipeline. The succession planning across the Group is implemented by stages and training programmes are designed specifically for management staff. A detailed job description is established for each job level.

Training programs for skill development and improvement are conducted for our employees so that they can execute their roles and responsibilities efficiently as well as for their personal career development. We will continue to focus on human capital development to nurture our employees to their full potential as they are our greatest asset.

In the appointment and recruitment process of BCM, we pride ourselves on being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, creed, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of the work environment, all employment activities, resource allocation and all employment terms and conditions. Every employee is given equal opportunity to rise up in their careers through hard work and dedication.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (Cont'd)

Employees (Cont'd)

The Group recognised that the safety and well-being of its employees is the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. In this respect, the Group places utmost importance on compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994.

In reponse to COVID-19 pandemic, BCM to safeguard our employees and minimize the impact in the workplace and implemented the Standard Operating Procedures (SOP) and enhanced the SOP from time to time. Several measures have been in place, such as daily screening of employees' body temperature before entrance, visitors and suppliers' self-declaration, physical distancing of 1 meter distance and daily disinfection of defined areas and others.



Additionally, the Company frequently conducts audit in the premises to ensure the employees complied with the SOP at all times. In order to increase the awareness of COVID-19 prevention, BCM regularly conducts briefings on the SOP, messages from the authorities and COVID-19 cases updates to all the employees.

During the COVID-19 pandemic, BCM extended our appreciation and support to the Nation's frontliners' tireless effort to contain the COVID-19 outbreak by donating Personal Protective Equipment ("PPE") items to the army hospitals.

The Group contribution to Hospital Angkatan Tentera Tuanku Mizan and 94 Armed Forces Hospital (Terendak Camp) with the following PPE items:

No	Item	Quantity
1.	Disposable Medical Mask (3 ply)	12,000 pcs
2	Protective Face Shield	1,000 pcs
3.	Nano Silver Multi-Purpose Sanitizer (30ml)	500 pcs
4.	Non-contact Thermometer	20 units



SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (Cont'd)

Employees (Cont'd)



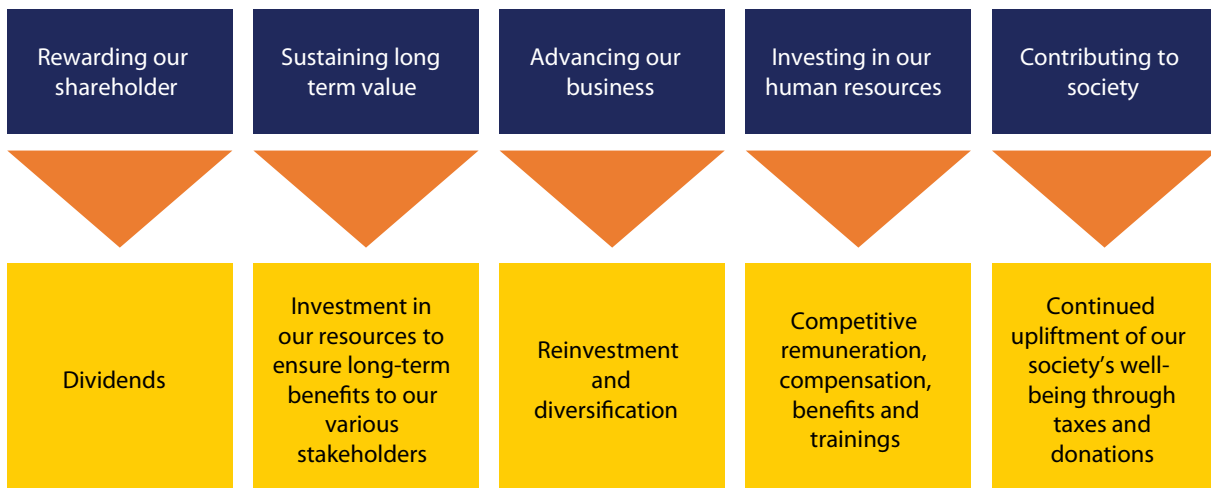
(Left pic) PPE donation & handover session at 94 Armed Forces Hospital / Terendak Camp, Melaka.



(Right pic) PPE donation & handover session at Hospital Angkatan Tentera Tuanku Mizan, Kuala Lumpur.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of BCM Alliance Berhad (“the Company” or “the Group”) values the importance of good corporate governance and upholds the principles and good practices contained in the Malaysian Code on Corporate Governance (“MCCG”), where applicable.

MCCG serves as a fundamental guide to the Board in discharging its duty to act in the best interest of the Group while enhancing long-term shareholders’ value and interests of other stakeholders.

This overview statement is prepared in compliance with the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and is to be read together with the Corporate Governance Report of the Company for the FYE 2020 which is available on the Company’s website at www.bcmalliance.com.my.

The Board wishes to share the following statement on the extent to which principles and good practices of MCCG were applied during the FYE 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PRINCIPLE A: PART I – BOARD RESPONSIBILITIES

Intended Outcome 1.0

- Every company is headed by a Board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

1.1 Board’s Roles and Responsibilities

The Board is primarily responsible in providing the overall governance, stewardship and oversight for the direction and management of the Group. The Board also oversees the proper conduct of the Group’s business, risk management, succession planning, investor relations, shareholders’ communication, internal control, corporate governance practices and statutory matters.

Furthermore, the Board has access to the advice and services of the Company Secretaries, as well as independent professional advice, if necessary, on matters relating to the fulfillment of the Board’s roles and responsibilities. The cost of procuring these professional services will be borne by the Company.

The Managing Director and Executive Directors are fully accountable to the Board for the exercise of their assigned authority and, with the support of the Company’s senior management, report to the Board on the exercise of that authority.

The daily management and operation of the Group are the key responsibilities of the Managing Director who reports to the Board on major management and operational issues, including but not limited to corporate strategies, capital expenditure, execution of contracts, procurement, litigation and human resource management.

The Managing Director and Executive Directors are responsible for providing leadership and overseeing day-to-day business operations and management within their assigned responsibilities, including organisational effectiveness, performance monitoring, implementation of corporate policies and strategies, as well as resource allocations.

The role of management is to support the Managing Director and Executive Directors.

The Independent Non-Executive Directors are independent management and free from any significant business or other relationship with the Company and the Group. They are able to provide an unfettered and unbiased independent judgement and to promote good corporate governance in their role.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART I – BOARD RESPONSIBILITIES (CONT'D)

Intended Outcome 1.0

- Every company is headed by a Board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (cont'd)

1.1 Board's Roles and Responsibilities (cont'd)

To ensure the effective discharge of its responsibilities, the Board delegates specific powers to other Board Committees and the management namely, Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee to ensure appropriate checks and balances in discharging its oversight function. These committees operates under clearly defined terms of references as approved by the Board to oversee and deliberate matters within their purview.

1.2 Chairman of the Board

The Chairman of the Board, Datuk Chin Goo Chai is an Independent Non-Executive Chairman and is responsible for the leadership, effectiveness, conduct and governance of the Board. The Chairman acts as a facilitator at the Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates any discussion. Together with the other Executive Directors and Independent Directors, he leads the discussion on the strategies and policies recommended by the Management. He chairs the meetings of the Board and general meetings of the Company.

1.3 Separation of positions of Chairman and Managing Director

The Board is led by the Independent Non-Executive Chairman, Datuk Chin Goo Chai and is supported by the Managing Director, Mr Liaw Chong Lin and other Board members with wide range of expertise and experience. They collectively play an important role in the stewardship in the direction and operations of the Group.

The roles and responsibilities of the Chairman and Managing Director are held by two different individuals which set out in the Board Charter to provide clear, distinct responsibilities for each role in order to enhance the appropriate existing balance of role, responsibility, power, authority and accountability. The Board has delegated its responsibilities for the day-to-day management of the Group's operations and business as well as the implementation of the Board's policies and decisions to the Managing Director, Executive Directors and Senior Management of the Company.

The Chairman is responsible in leading the Board in its collective oversight of Management and ensure effectiveness of the Board matters whilst the Managing Director is responsible for the Group's business performance and manages the Group in accordance with the strategies and policies approved by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART I – BOARD RESPONSIBILITIES (CONT'D)

Intended Outcome 1.0

- Every company is headed by a Board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company. (cont'd)

1.4 Qualified and competent Company Secretaries

The Board is supported by suitably qualified and competent Company Secretaries who are the members of a professional body, the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and Licensed Secretaries (“LS”). Both also qualified to act as the Company Secretaries under Section 235(2) of the Companies Act, 2016.

The Company Secretaries play an advisory role to the Board and support the Board in ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. The Board is regularly updated by the Company Secretaries on changes to the relevant statutory and regulatory requirements, particularly on areas relating to the duties and responsibilities and disclosure requirements of the Directors. The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and Senior Management.

1.5 Access to information and advice

In the discharge of the Directors' duties, all Directors have direct access to the Company Secretary and Senior Management. All Board members have unrestricted access to all information relating to the Group's business affairs within the Group whether as a full Board or in their individual capacity in furtherance of their duties and responsibilities as Directors of the Company. The Directors also have access to the Internal and External Auditors of the Group, with or without the presence of the management, to seek explanations or additional information.

The Directors, collectively or individually, may seek independent professional advice and information in the furtherance of their duties at the Company's expense, to ensure the Directors are able to make independent and informed decision, if considered necessary.

To keep abreast with the digital era, Board papers including but not limited to the minutes of Board meetings were made accessible via electronic means for instantaneous delivery and within reach by the Board members not later than seven (7) days prior to the scheduled meetings to ensure sufficient time for all Board members to review and deliberate on such matters accordingly and, where required, to obtain further information and clarification to facilitate well-informed decision making during the meeting.

All matters raised, discussions, deliberations, decisions and conclusions including dissenting views made at the meeting are recorded in the minutes of meeting.

The Board is also regularly updated and kept informed by the Company Secretaries and the management on corporate disclosures and compliance with company and securities regulations and listing requirements such as restriction in dealing with the securities of the Company and updates on the latest developments in legislations and regulatory framework affecting the Group issued by the various regulatory authorities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART I – BOARD RESPONSIBILITIES (CONT'D)

Intended Outcome 2.0

- There is demarcation of responsibilities between the board, board committees and management.
- There is clarity in the authority of the board, its committees and individual directors.

2.1 Board Charter

The Board Charter has been formalised and adopted by the Board to provide guidance to them in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate. The Board Charter was reviewed and revised by the Board where necessary and it is available at the Company's website at www.bcmalliance.com.my.

The Board Charter is subjected to periodic review and updated to ensure it remains consistent with the Group's policies and procedures, the Board's overall responsibilities as well as changes to the relevant legislation and regulations.

Intended Outcome 3.0

- The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.
- The Board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice in the company.

3.1 Code of Ethics and Conduct

The Board has developed a Code of Ethics and Conduct ("Code") to maintain an ethical corporate culture and to enhance the standard of corporate governance and corporate behaviour across the Group.

The details of the Code of Ethics and Conduct are available for reference at the Company's website at www.bcmalliance.com.my.

3.2 Whistle-Blowing Policy

The Board also formalized a Whistle Blowing Policy to provide an avenue for all employees of the Group to raise the concerns and disclose any improper conduct within the Group and take appropriate actions to resolve them effectively.

The Whistle-Blowing Policy is available on the Company's website at www.bcmalliance.com.my.

3.3 Anti-Corruption Policy and Guidelines

With the introduction of new corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018) which effective from 1 June 2020, the Board has reviewed the readiness of the Group in relation to the implementation of the Anti-Corruption Policy and Guidelines that in accordance with the objective of compliance.

The Anti-Corruption Policy and Guidelines was approved by the Board on 15 May 2020, which is available on the Company's website at www.bcmalliance.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART II – BOARD COMPOSITION

Intended Outcome 4.0

- Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

4.1 Board Composition

The current Board composition of the Company represents a mix of knowledge, skills, expertise, diversity and gender which assist the Board in effectively discharging its stewardship and responsibilities. The Board currently comprises eight (8) members comprising three (3) Executive Directors (including the Managing Director) and five (5) Independent Non-Executive Directors. Currently one member of the Board is female gender. The present composition fulfills the requirement of the AMLR of Bursa Securities and also its board charter which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent. The profiles of each Director are set out in the Directors' Profile in this Annual Report 2020.

The Board recognises the importance of independence and objectivity in the decision-making process. The Board is committed to ensure that the Independent Directors are capable to exercise their independent judgment and to act in the best interests of the Company. The Board via its Nomination Committee to conduct an independent assessment of the Independent Directors. The Nomination Committee is satisfied with the results whereby all the Independent Directors fulfilled the criteria of "Independence" as prescribed under the AMLR of Bursa Securities.

4.2 Board Meeting

The Board is scheduled to meet at least four (4) times a year at quarterly intervals, with additional meetings to be convened when urgent and important decisions are required to be made between the scheduled meetings. The Directors allocate sufficient time to discharge their responsibilities effectively and attend Board and Board Committee meetings with sufficient regularity to deliberate on matters under their purview. During the year, the Board has deliberated on strategic plans and objectives, financial results, significant acquisitions and other matters reserved for Board.

In the intervals between Board Meetings, for any matters requiring urgent Board's decisions or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made and the same for the Board Committees. The Board decisions made at the Board meetings shall be by a majority as prescribed by the Constitution of the Company.

Proceedings of, and resolutions passed at each Board Meeting are documented in the minutes and signed by the Chairman at the subsequent Board Meeting. In addition to Board Meetings, the Board exercises control over matters that require Board approval through the circulations of Directors' Resolutions. These minutes and resolutions are kept at the registered office of the Company.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART II – BOARD COMPOSITION (CONT'D)

Intended Outcome 4.0

- Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd)

4.2 Board Meeting (cont'd)

During the FYE 2020, five (5) Board meetings were held and the attendance of the Board members are as follows:

	Name of Directors	Total Meetings Attended	Percentage of Attendance
(a)	Datuk Chin Goo Chai	5/5	100%
(b)	Liaw Chong Lin	5/5	100%
(c)	Datin Latiffah Binti Endot	5/5	100%
(d)	Ng Kok Wah	5/5	100%
(e)	Koh Lap Hing (retired on 17 August 2020)	3/3	100%
(f)	Lim Jit Wei (resigned on 1 October 2020)	3/4	75%
(g)	Hew Chun Shun (resigned on 4 January 2021)	5/5	100%
(h)	Chung Eng Lam (resigned on 4 January 2021)	5/5	100%
(i)	Koh Pee Seng (appointed on 25 August 2020 and resigned on 4 January 2021)	1/1	100%
(j)	Ng Wai Hong (appointed on 1 October 2020 resigned on 4 January 2021)	1/1	100%
(k)	Datin Cheah Meow Choong (appointed on 25 August 2020 and resigned on 8 January 2021)	1/1	100%

All Directors complied with the requirements of Rule 15.05(3)(c) of the AMLR which stipulates a minimum 50% attendance of the Board meetings held during FYE 2020. The Board is satisfied with the time commitment given by the Directors and is confident that the Directors are able to devote sufficient time commitment to their roles and responsibilities as Directors of the Group.

4.3 Tenure of Independent Director

The Board is mindful that the recommendation in MCCG, the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as non-independent director. If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval.

The Board is also mindful of Practice 4.2 of the MCCG which require the Board to seek annual shareholders' approval through a two-tier voting process. If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.

The Nomination Committee has undertaken a review and assessment of the level of independence of the Independent Directors during FYE 2020 and is satisfied that they are able to discharge their responsibilities in an independent manner.

The Nomination Committee carried out the evaluation of independence on each independent director annually. There are no independent directors who have exceeded a cumulative term of nine (9) years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART II – BOARD COMPOSITION (CONT'D)

Intended Outcome 4.0

- Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd)

4.4 Policy of Independent Directors' Tenure

The Board does not have term limits for its Independent Directors and is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that the Independent Directors' continued contribution, especially their invaluable knowledge of the Group and its operations gained through the years, will provide stability and benefits to the Board and the Company as a whole. The caliber, qualification, experience and personal qualities, and importantly, the Director's integrity and objectivity in discharging his responsibilities in the best interest of the Company, predominantly determines the ability of the Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmation on their independence, will be able to determine if they can continue to bring independent and objective judgement on Board deliberations and decision making.

4.5 Diversity of Board and Senior Management

The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.

The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group.

Notwithstanding with the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.

The appointments of Board members and Senior Management are made based on merit, in the context of diversity in skills, experience, age, background, gender, ethnicity and other factors which is in the best interests of the Group.

During the period from 25 August 2020, our Board comprise of two (2) female directors namely Datin Latiffah Binti Endot and Datin Cheah Meow Choong. Subsequently, on 1 October 2020, Madam Ng Wai Hong joined the Board and the Board comprise of total three (3) female directors which in line towards achieving country's aspirational target of achieving 30% representation of women on boards.

As of the date of this Statement, the current Board composition comprise of one (1) female director in view of the resignation of Madam Ng Wai Hong and Datin Cheah Meow Choong on 4 January 2021 and 8 January 2021 respectively which meets the MCCG's recommendation.

4.6 Gender Diversity

As mentioned above, the Board does not set specific targets on gender diversity for the Company but endeavor to improve the number of women directors on the Board, based on pre-determined skill sets and competencies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART II – BOARD COMPOSITION (CONT'D)

Intended Outcome 4.0

- Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd)

4.7 New Candidates for Board Appointment

The Nomination Committee is responsible for making recommendations for the appointment of Directors to the Board. In making these recommendations, the Nomination Committee considers the required mix of skills, experience, knowledge, competencies and other necessary qualities including gender diversity to the Board.

During FYE 2020, the Nomination Committee made recommendations on the appointment of Mr Koh Pee Seng as Executive Deputy Chairman, Madam Ng Wai Hong as Executive Director and Datin Cheah Meow Choong as Independent Non-Executive Director respectively.

On 4 January 2021, Mr Hoo Swee Guan and Mr Ho Kee Wee was appointed as Executive Directors and Mr Yap Kim Choy was appointed as Independent Non-Executive Director. Subsequently, on 8 January 2021, Mr Khor Ben Jin was appointed as Independent Non-Executive Director.

4.8 Criteria for Recruitment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee. The Company maintains an adequate number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help to assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In assessing suitability of candidates, consideration will be based on the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of professional knowledge, skills, experience and diversity (including gender diversity), understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of director to the Board are as follows:

- (i) The Nomination Committee reviews the Board's composition through Board assessment/evaluation;
- (ii) The Nomination Committee determines skills matrix;
- (iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- (iv) The Nomination Committee recommends to the Board for appointment; and
- (v) The Board approves the appointment of the candidates.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART II – BOARD COMPOSITION (CONT'D)

Intended Outcome 4.0

- Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd)

4.8 Criteria for Recruitment (cont'd)

Factors considered by the Nomination Committee when recommending a person for appointment as a director includes:

- the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
- the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
- the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

4.9 Nomination Committee

The Nomination Committee is responsible for assessing the adequacy and appropriateness of the board composition, identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine the skill matrix to support the strategic direction and needs of the Company.

The present members of the Nomination Committee are as follows:

Chairman	– Datuk Chin Goo Chai (<i>Independent Non-Executive Chairman</i>)
Member	– Datin Latiffah Binti Endot (<i>Independent Non-Executive Director</i>)
Member	– Ng Kok Wah (<i>Independent Non-Executive Director</i>)
Member	– Yap Kim Choy (<i>Independent Non-Executive Director</i>) (<i>appointed on 8 January 2021</i>)

The Nomination Committee is responsible for reviewing the Board's succession plans, training for Directors and assessing the effectiveness of the Board and Board Committees.

The details of its Terms of Reference are available on the Company's website at www.bcmalliance.com.my.

The summary of activities undertaken by the Nomination Committee during the FYE 2020 included the following:

- Reviewed the effectiveness and composition of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
- Reviewed and assessed the proposed appointment of new Directors of the Company;
- Reviewed and recommended the re-election of the retiring Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution;
- Assessed and evaluated the level of independence of Independent Directors; and
- Reviewed the terms of office of the Audit Committee and each member of the Audit Committee.



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART II – BOARD COMPOSITION (CONT'D)

Intended Outcome 4.0

- Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd)

4.10 Directors' Training

All the Directors have completed the Mandatory Accreditation Programme required by Bursa Securities.

There continues to be an awareness of the importance and benefits of attending and participating in training and continuing education programmes aimed at enhancing the Directors' knowledge, skills and level of contribution to the Company.

During the FYE 2020, the directors had attended/participated the following training and briefing:

No.	Seminars / Conferences / Training Programmes Attended	Attendee(s)
1.	Awareness Training on Corporate Liability	Datuk Chin Goo Chai
2.		Datin Latiffah Binti Endot
3.		Liaw Chong Lin
4.		Ng Kok Wah

The Board shall continue to evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

Intended Outcome 5.0

- Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

5.1 Annual assessment of the Directors, Board as a whole and Board Committees

The Nomination Committee is required to assess the Board's effectiveness in terms of its composition, roles and responsibilities, and whether the Board Committees have discharged their functions and duties in accordance with the terms of reference. The Nomination Committee assesses the composition of the Board on annual basis to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision making. All assessments and evaluations carried out by the Nomination Committee in discharging its functions have been well documented.

During the FYE 2020, the Nomination Committee conducted an annual assessment of its Directors and the effectiveness of the Board of Directors as a whole in terms of Board composition, quality of information and decision making, boardroom activities and Board's relationship with management. It also assessed the Directors who are subject to retirement by rotation at the forthcoming 6th AGM in accordance with the provisions of the Constitution of the Company. Upon recommendation by the Nomination Committee of the proposed retirement by rotation of the relevant directors, the Board had recommended and supported the retirement by rotation of the relevant Directors to be tabled at the 6th AGM for shareholders' approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART III - REMUNERATION

Intended Outcome 6.0

- The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.
- Remuneration policies and decisions are made through a transparent and independent process.

6.1 Remuneration Policy

In general, the remuneration is structured to reward the corporate and individual performance, as in the case of the Executive Directors and Senior Management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the Director concerned.

The Board does not have any formal remuneration policy. Notwithstanding that, in determining the remuneration packages of Executive Directors and Senior Management, the Remuneration Committee has considered the compensation and benefits which commensurate with the level of the Executive Directors and Senior Management's responsibilities and performance, as well as taking into consideration the Group's performance relative to the industry. The Executive Directors are not entitled to annual fee or allowance nor he is entitled to receive any meeting allowances for the Board and Board Committees Meetings he attends.

The Board collectively determines the remuneration for the Non-Executive Directors to ensure the same is appropriately reflective of experience and the level of responsibilities and contributions including the number of the scheduled meetings for the Board, board of subsidiaries and Board committees; and competitive compared with the prevalent market practices. Each of the Non-Executive Directors abstains from deliberating and voting on his own remuneration.

6.2 Remuneration Committee

The Remuneration Committee of the Company is governed by the Terms of Reference which establishes the functions, powers, duties and responsibilities. The Terms of Reference which set out its duties and responsibilities, are available on the Company's website at www.bcmalliance.com.my.

The Remuneration Committee comprises of five (5) members and majority of whom are Independent Directors. The present composition is as follows:-

- | | | |
|-------------|---|---|
| Chairperson | – | Datin Latiffah Binti Endot (<i>Independent Non-Executive Director</i>) |
| Member | – | Datuk Chin Goo Chai (<i>Independent Non-Executive Chairman</i>) |
| Member | – | Yap Kim Choy (<i>Independent Non-Executive Director</i>) (<i>appointed on 8 January 2021</i>) |
| Member | – | Hoo Swee Guan (<i>Executive Director</i>) (<i>appointed on 8 January 2021</i>) |
| Member | – | Ho Kee Wee (<i>Executive Director</i>) (<i>appointed on 8 January 2021</i>) |

The past members of the Remuneration Committee are as follows:

- | | | |
|--------|---|--|
| Member | – | Koh Lap Hing (<i>Non-Independent Executive Deputy Chairman</i>) (<i>retired on 17 August 2020</i>) |
| Member | – | Datin Cheah Meow Choong (<i>Independent Non-Executive Director</i>)
(<i>Appointed as member on 25 August 2020 and cessation of office as member due to her resignation as Director on 8 January 2021</i>) |



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART III - REMUNERATION (CONT'D)

Intended Outcome 6.0

- The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.
- Remuneration policies and decisions are made through a transparent and independent process. (cont'd)

6.2 Remuneration Committee (cont'd)

The Remuneration Committee is primarily responsible for recommending the policy and framework of the remuneration of the directors and senior management, including the terms and remuneration of the executive director(s), to the Board in order to align with the business strategy and long-term objectives of the Company. The remuneration of directors and senior management is determined at levels which enable the Company to attract and retain Directors and senior management with the relevant experience and expertise to govern the Group effectively.

The summary of activities undertaken by the Remuneration Committee during the FYE 2020 included the following:

- reviewed and recommended the payment of the remuneration packages to the Executive Deputy Chairman;
- reviewed and recommended the payment of the Directors' Fees and Meeting Allowance to new Independent Non-Executive Directors; and
- reviewed and recommended the payment of Directors' fees and other benefits to Non-Executive Directors.

Intended Outcome 7.0

- Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

7.1 Details of the remuneration of Directors

Pursuant to the Section 230 of the Companies Act, 2016, a general meeting shall approve the fees of the Directors and any benefits payable to the directors of a listed company and its subsidiaries.

Details of the aggregate remuneration of Directors for the FYE 2020 are as follows:-

	Company		Group	
	Fees (RM)	Salaries and other emoluments (RM)	Fees (RM)	Salaries and other emoluments (RM)
Executive Directors	-	449,806	12,000	2,466,697
Non-Executive Directors	164,790	6,000	176,790	6,000
	164,790	455,806	188,790	2,472,697

- other emoluments include the meeting allowance for the Directors' attendance at Board and Board's Committee Meetings as well as benefit-in-kind.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PRINCIPLE A: PART III - REMUNERATION (CONT'D)

Intended Outcome 7.0

- Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance. (cont'd)

7.1 Details of the remuneration of Directors (cont'd)

The fees and allowances for Non-Executive Directors are determined by the Board and are subject to the approval of the shareholders of the Company.

The breakdown of the detailed Directors' fees and other benefits paid during the year under review is disclosed in the Corporate Governance Report which is accessible to the public for reference at the Company's website, www.bcmalliance.com.my.

7.2 Remuneration of Senior Management

In determining the remuneration packages of the Senior Management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

The Company believes it may not be in its best interest to disclose the information on the remuneration on the named basis of each member of the Senior Management Personnel, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.

The remuneration of the Senior Management personnel is combination of annual salary, bonus and benefits-in-kind are determined in a similar manner as other management employee of the Company. The basis of determination has been consistent applied and is based on individual performance, the overall performance of the Company and benchmarked against other companies operating in similar industry.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PRINCIPLE B: PART I – AUDIT COMMITTEE

Intended Outcome 8.0

- There is an effective and independent Audit Committee.
- The board is able to objectively review the Audit Committee's findings and recommendations.
- The company's financial statement is a reliable source of information.

8.1 The Chairman of the Audit Committee is not the Chairman of the Board

The Company is complied with the Practice 8.1 of the MCCG which stipulates the Chairman of the Audit Committee is not the Chairman of the Board.

The Audit Committee is chaired by Mr Ng Kok Wah, an Independent Non-Executive Director, who is not the Chairman of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PRINCIPLE B: PART I – AUDIT COMMITTEE (CONT'D)

Intended Outcome 8.0

- There is an effective and independent Audit Committee.
- The board is able to objectively review the Audit Committee's findings and recommendations.
- The company's financial statement is a reliable source of information. (cont'd)

8.2 Former audit key partner

Practice 8.2 of the MCCG requires the Audit Committee to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as member of the Audit Committee.

The Terms of Reference of the Audit Committee has been updated accordingly for the Audit Committee to formalize such policy.

8.3 Composition of Audit Committee

The composition of the Audit Committee meets the requirements of Rule 15.09(1)(a) and (b) of the AMLR of Bursa Securities. All members of the Audit Committee are believed to be able to analyse and interpret financial statements to effectively discharge their duties and responsibilities as member of the Audit Committee.

The Nomination Committee is satisfied that the Audit Committee and its members have discharged their functions, duties and responsibilities in accordance with the Audit Committee's Terms of Reference and supported the Board in ensuring the Group upholds appropriate corporate governance standards.

All members of the Audit Committee are mindful that they should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The composition of the Audit Committee, its terms of reference, attendance of meetings by the individual members and the summary of activities are set out in the Audit Committee Report on pages 63 to 65 of this Annual Report 2020.

8.4 Suitability, objectivity, and independent of the external auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The Audit Committee reviews the terms of engagement for services provided by the External Auditors prior to submission to the Board for approval. The Audit Committee reviews the effectiveness and performance of the External Auditors annually.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PRINCIPLE B: PART I – AUDIT COMMITTEE (CONT'D)

Intended Outcome 8.0

- There is an effective and independent Audit Committee.
- The board is able to objectively review the Audit Committee's findings and recommendations.
- The company's financial statement is a reliable source of information. (cont'd)

8.4 Suitability, objectivity, and independent of the external auditors (cont'd)

In assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following:

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non- audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' approval at the Annual General Meeting by the recommendation of the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to response and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the FYE 2020.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs. UHY as the External Auditors of the Company for the FYE 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PRINCIPLE B: PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome 9.0

- Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.
- The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

9.1 Effective Risk Management and Internal Control Framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to assess current and emerging risks and to respond to risks affecting the Group.

As an effort to enhance the system of internal control, the Board adopted an on-going monitoring and review of the existing risk management process in the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

9.2 Adequacy and Effectiveness of the Risk Management and Internal Control

The internal audit function of the Company is effective and remains independent all the time. The internal audit function is set out in the Statement on Risk Management and Internal Control and Audit Committee Report.

Internal Auditors reports functionally to the Audit Committee and has unrestricted access to the Audit Committee. Its function is independent of the activities or operations of other operating units. Internal Auditors periodically evaluates the effectiveness of the risk management process, reviews the operating effectiveness of the internal controls system and compliance control within the Group. The Internal Auditors are invited to attend the Audit Committee meetings to facilitate the deliberation of audit reports. The minutes of the Audit Committee meetings are tabled to the Board for information and serves as a reference.

The information on the Group's internal control is further elaborated on pages 67 to 72 on the Statement on Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PRINCIPLE B: PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Intended Outcome 9.0

- Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.
- The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed. (cont'd)

9.3 Risk Management Committee

The Board had on 26 November 2019 established a Risk Management Committee. The present composition of the Risk Management Committee is as follows:-

- Chairperson – Datin Latiffah Binti Endot (*Independent Non-Executive Director*)
 Member – Ng Kok Wah (*Independent Non-Executive Director*)
 Member – Hoo Swee Guan (*Executive Director*) (*appointed on 8 January 2021*)
 Member – Ho Kee Wee (*Executive Director*) (*appointed on 8 January 2021*)

The past member of the Risk Management Committee is as follows:-

- Member – Chung Eng Lam (*Executive Director*) (*resigned on 4 January 2021*)

The functions of the Risk Management Committee are to oversee the risk management matters relating to the activities of the Group and assists the Board to fulfil its responsibilities with regard to risk management in order to manage the overall risk exposure of the Group. The Risk Management Committee is also responsible to oversee the compliance function and monitoring the overall compliance of the Group.

Intended Outcome 10.0

- Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

10.1 Internal Audit Function

The Group outsourced its internal audit function to an independent professional firm, Eco Asia Governance Advisory Sdn. Bhd. (formerly known as Eco Asia Advisory Sdn. Bhd.). The outsourced Internal Auditors report directly to the Audit Committee and provide the Board with a reasonable assurance of adequacy of the scope, functions and resources of the internal audit function.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

The internal audit review of the Group's operations encompasses an independent assessment of the Company's compliance with its internal controls and recommendations are made for further improvement.

During the FYE 2020, the AC had reviewed and assessed the Customer Service/Complaint Management and Product Recall and Cash Management and that they have the necessary authority to carry out their work.

The total costs of the internal audit function in respect of the FYE 2020 was approximately RM30,000.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

PRINCIPLE C: PART I – COMMUNICATION WITH STAKEHOLDER

Intended Outcome 11.0

- There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.
- Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

11.1 Effective, transparent and regular communication with its stakeholders

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company to the regulators, shareholders and stakeholders. The Company has identified persons authorised and responsible to approve and disclose material information to shareholders and stakeholders to ensure compliance with the Listing Requirements. The Board has delegated the authority to the Executive Directors to approve all announcements for release to Bursa Securities. The Executive Directors work closely with the Board, the Senior Management and the Company Secretaries who are privy to the information to maintain strict confidentiality of the information.

The Company continues to recognise the importance of transparency and accountability to its shareholders and investors. The Board always ensures that the shareholders are informed of the financial performance and major corporate activities of the Company. Such information is communicated to shareholders and investors through various disclosures and announcements to Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases.

Apart from the mandatory announcements through Bursa Securities, the Company also maintains a website www.bcmalliance.com.my to which shareholders and investors can have access to information on the operations and business activities of the Group.

Investor relations activities such as meetings with fund managers and analysts and interviews by the press are held at appropriate time to explain the Group's strategy, performance and major developments.

In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with the requirements of the Listing Requirements. It also adopts the recommendations of the MCCG with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. The contents and disclosure requirements of the annual report are also governed by the AMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PRINCIPLE C: PART II – CONDUCT OF GENERAL MEETINGS

Intended Outcome 12.0

- Shareholders are able to participate, engage the board and senior management effectively and make informed voting decision at General Meetings.

12.1 Annual General Meeting

General meeting serves as a principal platform for the Board and Senior Management to engage with shareholders and encourage effective shareholders' communication on the Company's performance, corporate and business developments and any other matters affecting shareholder interests. The Company Secretaries, by order of the Board, served a notice of AGM to all shareholders of the Company at least 28 days prior to its forthcoming AGM to provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the AGM. Notice of the AGM clearly sets out details of the resolutions proposed accompanying with explanatory notes on the rationale of each resolution to enable the shareholders to make informed decision in exercising their voting rights.

The Notice of the AGM also provides information to the shareholders with regard to, amongst others their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy.

The Board also encourages other channels of communication with shareholders. The Board will ensure that the general meetings of the Company are conducted in an efficient manner and serve as a platform for shareholders' communication. These include the supply of comprehensive and timely information to shareholders and the encouragement of active participation at the general meetings.

All resolutions set out in the Notice of the AGM were put to vote by poll. The outcome of all resolutions proposed at the general meetings would be announced to Bursa Securities at the end of the meeting day. A summary of the key matters discussed at the AGM (if any) will be published on the Company's website, www.bcmalliance.com.my for the shareholders' information.

12.2 Poll Voting

In line with Rule 8.31A of the AMLR, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

12.3 Attendance in General Meetings

The general meeting also serves as an avenue for the Chairman and the Board members to engage in a two-way communication with shareholders where the shareholders are encouraged to participate in the question-and-answer session with the Board personally and exercise their right to vote on the proposed resolutions.

The Board will ensure that all Board members, particularly the chairperson of each Board committee will make their endeavors to attend general meeting to facilitate engagement with shareholders and to address any relevant questions and concerns raised by the shareholders.

The external auditors will be present at the AGM to respond to any queries from shareholders on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company, and the independent audit review of the Company's financial position.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PRINCIPLE C: PART II – CONDUCT OF GENERAL MEETINGS (CONT'D)

Intended Outcome 12.0

- Shareholders are able to participate, engage the board and senior management effectively and make informed voting decision at General Meetings. (cont'd)

12.4 Encourage Shareholder Participation at General Meeting

The Company allows a member to appoint a proxy who may not be a member of the Company. If the proxy is not a member of the Company, he/she need not be an advocate, an approved company auditor or a person approved by the Companies Commission of Malaysia. A member, including an Authorised Nominee and an Exempt Authorised Nominee which holds securities in the Company for an Omnibus Account, may appoint one (1) or more proxies to attend on the same occasion. Where a member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The Constitution of the Company further accord proxies the same rights as members to speak at the general meeting. Essentially, a corporate representative, proxy or attorney is entitled to attend, speak and vote both on a show of hands and on a poll as if they were a member of the Company.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG as well as the relevant AMLR for the FYE 2020. Any practices in the MCCG which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

This Statement is made in accordance with the resolution of the Board dated 12 April 2021.

NOMINATION COMMITTEE REPORT

This Report has been reviewed by the Nomination Committee (“NC”) and approved by the Board of Directors of BCM for inclusion in this Annual Report 2020.

COMPOSITION OF THE NC

The composition of the NC is as listed below and complies with Rule 15.08A of the AMLR of Bursa Securities which states that a nomination committee shall comprise exclusively of Non-Executive Directors, a majority of whom must be independent:

- Chairman – Datuk Chin Goo Chai (*Independent Non-Executive Chairman*)
- Member – Datin Latiffah Binti Endot (*Independent Non-Executive Director*)
- Member – Ng Kok Wah (*Independent Non-Executive Director*)
- Member – Yap Kim Choy (*Independent Non-Executive Director*) (*appointed on 8 January 2021*)

The NC is chaired by Datuk Chin Goo Chai, who is an Independent Director, thereby meeting Practice 4.7 of the MCCG that the nomination committee should be chaired by an independent director or the senior independent director.

During FYE 2020, the NC continued to play a key role in assisting the Board to fulfil its oversight responsibilities, primarily relating to the Board’s composition and appointment of key Senior Management, assessing the effectiveness of the Board and Board Committees. In discharging its responsibilities, the NC is guided by the NC Terms of Reference, which may be reviewed at the Company’s website at www.bcmalliance.com.my.

The Executive Directors and Senior Management were invited to the NC meetings to facilitate deliberations as well as provide clarifications on the proposals tabled for the NC’s considerations. An update of key deliberations and recommendations by the NC were reported to the Board at its meetings. The Company Secretaries served as the secretaries of the NC.

SUMMARY OF ACTIVITIES OF THE NC

The NC’s key activities throughout FYE 2020 are summarized below:

a) Board Effectiveness Evaluation

The annual Board assessment FYE 2020 was carried out by the NC with the assistance of the Company Secretaries.

A self-assessment questionnaire was circulated to all the Board members, and used to assess the Board as a whole, the Board Committees as well as the Directors individually. There were a variety of parameters considered to ensure a holistic evaluation. The assessment covered areas which include, inter alia, the responsibilities of the Board in relation to its role and function, for the Board and Senior Management, corporate governance, and monitoring the Company’s performance.

Other areas evaluated include the composition and size of the Board and Board Committees, the Board’s decision making and output, information and the overall perception of the Board and support rendered to the Board.

The NC also assessed the contributions of each member of the Board, his knowledge and abilities, integrity, as well as his personal commitment to Board responsibilities.

Independent Non-Executive Directors are further assessed on their ability to exercise independent judgement, in addition to their ability to demonstrate the values and principles associated with independence such as impartiality, objectivity and consideration of all stakeholders’ interests, where deemed necessary.

NOMINATION COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE NC (CONT'D)

b) Performance of the Audit Committee and its Members

The NC had conducted an annual assessment on the performance of the Audit Committee as a whole and also adopted a peer evaluation mechanism on the performance of the individual committee members. The overall results of the evaluation were satisfactory.

c) Appointment of New Directors

The NC reviewed and recommended to the Board for approval, the proposed appointment of Mr Koh Pee Seng as Executive Deputy Chairman, Datin Cheah Meow Choong as Independent Non-Executive Director and Madam Ng Wai Hong as Executive Director of the Company. While making recommendation, the NC had reviewed their Profiles, taking into consideration of their qualifications, background, skills, experience, time commitment, and competencies.

d) Re-election of Directors

The Company Secretaries monitor the Directors' retirement by rotation at each annual general meeting (AGM) and submit the proposal to the NC in accordance with the Constitution of the Company, which requires one-third of the total number of Directors, or if the number is not a multiple of three, the number nearest to one-third, to retire by rotation at the AGM each year. The NC reviews the performance of the said Director(s) who is(are) retiring by rotation and make the appropriate recommendation to the Board.

In this regard and being satisfied with the performance of Datuk Chin Goo Chai, the NC recommended the re-election of Datuk Chin Goo Chai who will be due for retirement pursuant to Clause 105(1) of the Company's Constitution for shareholders' approval at the 6th Annual General Meeting of the Company. Datuk Chin Goo Chai abstained from deliberation on this matter.

Clause 114 of the Company's Constitution provides that any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr Hoo Swee Guan and Mr Ho Kee Wee were appointed on 4 January 2021 as Executive Directors of the Company. Mr Yap Kim Choy was appointed on 4 January 2021 as an Independent Non-Executive Director of the Company. Mr Khor Ben Jin was appointed on 8 January 2021 as an Independent Non-Executive Director of the Company.

e) Reviewed and recommended the NC Report for inclusion in the Annual Report 2020 to the Board for approval.

At this juncture, the Group wishes to highlight that it practices non-discrimination in any form, whether based on age, gender, ethnicity or religion throughout the organisation. This includes the selection of Board members and Senior Management. In addition, the Group believes that it is of utmost importance that our Board comprises of the best-qualified individuals who possess the requisite knowledge, experience, independence, foresight and good judgement to ensure that our Board functions effectively and discharges its duties in the best interests of the Company and shareholders.

This Report is made in accordance with the Resolution of the Board dated 12 April 2021.

AUDIT COMMITTEE REPORT

The Audit Committee of BCM Alliance Berhad (“BCM” or “the Company”) is pleased to present the Audit Committee Report for the FYE 2020.

COMPOSITION OF AUDIT COMMITTEE

The current members of the Audit Committee (“AC”) are as follows:

Chairman

Ng Kok Wah - Independent Non-Executive Director

Members

Datuk Chin Goo Chai - Independent Non-Executive Chairman

Datin Latiffah Binti Endot - Independent Non-Executive Director

Yap Kim Choy * - Independent Non-Executive Director

* appointed on 8 January 2021

The Chairman of the AC, Mr Ng Kok Wah is an Independent Non-Executive Director. In this respect, the Company complies Rule 15.10 of the AMLR of Bursa Securities. Furthermore, in compliance with Practice 8.1 of the MCCG, the Chairman of the AC is not the Chairman of the Board. No alternate Director is appointed as a member of the AC.

TERM OF REFERENCE

The full Terms of Reference of the AC which set out its duties and responsibilities are accessible via the Group’s website at www.bcmalliance.com.my.

NUMBER OF AC MEETINGS AND DETAILS OF ATTENDANCE

The AC held four (4) meetings during the FYE 2020. The details of attendance of the Audit Committee members are as follows:

AC members	No. of meetings attended
Ng Kok Wah	4/4
Datuk Chin Goo Chai	4/4
Datin Latiffah Binti Endot	4/4

The Nomination Committee reviewed the performance of the AC once during FYE 2020.



AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE AC DURING THE FYE 2020

The activities of the AC for the FYE 2020 are as follows:-

(i) Financial Performance and Reporting

- Reviewed the unaudited quarterly report on consolidated financial results including the announcement pertaining thereto, before recommending the same to the Board for consideration and approval and release the same to Bursa Securities, the AC ensured the unaudited quarterly report were prepared in compliance with Rule 9.22 and Appendix 9B of the AMLR;
- Reviewed the annual audited financial statements of the Group (“AFS”) to ensure the said AFS were drawn up in accordance with the Malaysian Financial Reporting Standard before recommending to the Board for consideration and approval;
- Reviewed and deliberated on audit issues raised by the external auditors and the action plans required to address those issues;
- Reviewed related party transactions that may arise within the Group and the adequacy of the Company’s procedures and processes in identifying, monitoring, reporting and reviewing related party transactions in a timely and orderly manner; and
- Noted emerging financial reporting issues pursuant to the introduction of new accounting standards, as well as additional statutory, legal and regulatory disclosure requirements.

(ii) Internal Audit (“IA”)

- Reviewed and approved the annual IA plan presented by the internal auditors after being satisfied with the contents’ suitability, adequacy and scope of coverage;
- Reviewed the IA reports, which highlighted the audit issues, recommendations and management’s responses;
- Reviewed on the status of actions taken by the management on recommendations suggested in the IA reports;
- Discussed with the management on actions taken to improve the systems of internal control based on the recommendations and findings identified in the IA reports and made necessary recommendations to the Board for approval;
- Reviewed and approved the proposed fees for the IA in respect of their audit of the Company and of the Group; and
- Evaluated the effectiveness and independence of the IA function in carrying out its responsibilities in respect of risk management, internal control, and governance.

(iii) External Auditors

- Reviewed and discussed with the external auditors on their audit planning memorandum of the statutory audit of the Group’s for the FYE 2020;
- Reviewed the AFS and discussed with the external auditors of their audit including of system evaluation, audit fees, issue raised, audit recommendations and management’s response to these recommendations;
- Met with the external auditors without the presence of the management team to discuss issues of concern to the external auditors arising from the annual statutory audit;
- Reviewed other significant matters and unusual events or transaction highlighted by the External Auditors as well as how these significant matters are addressed; and
- Evaluated the performance of the External Auditors and recommended for appointment. The AC had considered and reviewed the External Auditors’ experience, resources availability, independence, non-audit services, timing for fieldwork and delivery of reports, working relationship with Management, appropriateness of audit fees and their willingness to continue in office for the next financial year.

AUDIT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF THE AC DURING THE FYE 2020 (CONT'D)

The activities of the AC for the FYE 2020 are as follows (cont'd):-

(iv) Corporate Governance

- Reviewed the impact of the relevant regulatory changes, Listing Requirements, applicable approved accounting standards to ensure compliance by the Company and the Group; and
- Reviewed and recommended the AC Report and Statement of Risk Management and Internal Control for inclusion in the Annual Report to ensure the contents therein are accurate and in compliance with the AMLR of Bursa Securities to the Board for approval.

(v) Risk Management

- Reviewed and endorsed the risk management frameworks, guidelines and other key components of risk management for implementation within the Company and throughout the Group; and
- Reviewed the progress of ongoing risk management activities to identify, evaluate, monitor and manage critical risks.

INTERNAL AUDIT FUNCTION

The Group has appointed an outsourced internal audit service provider, Eco Asia Governance Advisory Sdn. Bhd. (formerly known as Eco Asia Advisory Sdn. Bhd.) to carry out the Internal Audit Function.

The purpose of the internal audit function is to provide the Board, through the AC, reasonable assurance of the effectiveness of the system of internal control in the Group.

The internal audit function is independent and performs audit assignments with impartiality, proficiency and due professional care.

For the FYE 2020, the summary of works undertaken by the internal auditors comprised the following:-

- Reviewed compliance with policies, procedures and standards, relevant external rules and regulations;
- Assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- The internal audits performed met the objective of highlighting to the AC the outstanding audit issues which required corrective actions to be taken to ensure an adequate and effective internal control system within the Group, as well as any weaknesses in the Group's internal control system;
- Ensured that those weaknesses were appropriately addressed and that recommendations from the internal audit reports and corrective actions on reported weaknesses were taken appropriately within the required timeframe by the Management; and
- Presentation of audit findings and corrective actions to be taken by Management in the AC Meetings.

The internal auditors conducted two (2) internal audit cycles during FYE 2020, as follows:

- Customer Service/Complaint Management and Product Recall; and
- Cash Management.

The total costs incurred by the Company for the outsourced internal audit function of the Group for the FYE 2020 amounted to RM30,000 (2019: RM28,000).

This Report is made in accordance with the Resolution of the Board dated 12 April 2021.



STATEMENT OF DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provision of the Companies Act 2016 and the AMLR of Bursa Securities.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and their cash flows for the financial year then ended.

In preparation the financial statements, the Directors have taken steps to ensure that:-

- i) the Group and the Company have adopted appropriate accounting policies which have been consistently applied;
- ii) the judgments and estimates made are reasonable and prudent;
- iii) all approved accounting standards which are applicable in Malaysia have been complied with; and
- iv) the financial statements prepared on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible for ensuring that proper accounting records, which disclose with a reasonable degree of accuracy the financial position of the Group and the Company, are maintained in compliance with the provisions of the Companies Act 2016.

The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Additionally, the Directors have relied on the systems of risk management and internal control to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance 2017 (“the Code”) sets out one of the key responsibilities of the Board of Directors of a listed company is to identify principal risks and ensure the implementation of appropriate internal controls and mitigation measures to safeguard shareholders’ investment and assets of the Group. This is intended that business decisions are made based on appropriate risk taking to achieve a proper balance between risks incurred and potential returns to shareholders in accordance with the Group’s acceptable risk appetite.

The Board of BCM Alliance Berhad is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“The Guidelines”).

BOARD’S RESPONSIBILITY

The Board affirms its overall responsibility and is committed to maintain a sound risk management and internal control system within the Group; and regularly reviews its adequacy, effectiveness and integrity to achieve the Group’s corporate objectives and strategies and so as in safeguarding shareholders’ investment and the Group’s assets.

The system of risk management and internal control covers not only financial aspect but also operational and compliance aspect of the Group. Due to the limitations that are inherent in any system of internal control, such systems are designed to manage, rather than eliminate the risk of failure to achieve business objectives. Accordingly, such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board is assisted by Managing Director, Executive Directors and management team in implementing the Board approved policies and procedures on risk and control by identifying and analysing risk information; designing, operating suitable internal controls to manage and control these risks; and monitoring effectiveness of risk management and control activities.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies and the process has been in place during the financial year and up to the date of approval of the Statement of Risk Management and Internal Control. It should be noted that these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

Risk Management Committee will assist the Board in reviewing the adequacy, integrity and effectiveness of the system of internal controls and risk management framework within the Group and to ensure adequate resources are channeled to obtain the level of assurance required by the Board.

RISK MANAGEMENT

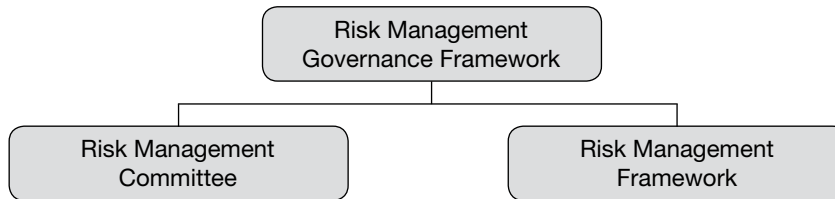
The Risk Management Committee has been established by the Board with clear defined lines of accountability and authority.

They are responsible for identifying business risks, implementing appropriate systems of internal controls to manage these risks and ensuring that there is an on-going programme to continuously assess, monitor and manage the principal risk of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (CONT'D)

The Company has adopted and established the Risk Management Governance Framework as follows:-



The risk assessment methodology consists of the following core elements combined to provide the definition of effective business risk assessment:-

- a. Determine Risk Policy;
- b. Risk Identification;
- c. Risk Assessment;
- d. Risk Evaluation;
- e. Risk Treatment; and
- f. Risk Monitoring.

The Board and Management ensure that the risk management and control framework is embedded into the culture, processes and structures of the Group. The framework is responsive to changes in the business environment and clearly communicated to all key management personnel.

The following are initiatives undertaken by the Risk Management Committee during the financial year:

- Continuously review the Risk Profile of the Group and action plans to be undertaken to manage the principal risks of the Group; and
- Continuously monitor the action plans derived by the “Risk Owners” to address principal risks of the Group.

Based on Risk Management Policies and Framework adopted and approved by the Board of Directors, the Risk Management Committee have delegated the responsibilities of identifying Key Risks of the Group to the respective “Risk Management Business Units” and “Risk Owners” whereby the Risk Owners are required to report the Key Risks of the Group with proposed action plans to the Risk Management Committee for review and consideration. The Key Risks of the Group with proposed action plans have been updated and presented to the Risk Management Committee in its meetings periodically.

INTERNAL CONTROL

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters requiring the Board and Senior Management’s attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group’s policy. Besides, the results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

Issues relating to the business operations are highlighted to the Board’s attention during Board meetings. Further, independent assurance is provided by the Group’s internal auditors and the Audit Committee to the Board. The Audit Committee reviews internal control matters and update the Board on significant control gaps for the Board’s attention and action.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL (CONT'D)

The key salient features of the Group's systems of internal controls are as follows:-

- **Board of Directors/Board Committees**

Board Committees (i.e. Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee) have been established to carry out duties and responsibilities delegated by the Board and are governed by written terms of reference.

Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspectives. Business plans and business strategies are proposed by the Executive Directors to the Board for their review and approval after taking into account risk consideration and responses.

- **Integrity and Ethical Value**

The tone from the top on integrity and ethical value are enshrined in formal Code of Conduct as contained in the Board Charter established and approved by the Board. This formal code forms the foundation of integrity and ethical value for the Group.

- **Organisation Structure and Authorisation Procedure**

The Group has a formal organisation structure in place to ensure appropriate level of authority and responsibilities are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency.

The Group is committed to employing suitably qualified staff so that the appropriate level of authorities and responsibilities can be delegated accordingly to competent staffs to ensure operational efficiency. Furthermore, there is close involvement in daily operations of the Group by the Managing Director and Executive Directors.

The authorisation requirement of the key internal control points of key business processes are included as part of the policies and procedures established by the Group.

- **Policy and Procedure**

The Group has documented policies and procedures in compliance with its International Organisation for Standardisation ("ISO") certifications with authorisation requirement for key processes are stated therein.

For business processes not under the ISO certifications, the Management develops and maintains documented process flow for key business processes employed with relevant authorisation requirement, if applicable.

The clear and documented internal operating procedures/policies are in place to ensure compliance with the internal controls and relevant laws and regulations. These internal operating procedures/policies are being reviewed at least once in every two years or as and when the circumstances warrants to ensure that these documentations remain current and relevant.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL (CONT'D)

The key salient features of the Group's systems of internal controls are as follows:- (cont'd)

- **Human Resource Management**

The Group put in place consistent human resource practice throughout the Group to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

- **Information and Communication**

At operational level, clear reporting lines established across the Group and operation and management reports are prepared for dissemination to relevant personnel for effective communication of critical information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision.

Apart from that, relevant financial and management reports such as sales analysis, trade payables aging analysis, trade receivables aging analysis and stock aging analysis will be discussed in departmental level while profit and loss analysis, balance sheet analysis, ratio analysis and cash flow planning are generated for senior management to review and decide.

The Group puts in place effective and efficient information and communication infrastructures and channels, i.e. computerised information system, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making. It is also for communication with relevant external stakeholders for execution and information collection via company website and dedicated Public Relation Officer.

- **External Bodies Certification**

- Best Contact (M) Sdn Bhd is certified and is in compliance with the ISO 9001:2015 (Quality Management Systems), ISO 13485:2016 (Medical devices – Quality management systems – Requirements for regulatory purposes), Good Distribution Practice for Medical Device (Regulatory Requirement for Medical Device Safety & Performance), and Medical Device Regulations 2012.
- Maymedic Technology Sdn Bhd is certified and is in compliance with the ISO 9001:2015 (Quality Management Systems), Good Distribution Practice for Medical Device (Regulatory Requirement for Medical Device Safety & Performance), and Medical Device Regulations 2012.
- BC Medicare Sdn Bhd is certified and is in compliance with the ISO 13485:2016 (Medical Devices- Quality Management Systems).
- CS Laundry System Sdn Bhd is certified and is in compliance with the ISO 9001:2015 (Quality Management Systems).
- Cypress Medic Sdn Bhd is certified by MedCert, complying to Goods Distribution Practice for Medical Device (Regulatory Requirement for Medical Device Safety & Performance), and Medical Device Regulations 2012.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL (CONT'D)

The key salient features of the Group's systems of internal controls are as follows:- (cont'd)

- **Monitoring and Review**

Periodical management meetings are held to discuss and review financial and operational performance of key divisions/departments of the Group.

Apart from the above, the quarterly financial performance review containing key financial results and previous corresponding financial results are presented to the Audit Committee for review and the Board for approval for public release.

Furthermore, internal audits are carried out by the internal audit function (which reports directly to the Audit Committee) to assess the adequacy and effectiveness of internal controls in relation to specific critical control processes and highlights significant risks impacting the Group to the Audit Committee as well as recommending improvements to various processes to minimise the risks.

The monitoring of compliance with relevant laws and regulations are further enhanced by independent review of specific areas of safety, health and environment by independent consultants engaged by the Group and/or relevant regulatory bodies.

INTERNAL AUDIT

The Group's internal audit function is outsourced to Eco Asia Governance Advisory Sdn. Bhd. (formerly known as Eco Asia Advisory Sdn. Bhd.) to assist the Audit Committee and the Board in providing independent professional assessment on the adequacy, efficiency and effectiveness of the Group's risk management practices and internal control systems.

Our internal auditor reports directly to the Audit Committee and the internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage of assessment on the adequacy, efficiency and effectiveness of the internal controls system and risk management system of the Group.

Generally, the internal controls review procedures performed by our outsourced internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls by the outsourced internal audit function through the review of the samples selected.

During FYE 2020, the internal auditors have conducted internal control reviews on Customer Service/Complaint Management & Product Recall and Cash Management in accordance to the internal audit plan.

Upon the completion of the internal audit field work during the financial year, the internal audit reports were presented to the Audit Committee during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans were presented and deliberated by the Audit Committee. Update on the status of action plans as identified in the previous internal audit report were presented at subsequent Audit Committee meeting for review and deliberation.

The cost incurred in maintaining the outsourced internal audit function for the FYE 2020 amounted to RM30,000.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

ASSURANCE PROVIDED BY MANAGING DIRECTOR, EXECUTIVE DIRECTORS AND MANAGEMENT TEAM

The Board has also received assurance from the Managing Director, Executive Directors and management team that the Group's risk management and internal control systems are satisfactory, have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review until the date of this Statement on Risk Management and Internal Control and without resulted any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

Nonetheless, the Board recognises that the internal control system should be continuously improved in line with the evolving business environment. It should be noted generally that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the Group's risk management and internal control system can only provide reasonable, but not absolute assurance against material misstatements, frauds, losses or other significantly adverse consequences.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Internal Control for inclusion in this Annual Report for the FYE2020. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide ("AAPG") 3: *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in Annual Report* issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their review, nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 42 and 43 of the Guidelines, nor is factually inaccurate.

CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system, to safeguard the Group's assets and minimise its losses and liabilities. The Board has received assurance from the Managing Director, Executive Directors and management team that the Group's risk management and internal control system operated adequately and effectively in all material aspects, based on the risk management and internal control system of the Group.

The Board will continue to evaluate and manage the significant business risks faced by the Group and put in place appropriate action plans and controls to further enhance the system of risk management and internal control system to ensure that the Group's risk management practices and system of internal control continuously evolve to meet the changing and challenging business environment.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors on 12 April 2021.

OTHER DISCLOSURE REQUIREMENTS

PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE EXERCISES

a) Special issue of up to 60,197,000 new ordinary shares in the Company to bumiputera investors to be identified and/or approved by MITI (“Special Issue”)

On 19 June 2020, the Company proposed to undertake the Special Issue and it has been completed on 11 December 2020 following the listing of and quotation for 60,197,000 new ordinary shares at RM0.26 per share on the ACE Market of Bursa Securities.

This Special Issue is undertaken to comply with the Bumiputera Equity Conditions (requirement by the Securities Commission Malaysia for the Company to meet a minimum 12.50% Bumiputera shareholdings).

The gross proceeds raised from the Special Issue Shares amounting to RM15.65 million have been partially utilised in the following manner as at 5 April 2021:-

Purpose	Intended timeframe for utilisation from 11 December 2020	Proposed Utilisation (RM'000)	Actual Utilised (RM'000)	Balance Unutilised (RM'000)
(i) Purchase of new devices and equipment	Within 24 months	9,750	(5,515)	4,235
(ii) Working capital	Within 6 months	5,439	(3,008)	2,431
(iii) Estimated expenses for the Special Issue	Within 1 month	462	(462)	-
Total		15,651	(8,985)	6,666

b) Private placement of up to 144,434,000 new ordinary shares in the Company, representing 30% of the existing total number of issued shares of the Company, to independent third-party investor(s). (“Private Placement”)

On 27 January 2021, the Company proposed to undertake the Private Placement and it has been completed on 25 March 2021 following the listing of and quotation for 63,636,000 new ordinary shares at RM0.225 per share on the ACE Market of Bursa Securities.

Prior to that, total number of 41,252,181 and 39,545,455 new ordinary shares had been listed on 12 March 2021 and 15 March 2021 respectively at RM0.220 per shares.



OTHER DISCLOSURE REQUIREMENTS

PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE EXERCISES (CONT'D)

- b) Private placement of up to 144,434,000 new ordinary shares in the Company, representing 30% of the existing total number of issued shares of the Company, to independent third-party investor(s). ("Private Placement") (Cont'd)

The gross proceeds raised from the Private Placement amounting to RM32.09 million have been partially utilised in the following manner as at 5 April 2021:-

Purpose	Intended timeframe for utilisation from 19 March 2021	Proposed Utilisation (RM'000)	Actual Utilised (RM'000)	Balance Unutilised (RM'000)
(i) Business expansion into the trading of COVID-19 test kits	Within 24 months	30,844	(505)	30,339
(ii) Estimated expenses for the Private Placement	Immediate	1,250	(362)	888
Total		32,094	(867)	31,227

2. AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

During FYE2020, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the FYE2020 were as follows:

	Company (RM)	Group (RM)
Audit Services Rendered:-		
- Current year	28,000	98,000
- Under provision in prior year	-	7,000
Non-Audit Services Rendered:-		
- Review of Statement on Risk Management and Internal control	5,000	5,000
	33,000	110,000

3. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

During FYE2020, there were no material contracts and contracts relating to loan entered into by the Company and its subsidiaries involving Directors' and Major Shareholders' interest.

OTHER DISCLOSURE REQUIREMENTS

PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

4. EMPLOYEES' SHARE OPTION SCHEME

On 4 February 2021, the Company proposed to terminate the Employees' Share Scheme ("ESOS") up to fifteen percent (15%) of the issued share capital of the Company to the eligible directors and employees of the BCM Group and its subsidiaries ("excluding subsidiaries companies which are dormant") which was established on 25 August 2020 and expiring on 24 August 2025.

Rationale of the proposed ESOS termination is to enable the BCM Group to establish and implement new Proposed ESOS which had subsequently announced on 5 February 2021, as well as to effectively attract, retain, reward and motivate the eligible directors and employees as part of the long-term objective of the BCM Group.

On 5 February 2021, the Company proposed to undertake the establishment of a new ESOS involving up to 30% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries ("Proposed ESOS").

The Proposed ESOS has been approved at the Extraordinary General Meeting held on 4 March 2021.

The effective date of implementation of the ESOS is on 25 March 2021.

As at 5 April 2021, no options have been offered and granted under this ESOS since its commencement date.

5. REVALUATION POLICY

The Company does not have a revaluation policy on landed properties.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	3,315,727	(375,543)
Attributable to:		
- Owners of the parent	2,657,679	(375,543)
- Non-controlling interests	658,048	-
	3,315,727	(375,543)

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the last financial year, the Company paid:

	RM
A final single tier dividend of 0.10 sen per ordinary share in respect of the financial year ended 31 December 2019 on 15 September 2020	421,250

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

DIRECTORS' REPORT (CONT'D)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 60,197,000 new ordinary shares by way of special issue at an issue price of RM0.26 per special issue share for a total cash consideration of RM15,651,220.

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors in office since the beginning of the current financial year until the date of this report are:

Liaw Chong Lin *	
Datuk Chin Goo Chai *	
Datin Latiffah Binti Endot	
Ng Kok Wah	
Ho Kee Wee	(appointed on 04.01.2021)
Hoo Swee Guan	(appointed on 04.01.2021)
Yap Kim Choy	(appointed on 04.01.2021)
Khor Ben Jin	(appointed on 08.01.2021)
Koh Pee Seng	(appointed on 25.08.2020 and resigned on 04.01.2021)
Datin Cheah Meow Choong	(appointed on 25.08.2020 and resigned on 08.01.2021)
Ng Wai Hong	(appointed on 01.10.2020 and resigned on 04.01.2021)
Koh Lap Hing *	(retired on 17.08.2020)
Lim Jit Wei	(resigned on 01.10.2020)
Hew Chun Shun	(resigned on 04.01.2021)
Chung Eng Lam	(resigned on 04.01.2021)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are:

Kew Kin Chee
Chong Wai Mun
Law Soo Chin
Hew Chun Shun
Lim Jit Wei
Chung Eng Lam

* Director of the Company and certain subsidiary companies

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 in Malaysia is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS IN SHARES

The interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

Interests in the Company	At	Number of ordinary shares		At
	1.1.2020	Bought	Sold	31.12.2020
Direct interests				
Hew Chun Shun	43,495,600	153,000	(42,995,600)	653,000
Chung Eng Lam	37,771,700	250,000	(37,471,700)	550,000
Liaw Chong Lin	43,728,200	500,000	(44,028,200)	200,000
Datuk Chin Goo Chai	500,000	–	(500,000)	–
Ng Kok Wah	100,000	–	(100,000)	–
Koh Pee Seng	–	33,791,400	(33,791,400)	–

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 29(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 29(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM800,000 and RM24,257 respectively. No indemnity was given to or insurance effected for auditors of the Company.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligation as and when they fall due;
 - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT (CONT'D)

SIGNIFICANT EVENT

The significant event is disclosed in Note 34 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 35 to the financial statements.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of auditors' remuneration are disclosed in Note 23 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 April 2021.

LIAW CHONG LIN

HOO SWEE GUAN

KUALA LUMPUR

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 87 to 161 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 12 April 2021.

LIAW CHONG LIN

HOO SWEE GUAN

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Tang Fook Choy (MIA Membership No: 19663), being the officer primarily responsible for the financial management of BCM Alliance Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 87 to 161 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in the)
Federal Territory on 12 April 2021)

TANG FOOK CHOY

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

To the members of BCM Alliance Berhad

[Registration No.: 201501009903 (1135238-U)] (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BCM Alliance Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 87 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
<p>1. Impairment on trade receivables</p> <p>The Group's trade receivables amounting to RM15.23 million, representing approximately 19% of the Group's total current assets as at 31 December 2020.</p> <p>The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness and customer payment terms.</p>	<p>We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures.</p> <p>We assessed the recoverability of trade receivables by checking past payment trend and assessing the receipts during the financial year and subsequent to year end collections.</p> <p>We have reviewed the appropriateness of the disclosures made in the financial statements.</p>



INDEPENDENT AUDITORS' REPORT

To the members of BCM Alliance Berhad

[Registration No.: 201501009903 (1135238-U)] (Incorporated in Malaysia)

(CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<p>2. Inventories valuation</p> <p>As at 31 December 2020, the Group has inventories amounting to RM14.36 million, representing approximately 18% of the Group's total current assets as at 31 December 2020.</p> <p>The judgement made by the Directors in determining an appropriate inventories valuation involves predicting the amount of future demand from customers as the sales in the Group is subject to customer's preference which is based on trends and there is a risk that the net realisable value lower than the cost. Besides that, judgements are also required to identify slow moving and obsolete inventories which need to be written down to their net realisable value.</p>	<p>We reviewed the valuation method of inventories in accordance with MFRS 102 Inventories and ascertained that inventories are stated at the lower of cost and net realisable value.</p> <p>We reviewed the management's assessment of net realisable value of the inventories and determined any inventories written down need to be made.</p> <p>We reviewed the inventories count procedures and attended the physical count at year end.</p> <p>We assessed the appropriateness of the disclosures made in the financial statements.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

To the members of BCM Alliance Berhad

[Registration No.: 201501009903 (1135238-U)] (Incorporated in Malaysia)

(CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

To the members of BCM Alliance Berhad

[Registration No.: 201501009903 (1135238-U)] (Incorporated in Malaysia)

(CONT'D)

Other Matters

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

UHY

Firm Number: AF 1411
Chartered Accountants

LIM BEE PENG

Approved Number: 03307/06/2021 J
Chartered Accountant

KUALA LUMPUR
12 April 2021

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	11,369,134	11,542,301	515,474	15,956
Right-of-use assets	5	2,613,913	3,449,711	508,067	233,858
Investment property	6	601,120	–	–	–
Investment in subsidiary companies	7	–	–	18,582,000	18,582,000
Amount due from subsidiary companies	8	–	–	–	793,990
		14,584,167	14,992,012	19,605,541	19,625,804
Current Assets					
Inventories	9	14,356,335	17,277,143	–	–
Trade receivables	10	15,226,701	17,560,533	–	–
Other receivables	11	2,109,018	1,875,457	277,349	1,542,148
Amount due from subsidiary companies	8	–	–	9,817,724	10,554,974
Tax recoverable		894,046	769,466	34,748	84,000
Fixed deposits with licensed banks	12	1,814,623	1,767,007	–	–
Cash and bank balances		45,756,091	30,555,128	19,301,632	2,333,129
		80,156,814	69,804,734	29,431,453	14,514,251
Total Assets		94,740,981	84,796,746	49,036,994	34,140,055

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020
(CONT'D)

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	13	47,356,360	32,119,897	47,356,360	32,119,897
Merger reserves	14	(16,049,000)	(16,049,000)	–	–
Retained earnings		37,067,358	34,830,929	632,530	1,429,323
Equity attributable to owners of the parent		68,374,718	50,901,826	47,988,890	33,549,220
Non-controlling interests		3,085,081	2,622,902	–	–
Total Equity		71,459,799	53,524,728	47,988,890	33,549,220
Non-Current Liabilities					
Lease liabilities	15	1,881,730	2,019,855	330,051	126,517
Bank borrowings	16	2,324,173	2,596,541	–	–
Deferred tax liabilities	17	105,119	210,545	–	–
		4,311,022	4,826,941	330,051	126,517
Current Liabilities					
Contract liabilities	18	472,462	493,364	–	–
Trade payables	19	5,201,356	12,067,041	–	–
Other payables	20	8,879,292	10,910,450	561,242	379,665
Lease liabilities	15	1,036,212	1,615,136	156,811	84,653
Bank borrowings	16	3,345,992	1,359,086	–	–
Tax payable		34,846	–	–	–
		18,970,160	26,445,077	718,053	464,318
Total Liabilities		23,281,182	31,272,018	1,048,104	590,835
Total Equity and Liabilities		94,740,981	84,796,746	49,036,994	34,140,055

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	21	68,127,210	103,753,323	2,510,810	3,569,020
Cost of sales		(43,931,781)	(73,255,219)	–	–
Gross profit		24,195,429	30,498,104	2,510,810	3,569,020
Other income		1,133,339	925,279	107,245	79,199
Administrative expenses		(20,147,924)	(22,422,037)	(2,971,544)	(2,597,888)
Net loss on impairment of financial instruments		(173,460)	(887,838)	–	–
Profit/(Loss) from operations		5,007,384	8,113,508	(353,489)	1,050,331
Finance costs	22	(394,459)	(607,682)	(22,054)	(47,055)
Profit/(Loss) before tax	23	4,612,925	7,505,826	(375,543)	1,003,276
Taxation	24	(1,297,198)	(2,129,043)	–	(9,756)
Profit/(Loss) for the financial year, representing total comprehensive income for the financial year		3,315,727	5,376,783	(375,543)	993,520
Total comprehensive income/ (loss) attributable to:					
Owners of the parent		2,657,679	5,145,402	(375,543)	993,520
Non-controlling interests		658,048	231,381	–	–
		3,315,727	5,376,783	(375,543)	993,520
Earnings per share					
Basic earnings per share (sen)	25	0.63	1.22		
Diluted earnings per share (sen)	25	0.63	1.22		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

Group	Note	Attributable to owners of the parent				Total equity RM
		Share capital RM	Merger reserves RM	Retained earnings RM	Non-controlling interests RM	
At 1 January 2019, as previously reported		32,119,897	(16,049,000)	30,504,900	2,554,052	49,129,849
Effect of adopting MFRS 16		-	-	(45,917)	(5,346)	(51,263)
At 1 January 2019, as restated		32,119,897	(16,049,000)	30,458,983	2,548,706	49,078,586
Profit for the financial year, representing total comprehensive income for the financial year		-	-	5,145,402	231,381	5,376,783
Transactions with owners:						
Dividends paid to owners of the Company	26	-	-	(842,500)	-	(842,500)
Dividends paid to non-controlling interests		-	-	69,044	(157,185)	(88,141)
At 31 December 2019		32,119,897	(16,049,000)	34,830,929	2,622,902	53,524,728
At 1 January 2020		32,119,897	(16,049,000)	34,830,929	2,622,902	53,524,728
Profit for the financial year, representing total comprehensive income for the financial year		-	-	2,657,679	658,048	3,315,727
Transactions with owners:						
Issue of ordinary shares	13	15,651,220	-	-	-	15,651,220
Share issuance expenses	13	(414,757)	-	-	-	(414,757)
Dividends paid to owners of the Company	26	-	-	(421,250)	-	(421,250)
Dividends paid to non-controlling interests		-	-	-	(195,869)	(195,869)
At 31 December 2020		47,356,360	(16,049,000)	37,067,358	3,085,081	71,459,799

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020
(CONT'D)

	Note	Attributable to owners of the parent		Total equity RM
		Non- distributable Share capital RM	Distributable Retained earnings RM	
Company				
At 1 January 2019		32,119,897	1,278,303	33,398,200
Profit for the financial year, representing total comprehensive income for the financial year		–	993,520	993,520
Transactions with owners:				
Dividends paid to owners of the Company	26	–	(842,500)	(842,500)
At 31 December 2019		32,119,897	1,429,323	33,549,220
At 1 January 2020		32,119,897	1,429,323	33,549,220
Loss for the financial year, representing total comprehensive loss for the financial year		–	(375,543)	(375,543)
Transactions with owners:				
Issue of ordinary shares	13	15,651,220	–	15,651,220
Share issuance expenses	13	(414,757)	–	(414,757)
Dividends paid to owners of the Company	26	–	(421,250)	(421,250)
At 31 December 2020		47,356,360	632,530	47,988,890

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2020



	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities				
Profit/(Loss) before tax	4,612,925	7,505,826	(375,543)	1,003,276
Adjustments for:				
Bad debts written off	12,044	3,672	-	-
Depreciation of property, plant and equipment	1,030,464	883,738	24,113	11,541
Depreciation of right-of-use assets	1,569,936	1,423,770	169,467	100,225
Depreciation of investment property	8,840	-	-	-
Dividend income	-	-	(204,131)	(1,521,859)
Gain on disposal of property, plant and equipment	(7,376)	(70,964)	-	-
Gain on disposal of right-of-use assets	(205,395)	(45,000)	-	-
Income from rent concessions	(48,710)	-	(1,960)	-
Inventories written down	19,831	49,790	-	-
Inventories written off	-	80,099	-	-
Impairment losses on:				
- Trade receivables	183,460	140,049	-	-
- Other receivables	-	747,789	-	-
Finance costs	394,459	607,682	22,054	47,055
Interest income	(320,419)	(461,976)	(69,885)	(79,199)
Property, plant and equipment written off	68,309	125,218	-	-
Reversal of impairment losses on trade receivables	(10,000)	-	-	-
Reversal of inventories written down	(4,582)	(11,316)	-	-
Unrealised loss on foreign exchange differences	7,287	8,701	-	-
Operating profit/(loss) before working capital changes brought down	7,311,073	10,987,078	(435,885)	(438,961)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2020
(CONT'D)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Operating profit/(loss) before working capital changes carried down	7,311,073	10,987,078	(435,885)	(438,961)
Changes in working capital:				
Inventories	2,905,559	348,873	-	-
Trade receivables	2,153,225	(3,034,942)	-	-
Other receivables	(233,561)	606,763	(52,929)	13,675
Contract liabilities	(20,902)	118,508	-	-
Trade payables	(6,875,493)	(214,087)	-	-
Other payables	(2,483,886)	1,299,175	(163,423)	151,754
Amount due from subsidiary companies	-	-	1,486,007	(1,047,176)
	(4,555,058)	(875,710)	1,269,655	(881,747)
Cash generated from/(used in) operations	2,756,015	10,111,368	833,770	(1,320,708)
Interest paid	(394,459)	(607,682)	(22,054)	(47,055)
Interest received	320,419	461,976	69,885	79,199
Tax paid	(1,976,784)	(2,815,368)	(34,748)	(84,000)
Tax refund	484,426	810,439	84,000	84,000
	(1,566,398)	(2,150,635)	97,083	32,144
Net cash from/(used in) operating activities	1,189,617	7,960,733	930,853	(1,288,564)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2020
(CONT'D)

		Group		Company	
Note	2020 RM	2019 RM	2020 RM	2019 RM	
Cash flows from investing activities					
Investment in newly incorporated subsidiary company	7(a)	-	-	-	(10,000)
Dividends received		-	-	1,521,859	2,201,956
Proceeds from disposal of:					
- property, plant and equipment		15,720	75,204	-	-
- right-of-use assets		483,299	45,000	-	-
Purchase of property, plant and equipment	4(a)	(1,194,765)	(3,271,373)	(133,398)	(2,149)
Purchase of right-of-use assets	5(b)	(54,952)	(86,568)	(35,003)	-
Net cash (used in)/from investing activities		(750,698)	(3,237,737)	1,353,458	2,189,807
Cash flows from financing activities					
Proceeds from private placement of shares	13	15,651,220	-	15,651,220	-
Share issuance expenses	13	(414,757)	-	(414,757)	-
Dividends paid	26	(421,250)	(842,500)	(421,250)	(842,500)
Dividends paid to non-controlling interests		(88,141)	-	-	-
Increase in fixed deposits pledged with licensed banks		(47,616)	(645,592)	-	-
Payment of lease liabilities		(1,629,574)	(1,331,787)	(131,021)	(80,795)
Net changes in bankers' acceptance and trust receipts		1,963,790	529,516	-	-
Repayment of term loans		(249,252)	(263,381)	-	-
Net cash from/(used in) financing activities		14,764,420	(2,553,744)	14,684,192	(923,295)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2020
(CONT'D)

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Net increase/(decrease) in cash and cash equivalents		15,203,339	2,169,252	16,968,503	(22,052)
Effects of exchange translation differences on cash and cash equivalents		(2,376)	–	–	–
Cash and cash equivalents at the beginning of the financial year		30,555,128	28,385,876	2,333,129	2,355,181
Cash and cash equivalents at the end of the financial year		45,756,091	30,555,128	19,301,632	2,333,129
Cash and cash equivalents at the end of the financial year comprises:					
Fixed deposits with licensed banks		1,814,623	1,767,007	–	–
Cash and bank balances		45,756,091	30,555,128	19,301,632	2,333,129
		47,570,714	32,322,135	19,301,632	2,333,129
Less: Fixed deposits pledged with licensed banks	12	(1,814,623)	(1,767,007)	–	–
		45,756,091	30,555,128	19,301,632	2,333,129

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



NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on ACE Market of the Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding. The principal activities of its subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The registered office of the Company was located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. With effect from 23 March 2021, the Company's registered office has been reallocated to Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.

The principal place of business of the Company was located at No. 13-12, Jalan Jalil Perkasa 13, Aked Esplanad, Bukit Jalil, 57000 Kuala Lumpur. With effect from 2 November 2020, the Company's principal place of business has been reallocated to No. 73-2, Jalan Equine 10, Taman Equine, 43300 Seri Kembangan, Selangor Darul Ehsan.

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following new standards and amendments to standards issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material

Early adoption of amendments to MFRS

In current financial year, the Group and the Company have elected to early adopt *Amendments to MFRS 16 Covid-19-Related Rent Concessions* which is effective from the annual period, beginning on or after 1 June 2020.

The amendments grant an optional exemption for lessees to account for a rent concession related to COVID-19 in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment, however, do not make any changes to lessor accounting.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Early adoption of amendments to MFRS (Cont'd)

The exemption only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affects only payments due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

The amendments shall be applied retrospectively.

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 16	Covid-19 - Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRSs Standards 2018 - 2020:		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)



2. BASIS OF PREPARATION (CONT'D)

(b) Functional and presentation currency

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

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

Determining the lease term of contracts with renewal options - the Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise either the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Group includes the renewal period as part of the lease term for such leases. The Group typically exercises its option to renew for those leases with renewal option.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

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 reporting period are set out below:

Useful lives of property, plant and equipment, right-of-use ("ROU") assets and investment property

The Group regularly reviews the estimated useful lives of property, plant and equipment, ROU assets and investment property based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU assets and investment property would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment property. The carrying amount at the reporting date for the property, plant and equipment, ROU assets and investment property are disclosed in Notes 4, 5 and 6 respectively.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9.

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement, the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

In determining the impact of variable consideration, the Group uses the expected value method, whereby the transaction price is determined by reference to the sum of probability weighted amounts in a range of possible consideration amounts.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate expected credit loss for trade and other receivables and amount due from subsidiary companies. The provision rates are based on number of days past due.

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. 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 loss is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future. Information about the expected credit loss on the Group's trade receivables are disclosed in Note 10.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 17.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group has tax recoverable and tax payable of RM894,046 (2019: RM769,466) and RM34,846 (2019: RMNil) respectively. As at 31 December 2020, the Company has tax recoverable of RM34,748 (2019: RM84,000).

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 31(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, 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. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiary companies are consolidated using the merger method of accounting as the business combination of the subsidiary companies involved an entity under common control except for business combination with Cypress Medic Sdn. Bhd., which was accounted for under the acquisition method of accounting. Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Under the acquisition method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceased. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

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

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(k)(i) on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. Refer accounting policy Note 3(k)(i) on impairment of non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) on impairment of non-financial assets.

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	2%
Furniture and fittings	10% - 20%
Office equipment	10% - 40%
Renovation	10%
Forklift	20%
Motor vehicles	20%
Computers	10% - 40%
Tools and equipment	10% - 20%
Show unit	10%

The residual values, useful lives 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 property, plant and equipment.

(d) Investment properties

Investment properties, including right-of-use assets held by lessee are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rate is over the remaining period of the lease. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. Refer accounting policy Note 3(k)(i) on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Investment properties (Cont'd)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(e) Leases

As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(k)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or at the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Motor vehicles	20%
Buildings	Over the remaining lease period
Office equipment	Over the remaining lease period

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.



NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 Revenue from Contracts with Customers to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Financial assets

Recognition and initial measurement

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at fair value through profit or loss ("FVTPL") are expensed in profit or loss.

Financial asset categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group and the Company'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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

Financial asset categories and subsequent measurement (Cont'd)

The Group and the Company classify their financial assets as follows:

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, fixed deposits with licensed banks and cash and bank balances. The Company's financial assets at amortised cost include other receivables, amount due from subsidiary companies and cash and bank balances.

(ii) Financial assets at fair value through other comprehensive income ("FVTOCI")

The Group and the Company have not designated any financial assets at FVTOCI.

(iii) Financial assets at fair value through profit or loss

The Group and the Company have not designated any financial assets at FVTPL.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3(k)(ii) on impairment of financial assets.

Regular way purchase or sale of financial assets

Regular way purchase or sale are purchase or sale of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchase or sale of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Derecognition

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



NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial liabilities

Recognition and initial measurement

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

At initial recognition, the Group and the Company measure a financial liability at its fair value less, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments.

Financial liability categories and subsequent measurement

The Group and the Company classify their financial liabilities as follows:

(i) Financial liabilities at amortised cost

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

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

The Group's financial liabilities designated at amortised cost comprise trade and other payables, lease liabilities and bank borrowings. The Company's financial liabilities designated at amortised cost comprise other payables and lease liabilities.

(ii) Financial liabilities at fair value through profit or loss

The Group and the Company have not designated any financial liabilities at FVTPL.

Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(h) Offsetting of financial instruments

Financial asset and financial liability are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal 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.

(i) Inventories

Spare parts, consumables, equipments and accessories are stated at the lower of cost and net realisable value. The cost of inventories is determined on first-in-first-out basis and comprise costs of purchases and other costs incurred bringing the inventories to their present location and condition.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(k) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

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

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss.

(ii) Financial assets

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

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



NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment of assets (Cont'd)

(ii) Financial assets (Cont'd)

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(l) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(m) Contract liabilities

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(n) Provisions

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

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

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

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31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Employee benefits

(i) Short-term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Sale of goods

The Group operates a chain of distributor selling commercial laundry equipment and medical products. Revenue from sale of goods is recognised when control of the products has transferred, being at the point the customer purchases the goods at the distributor.

Following delivery of the goods to the customer's location, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Under the Group's standard contract terms, customers have a right of return but is subject to approval by management. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned.

At the same time, the Group has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(a) Sale of goods (Cont'd)

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 30 to 90 days, which is consistent with market practice.

(b) Sale of other services

The Group offers its customers the option of purchasing other services including extended warranty, installation services, and maintenance along with the purchase of merchandise. Revenue is allocated to the service obligations and recognised over the period of performance of services to customers. When consideration is collected from customer in advance of services being performed, a contract liability is recognised. The contract liability would be recognised as revenue when the related services is rendered.

(c) Rendering of services

Revenue from rendering of services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Rental income

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

(iii) Dividend income

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

(iv) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Borrowing costs (Cont'd)

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

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

(r) Income taxes

Tax expense in profit or loss 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 year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

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

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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.

(s) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)



3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

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

(u) Fair value measurement

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Forklift RM	Motor vehicles RM	Computers RM	Tools and equipment RM	Show unit RM	Total RM
Group										
2020										
Cost										
At 1 January 2020	6,210,061	476,629	611,219	2,502,611	26,000	550,293	437,239	3,748,758	142,223	14,705,033
Additions	-	79,418	101,393	295,248	-	385,009	80,358	562,083	36,256	1,539,765
Disposals	-	-	(4,165)	-	-	(67,157)	-	-	(5,229)	(76,551)
Transfer to inventories	-	-	-	-	-	-	-	(4,837)	-	(4,837)
Transfer to investment property	(663,000)	-	-	-	-	-	-	-	-	(663,000)
Written off	-	-	-	(88,814)	-	-	-	-	-	(88,814)
Reclassification	-	1,448	9,950	-	-	-	(11,398)	-	-	-
Expiration of lease contracts	-	-	-	-	-	454,223	-	-	-	454,223
At 31 December 2020	5,547,061	557,495	718,397	2,709,045	26,000	1,322,368	506,199	4,306,004	173,250	15,865,819
Accumulated depreciation										
At 1 January 2020	785,874	204,822	277,915	331,791	26,000	535,541	314,976	662,071	23,742	3,162,732
Charge for the financial year	87,111	45,430	71,726	261,051	-	12,628	95,067	442,376	15,075	1,030,464
Disposals	-	-	(2,861)	-	-	(64,082)	-	-	(1,264)	(68,207)
Transfer to inventories	-	-	-	-	-	-	-	(4,837)	-	(4,837)
Transfer to investment property	(53,040)	-	-	-	-	-	-	-	-	(53,040)
Written off	-	-	-	(20,505)	-	-	-	-	-	(20,505)
Reclassification	-	(7,314)	6,881	-	-	-	433	-	-	-
Expiration of lease contracts	-	-	-	-	-	450,078	-	-	-	450,078
At 31 December 2020	819,945	242,938	353,661	572,337	26,000	934,165	410,476	1,099,610	37,553	4,496,685
Carrying amount										
At 31 December 2020	4,727,116	314,557	364,736	2,136,708	-	388,203	95,723	3,206,394	135,697	11,369,134

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

(CONT'D)

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

	Freehold land and building RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Forklift RM	Motor vehicles RM	Computers RM	Tools and equipment RM	Show unit RM	Total RM
Group 2019 Cost										
At 1 January 2019, as previously reported	6,210,061	473,993	628,146	1,591,581	26,000	5,009,945	497,255	1,892,100	128,834	16,457,915
Effect of adopting MFRS 16	-	-	-	-	-	(4,140,510)	-	-	-	(4,140,510)
At 1 January 2019, as restated	6,210,061	473,993	628,146	1,591,581	26,000	869,435	497,255	1,892,100	128,834	12,317,405
Additions	-	39,826	130,853	1,042,420	-	-	66,145	1,978,740	13,389	3,271,373
Disposals	-	(4,292)	-	-	-	(319,142)	(1,698)	-	-	(325,132)
Transfer to inventories	-	-	-	-	-	-	-	(159,932)	-	(159,932)
Written off	-	(32,898)	(154,908)	(131,390)	-	-	(79,485)	-	-	(398,681)
Reclassification	-	-	7,128	-	-	-	(44,978)	37,850	-	-
At 31 December 2019	6,210,061	476,629	611,219	2,502,611	26,000	550,293	437,239	3,748,758	142,223	14,705,033
Accumulated depreciation										
At 1 January 2019, as previously reported	682,352	196,458	344,576	173,777	26,000	2,411,429	340,483	288,705	10,242	4,474,022
Effect of adopting MFRS 16	-	-	-	-	-	(1,568,579)	-	-	-	(1,568,579)
At 1 January 2019, as restated	682,352	196,458	344,576	173,777	26,000	842,850	340,483	288,705	10,242	2,905,443
Charge for the financial year	103,522	42,177	61,236	187,170	-	11,833	96,690	367,610	13,500	883,738
Disposals	-	(958)	-	-	-	(319,142)	(792)	-	-	(320,892)
Transfer to inventories	-	-	-	-	-	-	-	(32,094)	-	(32,094)
Written off	-	(32,855)	(132,945)	(29,156)	-	-	(78,507)	-	-	(273,463)
Reclassification	-	-	5,048	-	-	-	(42,898)	37,850	-	-
At 31 December 2019	785,874	204,822	277,915	331,791	26,000	535,541	314,976	662,071	23,742	3,162,732
Carrying amount										
At 31 December 2019	5,424,187	271,807	333,304	2,170,820	-	14,752	122,263	3,086,687	118,481	11,542,301

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

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

	Furniture and fittings RM	Computers RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
Company 2020						
Cost						
At 1 January 2020	14,522	23,508	–	–	–	38,030
Additions	60,563	17,050	385,009	23,985	37,024	523,631
Reclassification	(2,202)	(11,398)	–	13,600	–	–
At 31 December 2020	72,883	29,160	385,009	37,585	37,024	561,661
Accumulated depreciation						
At 1 January 2020	12,781	9,293	–	–	–	22,074
Charge for the financial year	6,702	4,116	6,417	5,195	1,683	24,113
Reclassification	(7,435)	433	–	7,002	–	–
At 31 December 2020	12,048	13,842	6,417	12,197	1,683	46,187
Carrying amount						
At 31 December 2020	60,835	15,318	378,592	25,388	35,341	515,474

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

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

	Furniture and fittings RM	Computers RM	Motor vehicles RM	Total RM
Company				
2019				
Cost				
At 1 January 2019, as previously reported	13,652	22,229	501,125	537,006
Effect of adopting MFRS 16	-	-	(501,125)	(501,125)
At 1 January 2019, as restated	13,652	22,229	-	35,881
Additions	870	1,279	-	2,149
At 31 December 2019	14,522	23,508	-	38,030
Accumulated depreciation				
At 1 January 2019, as previously reported	7,235	3,298	167,042	177,575
Effect of adopting MFRS 16	-	-	(167,042)	(167,042)
At 1 January 2019, as restated	7,235	3,298	-	10,533
Charge for the financial year	5,546	5,995	-	11,541
At 31 December 2019	12,781	9,293	-	22,074
Carrying amount				
At 31 December 2019	1,741	14,215	-	15,956

- (a) The aggregate costs for the property, plant and equipment of the Group and of the Company during the financial year acquired from subsidiary companies, set off with other payables and cash payments are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Aggregate costs	1,539,765	3,271,373	523,631	2,149
Set off with other payables	(345,000)	-	(345,000)	-
Purchase from subsidiary companies	-	-	(45,233)	-
Cash payments	1,194,765	3,271,373	133,398	2,149

- (b) The carrying amount of freehold land and buildings of the Group amounted to RM4,727,116 (2019: RM5,424,187) are pledged as securities for bank borrowings as disclosed in Note 16(a).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

5. RIGHT-OF-USE ASSETS

	Motor vehicles RM	Buildings RM	Office equipment RM	Total RM
Group				
2020				
Cost				
At 1 January 2020	4,653,065	2,025,151	87,591	6,765,807
Additions	790,952	338,211	60,467	1,189,630
Disposals	(987,893)	–	–	(987,893)
Expiration lease of contracts	(454,223)	(957,001)	–	(1,411,224)
At 31 December 2020	4,001,901	1,406,361	148,058	5,556,320
Accumulated depreciation				
At 1 January 2020	2,153,398	1,111,189	51,509	3,316,096
Charge for the financial year	848,640	700,972	20,324	1,569,936
Disposals	(709,989)	–	–	(709,989)
Expiration lease of contracts	(450,078)	(783,558)	–	(1,233,636)
At 31 December 2020	1,841,971	1,028,603	71,833	2,942,407
Carrying amount				
At 31 December 2020	2,159,930	377,758	76,225	2,613,913
2019				
Cost				
At 1 January 2019, as previously reported	–	–	–	–
Effect of adopting MFRS 16	4,140,510	1,379,847	87,591	5,607,948
At 1 January, as restated	4,140,510	1,379,847	87,591	5,607,948
Additions	743,168	645,304	–	1,388,472
Disposals	(230,613)	–	–	(230,613)
At 31 December 2019	4,653,065	2,025,151	87,591	6,765,807
Accumulated depreciation				
At 1 January 2019, as previously reported	–	–	–	–
Effect of adopting MFRS 16	1,568,579	520,369	33,991	2,122,939
At 1 January, as restated	1,568,579	520,369	33,991	2,122,939
Charge for the financial year	815,432	590,820	17,518	1,423,770
Disposals	(230,613)	–	–	(230,613)
At 31 December 2019	2,153,398	1,111,189	51,509	3,316,096
Carrying amount				
At 31 December 2019	2,499,667	913,962	36,082	3,449,711

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

5. RIGHT-OF-USE ASSETS (CONT'D)

	Motor vehicles RM	Buildings RM	Office equipment RM	Total RM
Company				
2020				
Cost				
At 1 January 2020	501,125	–	–	501,125
Additions	344,003	52,294	47,379	443,676
At 31 December 2020	845,128	52,294	47,379	944,801
Accumulated depreciation				
At 1 January 2020	267,267	–	–	267,267
Charge for the financial year	134,625	32,473	2,369	169,467
At 31 December 2020	401,892	32,473	2,369	436,734
Carrying amount				
At 31 December 2020	443,236	19,821	45,010	508,067
2019				
Cost				
At 1 January 2019, as previously reported	–	–	–	–
Effect of adopting MFRS 16	501,125	–	–	501,125
At 1 January, as restated/ At 31 December 2019	501,125	–	–	501,125
Accumulated depreciation				
At 1 January 2019, as previously reported	–	–	–	–
Effect of adopting MFRS 16	167,042	–	–	167,042
At 1 January, as restated	167,042	–	–	167,042
Charge for the financial year	100,225	–	–	100,225
At 31 December 2019	267,267	–	–	267,267
Carrying amount				
At 31 December 2019	233,858	–	–	233,858

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

5. RIGHT-OF-USE ASSETS (CONT'D)

- (a) The carrying amount of motor vehicles of the Group and of the Company amounted to RM2,159,930 and RM443,236 (2019: RM2,499,667 and RM233,858) respectively are pledged as securities for the related lease liabilities as disclosed in Note 15.
- (b) The aggregate costs for the right-of-use assets of the Group and of the Company during the financial year acquired under lease financing and cash payments are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Aggregate costs	1,189,630	1,388,472	443,676	-
Less: Lease financing	(1,134,678)	(1,301,904)	(408,673)	-
Cash payments	54,952	86,568	35,003	-

6. INVESTMENT PROPERTY

	2020 RM	Group 2019 RM
Freehold land and building		
Cost		
At 1 January	-	-
Transfer from property, plant and equipment	663,000	-
At 31 December	663,000	-
Accumulated depreciation		
At 1 January	-	-
Transfer from property, plant and equipment	53,040	-
Charge for the financial year	8,840	-
At 31 December	61,880	-
Carrying amount		
At 31 December	601,120	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

6. INVESTMENT PROPERTY (CONT'D)

- (a) The carrying amount of freehold land and building of the Group amounted to RM601,120 (2019: RMNil) is pledged as security for bank borrowings as disclosed in Note 16(a).
- (b) The following are recognised in profit or loss in respect of investment property:

	Group	
	2020 RM	2019 RM
Rental income	8,800	-
Direct operating expenses - Income generating investment property	2,768	-

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2020 RM	2019 RM
In Malaysia:		
At cost		
Unquoted shares	18,582,000	18,582,000

Details of the subsidiary companies are as follows:

Name of company	Place of business/ Country of incorporation	Effective interest		Principal activities
		2020 %	2019 %	
CS Laundry System Sdn. Bhd.	Malaysia	100	100	Supply, install, testing and commissioning of commercial laundry equipment
Best Contact (M) Sdn. Bhd.	Malaysia	100	100	Supply, install, testing and commissioning of medical devices
Maymedic Technology Sdn. Bhd.	Malaysia	100	100	Supply, install, testing and commissioning of medical devices
Cypress Medic Sdn. Bhd.	Malaysia	51.03	51.03	Trading and distribution of healthcare and clinical devices
Wellness Gate Sdn. Bhd.	Malaysia	100	100	Investment holding company
Held through CS Laundry Sdn. Bhd.				
Century Pavilion Sdn. Bhd.	Malaysia	100	100	Business of launderers cleaners, dry cleaners and carpet beaters

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Incorporation of new subsidiary company

On 8 April 2019, the Company incorporated a 100% owned subsidiary company, Wellness Gate Sdn. Bhd., comprising 10,000 ordinary shares with a total cash subscription of RM10,000.

(b) Acquisition of a subsidiary company

On 18 April 2019, CS Laundry System Sdn. Bhd., a wholly-owned subsidiary company of the Company acquired 1 ordinary share of RM1 each, representing 100% equity interest in Century Pavilion Sdn. Bhd. for total cash consideration of RM1.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2019 RM
<u>Fair value of consideration transferred</u>	
Cash consideration	1

	2019 RM
<u>Fair value of identifiable assets acquired</u>	
Cash and bank balances	1

Net cash inflows arising from acquisition of a subsidiary company

	2019 RM
Purchase consideration settled in cash	(1)
Cash and cash equivalents acquired	1
	-

Negative goodwill arising from business combination

	2019 RM
Fair value of the consideration transferred	1
Fair value of identifiable assets acquired and liabilities assumed	(1)
Negative goodwill	-



NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

- (b) Acquisition of a subsidiary company (Cont'd)

Acquisition-related costs

In the previous financial year, the Group incurred acquisition-related costs of RM3,777 related to external legal fees and due diligence costs. The expenses have been included in administrative expenses in the statements of profit or loss and other comprehensive income.

Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary company has contributed revenue of RM261,783 and loss of RM176,160 for the previous financial year to the Group.

- (c) Material partly-owned subsidiary company

The Group's subsidiary company that has material non-controlling interests is as follow:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2020	2019	2020	2019	2020	2019
	%	%	RM	RM	RM	RM
Cypress Medic Sdn. Bhd.	48.97	48.97	658,048	231,381	3,085,081	2,622,902

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

The summarised financial information for subsidiary company, Cypress Medic Sdn. Bhd. that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

- (i) Summarised statement of financial position

	2020 RM	2019 RM
Non-current assets	620,491	830,680
Current assets	10,154,317	6,761,237
Non-current liabilities	(178,156)	(247,255)
Current liabilities	(4,296,733)	(1,988,521)
Net assets	6,299,919	5,356,141

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7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Material partly-owned subsidiary company (Cont'd)

(ii) Summarised statement of profit or loss and other comprehensive income

	2020 RM	2019 RM
Revenue	12,235,313	10,215,941
Profit for the financial year	1,343,778	472,497
Total comprehensive income for the financial year	1,343,778	472,497

(iii) Summarised statement of cash flows

	2020 RM	2019 RM
Net cash from operating activities	2,052,390	295,986
Net cash used in investing activities	(46,593)	(293,907)
Net cash from/(used in) financing activities	511,442	(365,642)
Net increase/(decrease) in cash and cash equivalents	2,517,239	(363,563)
Dividends paid to non-controlling interests	88,141	-

8. AMOUNT DUE FROM SUBSIDIARY COMPANIES

	Company	
	2020 RM	2019 RM
Non-current		
Non-trade related	-	793,990
Current		
Non-trade related	9,817,724	10,554,974
	9,817,724	11,348,964

Amount due from subsidiary companies are unsecured, non-interest bearing non-trade balances and repayable on demand, except for the non-current portion which are not expected to be received within the next 12 months.



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9. INVENTORIES

	2020 RM	Group 2019 RM
Spare parts	2,641,015	2,133,053
Consumables	1,159,364	741,970
Equipments and accessories	10,419,091	14,081,805
Good-in-transit	121,865	304,039
Others	15,000	16,276
	14,356,335	17,277,143
	2020 RM	Group 2019 RM
Recognised in profit or loss:		
Inventories recognised as cost of sales	43,931,781	73,255,219
Inventories written down	19,831	49,790
Inventories written off	-	80,099
Reversal of inventories written down	(4,582)	(11,316)

10. TRADE RECEIVABLES

	2020 RM	Group 2019 RM
Trade receivables	15,841,335	18,001,707
Less: Accumulated impairment losses	(614,634)	(441,174)
	15,226,701	17,560,533

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 30 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

10. TRADE RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of trade receivables are as follows:

	Lifetime allowance RM	Credit impaired RM	Loss allowance RM
Group			
At 1 January 2020	210,453	230,721	441,174
Impairment losses recognised	152,010	31,450	183,460
Reversal of impairment losses	–	(10,000)	(10,000)
At 31 December 2020	362,463	252,171	614,634
At 1 January 2019	151,290	182,355	333,645
Impairment losses recognised	59,163	80,886	140,049
Amount written off	–	(32,520)	(32,520)
At 31 December 2019	210,453	230,721	441,174

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Analysis of the trade receivables ageing as at the end of the reporting period are as follows:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2020			
Not past due	5,052,345	(37,574)	5,014,771
Past due			
Less than 30 days	4,871,813	(19,500)	4,852,313
31 to 60 days	1,273,894	(11,603)	1,262,291
61 to 90 days	531,012	(18,405)	512,607
More than 90 days	3,860,100	(275,381)	3,584,719
	10,536,819	(324,889)	10,211,930
	15,589,164	(362,463)	15,226,701
Credit impaired			
Individually impaired	252,171	(252,171)	–
	15,841,335	(614,634)	15,226,701

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31 December 2020
(CONT'D)

10. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing as at the end of the reporting period are as follows: (Cont'd)

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2019			
Not past due	3,728,550	(62,353)	3,666,197
Past due			
Less than 30 days	5,438,695	(49,849)	5,388,846
31 to 60 days	1,853,680	(36,995)	1,816,685
61 to 90 days	389,668	–	389,668
More than 90 days	6,360,393	(61,256)	6,299,137
	14,042,436	(148,100)	13,894,336
	17,770,986	(210,453)	17,560,533
Credit impaired			
Individually impaired	230,721	(230,721)	–
	18,001,707	(441,174)	17,560,533

Trade receivables that are neither past due nor individually impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2020, gross trade receivables of RM10,563,819 (2019: RM14,042,436) were past due but not individually impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM252,171 (2019: RM230,721), relate to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debts recovery process.

11. OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	1,514,836	946,638	16,000	–
Less: Accumulated impairment losses	(747,789)	(747,789)	–	–
	767,047	198,849	16,000	–
Deposits	269,266	320,576	15,310	–
Dividends receivable	–	–	204,131	1,521,859
Prepayments	1,072,527	1,172,635	41,908	20,289
GST receivable	178	183,397	–	–
	2,109,018	1,875,457	277,349	1,542,148

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
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11. OTHER RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of other receivables are as follows:

	Group	
	2020 RM	2019 RM
At 1 January	747,789	–
Impairment losses recognised	–	747,789
At 31 December	747,789	747,789

Other receivables of the Group that are individually determined to be impaired at the reporting date relate to a debtor that is in significant financial difficulties and has defaulted on payments.

12. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group amounting to RM1,814,623 (2019: RM1,767,007) are pledged as security for banking facilities granted to the Group as disclosed in Note 16(b).

The interest rates and maturities of deposits range from 1.85% to 3.35% (2019: 2.95% to 3.35%) per annum and 365 days (2019: 30 days) respectively.

13. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
Issued and fully paid ordinary shares				
At 1 January	421,250,200	421,250,200	32,119,897	32,119,897
Issue of shares pursuant to private placement	60,197,000	–	15,651,220	–
Share issuance expenses	–	–	(414,757)	–
At 31 December	481,447,200	421,250,200	47,356,360	32,119,897

During the financial year, the Company issued 60,197,000 new ordinary shares by way of special issue at an issue price of RM0.26 per special issue share for a total cash consideration of RM15,651,220.

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

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14. MERGER RESERVES

The merger reserves arise from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiary companies acquired under the merger method of accounting.

	2020 RM	Group 2019 RM
At 1 January/31 December	16,049,000	16,049,000

15. LEASE LIABILITIES

	2020 RM	Group 2019 RM	2020 RM	Company 2019 RM
At 1 January, as previously reported	3,634,991	-	211,170	-
Effect of adopting MFRS 16	-	3,664,874	-	291,965
At 1 January, as restated	3,634,991	3,664,874	211,170	291,965
Additions	1,134,678	1,301,904	408,673	-
Accretion of interest	136,114	247,205	22,054	11,413
Payments	(1,765,688)	(1,578,992)	(153,075)	(92,208)
Rent concessions related to COVID-19	(48,710)	-	(1,960)	-
Expiration of lease contracts	(173,443)	-	-	-
At 31 December	2,917,942	3,634,991	486,862	211,170
Presented as:				
Non-current	1,881,730	2,019,855	330,051	126,517
Current	1,036,212	1,615,136	156,811	84,653
	2,917,942	3,634,991	486,862	211,170

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

15. LEASE LIABILITIES (CONT'D)

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Within one year	1,225,557	1,820,972	187,328	92,208
Later than one year and not later than two years	990,721	1,110,194	113,060	92,208
Later than two years and not later than five years	950,553	1,554,953	248,159	38,408
Less: Future finance charges	3,166,831 (248,889)	4,486,119 (851,128)	548,547 (61,685)	222,824 (11,654)
Present value of lease liabilities	2,917,942	3,634,991	486,862	211,170

The Group and the Company lease motor vehicles, buildings and office equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The interest rate of the Group and of the Company at reporting date range from 2.24% to 9.90% and 2.38% to 5.50% (2019: 2.35% to 9.90% and 2.38% to 5.13%) respectively.

16. BANK BORROWINGS

	Group	
	2020 RM	2019 RM
Secured		
Term loans	2,623,578	2,872,830
Bankers' acceptance	1,252,000	371,000
Trust receipts	1,794,587	711,797
	5,670,165	3,955,627
Non-current		
Term loans	2,324,173	2,596,541
Current		
Term loans	299,405	276,289
Bankers' acceptance	1,252,000	371,000
Trust receipts	1,794,587	711,797
	3,345,992	1,359,086
	5,670,165	3,955,627

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
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16. BANK BORROWINGS (CONT'D)

The banking facilities obtained from licensed banks are secured by the followings:

- (a) First party legal charge over the freehold land and buildings of the subsidiary companies as disclosed in Notes 4(b) and 6(a);
- (b) Pledged of fixed deposits of the subsidiary companies as disclosed in Note 12;
- (c) Joint and several guarantee by certain Directors of a subsidiary company;
- (d) Assignment of life assurance policy by a Director of a subsidiary company; and
- (e) Corporate guarantee by the Company.

The maturity of the bank borrowings are as follows:

	2020 RM	Group 2019 RM
Within one year	3,345,992	1,359,086
Later than one year and not later than two years	307,481	281,058
Later than two years and not later than five years	730,048	752,700
Later than five years	1,286,644	1,562,783
	5,670,165	3,955,627

The average effective interest rates per annum are as follows:

	2020 %	Group 2019 %
Term loans	3.20 - 5.62	3.95 - 6.19
Bankers' acceptance	4.47	5.65
Trust receipts	6.64 - 7.07	8.32

17. DEFERRED TAX LIABILITIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January, as previously reported	210,545	305,261	-	3,788
Effect of adopting MFRS 16	-	(16,189)	-	-
At 1 January, as restated	210,545	289,072	-	3,788
Recognised in profit or loss	(105,426)	(78,527)	-	(3,788)
At 31 December	105,119	210,545	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
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17. DEFERRED TAX LIABILITIES (CONT'D)

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities	339,778	371,546	12,259	-
Deferred tax assets	(234,659)	(161,001)	(12,259)	-
	105,119	210,545	-	-

The components and movements of deferred tax liabilities and assets are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities				
<u>Accelerated capital allowances</u>				
At 1 January, as previously reported	371,546	305,261	-	3,788
Effect of adopting MFRS 16	-	49	-	-
At 1 January, as restated	371,546	305,310	-	3,788
Recognised in profit or loss (Over)/Under provision in prior years	42,551	182,868	6,691	-
	(74,319)	(116,632)	5,568	(3,788)
At 31 December	339,778	371,546	12,259	-
Deferred tax assets				
<u>Other temporary differences</u>				
At 1 January, as previously reported	(16,238)	-	-	-
Effect of adopting MFRS 16	-	(16,238)	-	-
At 1 January, as restated	(16,238)	(16,238)	-	-
Recognised in profit or loss Under provision in prior year	(13,255)	-	(164)	-
	(4,304)	-	-	-
At 31 December	(33,797)	(16,238)	(164)	-
<u>Unabsorbed capital allowances</u>				
At 1 January	(144,763)	-	-	-
Recognised in profit or loss Under provision in prior years	(50,078)	(144,763)	(6,527)	-
	(6,021)	-	(5,568)	-
At 31 December	(200,862)	(144,763)	(12,095)	-
	(234,659)	(161,001)	(12,259)	-



NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
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17. DEFERRED TAX LIABILITIES (CONT'D)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses	494,743	599,298	445,524	550,079
Unabsorbed capital allowances	265,189	108,912	62,443	15,883
Other deductible temporary differences	357,913	–	–	–
	1,117,845	708,210	507,967	565,962

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

With effect from year of assessment 2019, unused tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under current tax legislation. The other temporary differences do not expire under current tax legislation.

18. CONTRACT LIABILITIES

	Group	
	2020 RM	2019 RM
Current		
<u>Contract liabilities</u>		
Deferred revenue:		
- Extended warranties and service contracts	472,462	493,364

As at reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM472,462 (2019: RM493,364). The Group expects to recognise this revenue as the contracts are completed, which is expected to occur over the next 1 to 57 months (2019: 1 to 58 months).

19. TRADE PAYABLES

The normal trade credit term granted to the Group range from 30 to 90 days (2019: 30 to 90 days) depending on the terms of the contracts.

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20. OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables				
- third parties	3,815,675	5,177,911	377,876	141,886
- related parties	23,510	36,935	13,329	100
	3,839,185	5,214,846	391,205	141,986
Accruals	3,635,076	4,645,016	170,037	237,679
Deposits	1,209,162	962,447	-	-
Dividends payable	195,869	88,141	-	-
	8,879,292	10,910,450	561,242	379,665

21. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts				
with customers:				
- Sale of goods	60,313,423	95,580,555	-	-
- Rendering of services	6,710,626	6,126,963	-	-
- Management fees	-	-	2,306,679	2,047,161
- Others	1,103,161	2,045,805	-	-
	68,127,210	103,753,323	2,306,679	2,047,161
Revenue from other sources:				
- Dividend income from subsidiary companies	-	-	204,131	1,521,859
	68,127,210	103,753,323	2,510,810	3,569,020



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21. REVENUE (CONT'D)

Breakdown of the Group's revenue from contracts with customers:

	Commercial laundry equipment RM	Medical devices RM	Healthcare products RM	Laundry services RM	Total RM
2020					
Major goods and services					
Sale of goods	23,476,087	23,895,129	12,231,770	710,437	60,313,423
Rendering of services	662,917	6,047,709	–	–	6,710,626
Others	670,677	432,484	–	–	1,103,161
<hr/>					
Total revenue from contracts with customers	24,809,681	30,375,322	12,231,770	710,437	68,127,210
<hr/>					
Geographical market					
Brunei	480,930	–	–	–	480,930
Singapore	–	10,319	–	–	10,319
Malaysia	24,328,751	30,365,003	12,231,770	710,437	67,635,961
<hr/>					
	24,809,681	30,375,322	12,231,770	710,437	68,127,210
<hr/>					
Timing of revenue recognition:					
At a point of time	24,809,681	24,577,983	12,231,770	710,437	62,329,871
Over time	–	5,797,339	–	–	5,797,339
<hr/>					
Total revenue from contracts with customers	24,809,681	30,375,322	12,231,770	710,437	68,127,210

NOTES TO THE FINANCIAL STATEMENTS

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(CONT'D)

21. REVENUE (CONT'D)

Breakdown of the Group's revenue from contracts with customers: (Cont'd)

	Commercial laundry equipment RM	Medical devices RM	Healthcare products RM	Laundry services RM	Total RM
2019					
Major goods and services					
Sale of goods	32,674,716	52,689,898	10,215,941	–	95,580,555
Rendering of services	912,166	4,953,014	–	261,783	6,126,963
Others	486,173	1,559,632	–	–	2,045,805
<hr/>					
Total revenue from contracts with customers	34,073,055	59,202,544	10,215,941	261,783	103,753,323
<hr/>					
Geographical market					
Malaysia	34,073,055	59,202,544	10,215,941	261,783	103,753,323
<hr/>					
Timing of revenue recognition:					
At a point of time	34,073,055	57,669,074	10,215,941	261,783	102,219,853
Over time	–	1,533,470	–	–	1,533,470
<hr/>					
Total revenue from contracts with customers	34,073,055	59,202,544	10,215,941	261,783	103,753,323

22. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expenses on:				
Bank overdrafts	–	6,802	–	–
Bankers' acceptance	45,562	25,494	–	–
Letter of credit	47,600	79,857	–	–
Lease liabilities	136,114	247,205	22,054	11,413
Term loans	115,854	148,753	–	–
Trust receipts	49,329	99,571	–	–
Others	–	–	–	35,642
<hr/>				
	394,459	607,682	22,054	47,055

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23. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting) amongst others, the following items:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- Statutory audit	98,000	90,667	28,000	25,667
- Under provision in prior year	7,000	-	-	-
- Non-statutory audit	5,000	4,583	5,000	4,583
Bad debts written off	12,044	3,672	-	-
Depreciation of property, plant and equipment	1,030,464	883,738	24,113	11,541
Depreciation of right-of-use assets	1,569,936	1,423,770	169,467	100,225
Depreciation of investment property	8,840	-	-	-
Inventories written down	19,831	49,790	-	-
Inventories written off	-	80,099	-	-
Impairment losses on:				
- Trade receivables	183,460	140,049	-	-
- Other receivables	-	747,789	-	-
Lease expenses:				
- Short-term leases	57,318	25,860	-	-
- Low-value assets	8,956	9,681	-	-
Non-executive Directors' remuneration				
- Fees	176,790	162,000	164,790	150,000
- Other emoluments	6,000	4,500	6,000	4,500
Property, plant and equipment written off	68,309	125,218	-	-
Bad debts recovered	(4,950)	(622)	-	-
Gain on disposal of property, plant and equipment	(7,376)	(70,964)	-	-
Gain on disposal of right-of-use assets	(205,395)	(45,000)	-	-
(Gain)/Loss on foreign exchange				
- Realised	(111,802)	(268,925)	-	-
- Unrealised	7,287	8,701	-	-
Interest income	(320,419)	(461,976)	(69,885)	(79,199)
Income from rent concessions	(48,710)	-	(1,960)	-
Reversal of impairment losses on trade receivables	(10,000)	-	-	-
Reversal of inventories written down	(4,582)	(11,316)	-	-
Rental income	(8,800)	-	-	-

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24. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax expenses recognised in profit or loss				
Malaysian income tax				
Current tax provision	1,545,483	2,337,649	-	-
(Over)/Under provision in prior years	(142,859)	(130,079)	-	13,544
	1,402,624	2,207,570	-	13,544
Deferred tax (Note 17)				
Origination and reversal of temporary differences	(20,782)	38,105	-	-
Over provision in prior years	(84,644)	(116,632)	-	(3,788)
	(105,426)	(78,527)	-	(3,788)
	1,297,198	2,129,043	-	9,756

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to profit/(loss) before tax at the statutory income tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax	4,612,925	7,505,826	(375,543)	1,003,276
At Malaysian statutory tax rate of 24% (2019: 24%)	1,107,102	1,801,398	(90,130)	240,786
Income not subject to tax	(170,869)	(454,293)	(57,487)	(370,480)
Expenses not deductible for tax purposes	490,156	970,428	161,536	105,687
Deferred tax assets not recognised	98,312	58,221	(13,919)	24,007
(Over)/Under provision of income tax in prior years	(142,859)	(130,079)	-	13,544
Over provision of deferred tax in prior years	(84,644)	(116,632)	-	(3,788)
Tax expenses for the financial year	1,297,198	2,129,043	-	9,756

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24. TAXATION (CONT'D)

The Group and the Company have estimated unused tax losses and unabsorbed capital allowances available for carried forward to offset against future taxable profit as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses	494,743	599,298	445,524	550,079
Unabsorbed capital allowances	1,102,112	737,178	112,839	39,083
	1,596,855	1,336,476	558,363	589,162

25. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	2020 RM	Group 2019 RM
Profit attributable to the owners of the parent for basic earnings	2,657,679	5,145,402
	Units	Units
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 January	421,250,200	421,250,200
Effect of ordinary shares issued during the financial year	3,453,926	–
Weighted average number of ordinary shares in issue at 31 December	424,704,126	421,250,200
Basic earnings per ordinary share (sen)	0.63	1.22

(b) Diluted earnings per share

The Group has no dilution in their earnings per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

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26. DIVIDENDS

	Group/Company	
	2020	2019
	RM	RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
Final dividends paid in respect of the financial year ended:		
- 31 December 2018 (single tier dividend of 0.20 sen per ordinary share)	–	842,500
- 31 December 2019 (single tier dividend of 0.10 sen per ordinary share)	421,250	–
	421,250	842,500

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

27. STAFF COSTS

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
		Restated		Restated
Fees	12,000	12,000	–	–
Salaries, bonuses and allowances	10,825,028	10,768,472	1,546,792	1,435,145
Defined contribution plans	1,327,231	1,365,464	177,789	167,103
Social security contributions	97,736	84,944	15,106	13,395
Other employee benefits	300,910	1,214,099	3,168	–
	12,562,905	13,444,979	1,742,855	1,615,643

The staff costs do not include the estimated monetary value of benefit-in-kind of the Group and of the Company amounting to RM229,430 and RM11,975 (2019: RM141,100 and RMNil) respectively.

Included in staff costs is the aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Executive Directors of the Company				
Fees	12,000	12,000	–	–
Salaries and other emoluments	2,134,286	2,695,097	399,668	387,944
Defined contribution plans	233,351	316,331	36,498	39,540
Social security contributions	4,385	4,286	1,665	1,516
	2,384,022	3,027,714	437,831	429,000

The Directors' remuneration does not include the estimated monetary value of benefit-in-kind of the Group and of the Company amounting to RM94,675 and RM11,975 (2019: RM100,100 and RMNil) respectively.

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28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes.

	Note	At 1 January RM	Financing cash flows (i) RM	New lease [Note 5(b)] RM	Other changes (ii) RM	At 31 December RM
2020						
Group						
Lease liabilities	15	3,634,991	(1,629,574)	1,134,678	(222,153)	2,917,942
Bankers' acceptance	16	371,000	881,000	-	-	1,252,000
Term loans	16	2,872,830	(249,252)	-	-	2,623,578
Trust receipts	16	711,797	1,082,790	-	-	1,794,587
		7,590,618	84,964	1,134,678	(222,153)	8,588,107
Company						
Lease liabilities	15	211,170	(131,021)	408,673	(1,960)	486,862
2019						
Group						
Finance lease payables		2,684,344	(2,684,344)	-	-	-
Lease liabilities	15	-	3,664,874	(1,331,787)	1,301,904	3,634,991
Bankers' acceptance	16	-	-	371,000	-	371,000
Term loans	16	3,136,211	-	(263,381)	-	2,872,830
Trust receipts	16	553,281	-	158,516	-	711,797
		6,373,836	980,530	(1,065,652)	1,301,904	7,590,618
Company						
Finance lease payables		291,965	(291,965)	-	-	-
Lease liabilities	15	-	291,965	(80,795)	-	211,170
		291,965	-	(80,795)	-	211,170

(i) The financing cash flows represent payment of lease liabilities and net proceeds from/repayment of bank borrowings in the statements of cash flows.
(ii) Other changes include expiration of lease contracts and income from COVID-19 rent concessions.

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29. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group	
	2020 RM	2019 RM
(i) Transactions with a company in which certain directors of the Company have substantial financial interest		
- Rental expenses on premises	13,878	-
- Lease payment on premises	97,122	189,000
- Income from rent concessions	6,910	-
(ii) Transactions with a company in which close family member of certain directors of the Company have financial interest		
- Office expenses on premises	-	44,284
- Purchase	-	2,790
	Company	
	2020 RM	2019 RM
(i) Transactions with subsidiary companies		
- Dividend income	204,131	1,521,859
- Interest payable	-	35,642
- Management fees	2,306,679	2,047,161
- Purchase of property, plant and equipment	45,233	-
(ii) Transactions with a company in which certain directors of the Company have substantial financial interest		
- Lease payment on premises	31,572	-
- Income from rent concession	1,960	-



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29. RELATED PARTY DISCLOSURES (CONT'D)

- (c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fees	188,790	174,000	164,790	150,000
Salaries and other other emoluments	3,447,486	4,137,395	486,268	476,144
Defined contribution plans	390,532	486,267	47,443	49,582
Social security contributions	9,002	8,901	2,588	2,439
	4,035,810	4,806,563	701,089	678,165

The compensation of key management personnel do not include the estimated monetary value of benefit-in-kind of the Group and of the Company amounting to RM144,275 and RM11,975 (2019: RM152,500 and RMNil) respectively.

30. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has six reportable segments as follows:

Investment holding	Investment holding
Commercial laundry equipment	Supply, install, testing and commission of commercial laundry equipment
Medical devices	Supply, install, testing and commission of medical devices
Healthcare products	Trading and distribution of healthcare and clinical devices
Laundry services	Business of launderers cleaners, dry cleaners and carpet beaters
Others	Represented the entity which yet to commence operation

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

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30. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Commercial laundry equipment RM	Medical devices RM	Healthcare products RM	Laundry services RM	Others RM	Adjustments and eliminations RM	Consolidated RM
Group 2020								
Revenue								
External customers	–	24,809,681	30,375,322	12,231,770	710,437	–	–	68,127,210
Inter-segment	2,510,810	444,674	82,335	3,543	–	–	(3,041,362)	–
Total revenue	2,510,810	25,254,355	30,457,657	12,235,313	710,437	–	(3,041,362)	68,127,210
Results								
Segment results	(423,374)	1,532,888	2,180,173	1,781,651	(198,198)	(6,494)	(179,681)	4,686,965
Interest income	69,885	148,622	71,868	30,044	–	–	–	320,419
Finance costs	(22,054)	(81,242)	(217,868)	(54,639)	(18,656)	–	–	(394,459)
(Loss)/Profit before tax	(375,543)	1,600,268	2,034,173	1,757,056	(216,854)	(6,494)	(179,681)	4,612,925
Taxation	–	(392,553)	(491,367)	(413,278)	–	–	–	(1,297,198)
(Loss)/Profit for the financial year	(375,543)	1,207,715	1,542,806	1,343,778	(216,854)	(6,494)	(179,681)	3,315,727
Assets								
Capital expenditure	967,307	476,852	613,173	125,313	640,086	–	(93,336)	2,729,395
Segment assets	49,036,994	29,436,994	34,654,628	10,774,808	3,523,703	8,673	(32,694,819)	94,740,981
Liabilities								
Segment liabilities	1,048,104	9,612,385	17,960,841	4,474,889	3,916,716	12,000	(13,743,753)	23,281,182

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30. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Commercial laundry equipment RM	Medical devices RM	Healthcare products RM	Laundry services RM	Others RM	Adjustments and eliminations RM	Consolidated RM
Group 2020								
Other non-cash items								
Bad debts written off	-	-	-	12,044	-	-	-	12,044
Depreciation of property, plant and equipment	24,113	282,187	361,428	88,795	320,349	-	(46,408)	1,030,464
Depreciation of right-of-use assets	169,467	503,204	471,056	179,924	246,285	-	-	1,569,936
Depreciation of investment properties	-	-	8,840	-	-	-	-	8,840
(Gain)/Loss on disposal of property, plant and equipment	-	(7,000)	607	(983)	-	-	-	(7,376)
Gain on disposal of right-of-use assets	-	(205,395)	-	-	-	-	-	(205,395)
Inventories written down	-	19,831	-	-	-	-	-	19,831
Impairment losses on:								
- Trade receivables	-	70,715	82,709	30,036	-	-	-	183,460
Property, plant and equipment written off	-	-	68,309	-	-	-	-	68,309
Unrealised loss on foreign exchange	-	3,251	2,585	1,451	-	-	-	7,287
Reversal of inventories written down	-	-	(4,582)	-	-	-	-	(4,582)
Reversal of impairment losses on trade receivables	-	(10,000)	-	-	-	-	-	(10,000)

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30. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Commercial laundry equipment RM	Medical devices RM	Healthcare products RM	Laundry services RM	Others RM	Adjustments and eliminations RM	Consolidated RM
Group 2019								
Revenue								
External customers	–	34,073,140	59,202,544	10,215,856	261,783	–	–	103,753,323
Inter-segment	3,569,020	1,995,990	–	85	–	–	(5,565,095)	–
Total revenue	3,569,020	36,069,130	59,202,544	10,215,941	261,783	–	(5,565,095)	103,753,323
Results								
Segment results	971,133	3,035,024	5,078,893	654,355	(165,441)	(6,833)	(1,915,599)	7,651,532
Interest income	79,199	219,924	173,796	24,699	–	–	(35,642)	461,976
Finance costs	(47,055)	(131,892)	(390,628)	(63,100)	(10,719)	–	35,712	(607,682)
Profit/(Loss) before tax	1,003,277	3,123,056	4,862,061	615,954	(176,160)	(6,833)	(1,915,529)	7,505,826
Taxation	(9,756)	(797,083)	(1,178,747)	(143,457)	–	–	–	(2,129,043)
Profit/(Loss) for the financial year	993,521	2,325,973	3,683,314	472,497	(176,160)	(6,833)	(1,915,529)	5,376,783
Assets								
Capital expenditure	2,149	641,334	822,165	293,907	3,337,474	–	(437,184)	4,659,845
Segment assets	34,140,055	33,940,129	40,367,100	7,591,917	3,982,071	5,149	(35,229,675)	84,796,746
Liabilities								
Segment liabilities	590,835	15,323,235	25,216,119	2,235,776	4,158,230	1,982	(16,254,159)	31,272,018

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30. SEGMENT INFORMATION (CONT'D)

	Investment holding RM	Commercial laundry equipment RM	Medical devices RM	Healthcare products RM	Laundry services RM	Others RM	Adjustments and eliminations RM	Consolidated RM
Group 2019								
Other non-cash items								
Bad debts written off	-	-	-	3,672	-	-	-	3,672
Depreciation of property, plant and equipment	11,541	281,145	429,063	93,081	112,626	-	(43,718)	883,738
Depreciation of right-of-use assets	100,225	624,424	440,400	174,049	90,558	-	(5,886)	1,423,770
Gain on disposal of property, plant and equipment	-	(70,964)	-	-	-	-	-	(70,964)
Gain on disposal of right-of-use assets	-	-	(45,000)	-	-	-	-	(45,000)
Inventories written down	-	18,217	31,573	-	-	-	-	49,790
Inventories written off	-	-	80,099	-	-	-	-	80,099
Impairment losses on:								
- Trade receivables	-	56,338	83,711	-	-	-	-	140,049
- Other receivables	-	-	747,789	-	-	-	-	747,789
Property, plant and equipment written off	-	85,209	3,760	36,249	-	-	-	125,218
Unrealised loss/(gain) on foreign exchange differences	-	19,944	(7,560)	(3,683)	-	-	-	8,701
Reversal of inventories written down	-	-	(11,316)	-	-	-	-	(11,316)

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30. SEGMENT INFORMATION (CONT'D)

Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment and right-of-use assets including assets from the acquisition of subsidiary companies.

Inter-segment revenues are eliminated on consolidation.

Geographic information

Revenue information based on the geographical location of customers is as follow:

	2020 RM	2019 RM
Malaysia	67,635,961	103,753,323
Oversea	491,249	–
	68,127,210	103,753,323

Major customers

No disclosure on major customer information as no customer represents equal or more than ten percent of Group's revenue.

31. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.



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31 December 2020
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31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2020			
Group			
Financial assets			
Trade receivables	15,226,701	-	15,226,701
Other receivables	1,036,313	-	1,036,313
Fixed deposits with licensed banks	1,814,623	-	1,814,623
Cash and bank balances	45,756,091	-	45,756,091
	63,833,728	-	63,833,728
Financial liabilities			
Trade payables	-	5,201,356	5,201,356
Other payables	-	8,879,292	8,879,292
Lease liabilities	-	2,917,942	2,917,942
Bank borrowings	-	5,670,165	5,670,165
	-	22,668,755	22,668,755
2020			
Company			
Financial assets			
Other receivables	235,441	-	235,441
Amount due from subsidiary companies	9,817,724	-	9,817,724
Cash and bank balances	19,301,632	-	19,301,632
	29,354,797	-	29,354,797
Financial liabilities			
Other payables	-	561,242	561,242
Lease liabilities	-	486,862	486,862
	-	1,048,104	1,048,104

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31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
2019			
Group			
Financial assets			
Trade receivables	17,560,533	–	17,560,533
Other receivables	519,425	–	519,425
Fixed deposits with licensed banks	1,767,007	–	1,767,007
Cash and bank balances	30,555,128	–	30,555,128
	50,402,093	–	50,402,093
Financial liabilities			
Trade payables	–	12,067,041	12,067,041
Other payables	–	10,910,450	10,910,450
Lease liabilities	–	3,634,991	3,634,991
Bank borrowings	–	3,955,627	3,955,627
	–	30,568,109	30,568,109
Company			
Financial assets			
Other receivables	1,521,859	–	1,521,859
Amount due from subsidiary companies	11,348,964	–	11,348,964
Cash and bank balances	2,333,129	–	2,333,129
	15,203,952	–	15,203,952
Financial liabilities			
Other payables	–	379,665	379,665
Lease liabilities	–	211,170	211,170
	–	590,835	590,835

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31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risks arises principally from advances to subsidiary companies, deposits with banks and financial guarantees given to banks for banking facilities granted to certain subsidiary companies. There are no significant changes as compared to previous years.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and Company's maximum exposure to credit risk.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credit risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

Financial guarantees

The Company provides unsecured financial guarantees to licensed banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The Company's maximum exposure in this respect is RM5,670,165 (2019: RM3,955,627), representing the outstanding banking facilities to the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period.

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31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risks are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
Non-derivative financial liabilities						
2020						
Trade payables	5,201,356	-	-	-	5,201,356	5,201,356
Other payables	8,879,292	-	-	-	8,879,292	8,879,292
Lease liabilities	1,225,557	990,721	950,553	-	3,166,831	2,917,942
Bank borrowings	1,949,355	387,849	623,000	1,698,863	4,659,067	5,670,165
	17,255,560	1,378,570	1,573,553	1,698,863	21,906,546	22,668,755
2019						
Trade payables	12,067,041	-	-	-	12,067,041	12,067,041
Other payables	10,910,450	-	-	-	10,910,450	10,910,450
Lease liabilities	1,820,972	1,110,194	1,554,953	-	4,486,119	3,634,991
Bank borrowings	1,487,651	399,239	1,018,992	1,778,976	4,684,858	3,955,627
	26,286,114	1,509,433	2,573,945	1,778,976	32,148,468	30,568,109

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31 December 2020
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31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
Non-derivative					
financial liabilities					
2020					
Other payables	561,242	–	–	561,242	561,242
Lease liabilities	187,328	113,060	248,159	548,547	486,862
Financial guarantee liabilities*	–	–	–	–	–
	748,570	113,060	248,159	1,109,789	1,048,104
2019					
Other payables	379,665	–	–	379,665	379,665
Lease liabilities	92,208	92,208	38,408	222,824	211,170
Financial guarantee liabilities*	–	–	–	–	–
	471,873	92,208	38,408	602,489	590,835

* At the end of the reporting period, no events have arisen which may cause the financial guarantees provided by the Company to be called upon pursuant to relevant contract entered by the Company. Consequently, the amount is Nil.

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to the risk are primarily United States Dollar (USD), Euro (EUR) and Singapore Dollar (SGD).

The Group has not entered into derivative instruments for hedging or trading purposes. When possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

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(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	USD RM	Denominated in EUR RM	SGD RM	Total RM
Group				
2020				
Trade receivables	12,761	–	–	12,761
Cash and bank balances	32,090	–	–	32,090
Trade payables	(2,325,726)	(36,892)	(412,175)	(2,774,793)
	(2,280,875)	(36,892)	(412,175)	(2,729,942)
2019				
Trade receivables	187,791	–	–	187,791
Cash and bank balances	55,453	–	–	55,453
Trade payables	(8,049,249)	–	(13,871)	(8,063,120)
	(7,806,005)	–	(13,871)	(7,819,876)

Foreign currency sensitivity analysis

Foreign currency risk arises from the Group entities which have a RM functional currency. The exposure to currency risk of the Group entities which does not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, EUR and SGD exchange rates against RM, with all other variables held constant.

		Effect on profit before tax	
		2020 RM	2019 RM
Group			
USD	Strengthened 10%	(228,088)	(780,601)
	Weakened 10%	228,088	780,601
EUR	Strengthened 10%	(3,689)	–
	Weakened 10%	3,689	–
SGD	Strengthened 10%	(41,218)	(1,387)
	Weakened 10%	41,218	1,387

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group's and Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the report period was:

	Group	
	2020 RM	2019 RM
Fixed rate financial instruments		
Financial asset		
Fixed deposits with licensed banks	1,814,623	1,767,007
Financial liabilities		
Lease liabilities	2,917,942	3,634,991
Bank borrowings	3,046,587	1,082,797
	5,964,529	4,717,788
Floating rate financial instrument		
Financial liability		
Bank borrowings	2,623,578	2,872,830
	Company	
	2020 RM	2019 RM
Fixed rate financial instrument		
Financial liability		
Lease liabilities	486,862	211,170

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased/ (decreased) the Group's profit before tax by RM6,559 (2019: RM7,182), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term loans and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The carrying amount of long-term floating rate loans and borrowings approximates their fair value as they will be re-priced to market interest rate on or near reporting date.

It was not practicable to estimate the fair value of investment in unquoted entity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed together with their fair value and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	
2019				
Company				
Financial asset				
Loans to subsidiary companies	–	–	758,348	793,990

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



NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

31. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value of financial instruments (Cont'd)

Financial instruments not carried at fair value

Type	Valuation technique and key inputs	Significant unobservable inputs
Loan to subsidiary companies	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.	2019: Interest rate (4.70%)

Transfer between levels of fair value hierarchy

There is no transfer between levels of fair value hierarchy during the financial year.

32. FINANCIAL GUARANTEES

	Company	
	2020 RM	2019 RM
Unsecured		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiary companies	5,670,165	3,955,627

33. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio, which is the net debt divided by total equity. The Group and the Company include within net debt, lease liabilities and bank borrowings less cash and cash equivalents. The Group's and the Company's policy are to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

33. CAPITAL MANAGEMENT (CONT'D)

The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Lease liabilities	2,917,942	3,634,991	486,862	211,170
Bank borrowings	5,670,165	3,955,627	-	-
Less: Cash and cash equivalents	(45,756,091)	(30,555,128)	(19,301,632)	(2,333,129)
Excess fund	(37,167,984)	(22,964,510)	(18,814,770)	(2,121,959)
Equity attributable to the owners of the parent	68,374,718	50,901,826	47,988,890	33,549,220
Gearing ratio	N/A	N/A	N/A	N/A

N/A - The gearing ratio is not applicable as the cash and cash equivalents is sufficient to cover the entire borrowings obligation.

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

34. SIGNIFICANT EVENT

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. The COVID-19 outbreak has resulted in travel restrictions, quarantines, lockdowns and other precautionary measures imposed by various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operates.

On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 and subsequently entered into various phases of the MCO until 31 March 2021 to curb the spread of the COVID-19 pandemic in Malaysia.

Due to implementation of the MCO, the Group has temporary shut down its premises from 18 March 2020 till 3 May 2020 in alignment with the MCO policy. Subsequently, on 4 May 2020, the Group resumes its operations with proper standard operating procedures put in place. The disruption of its operations during the financial year due to MCO and the relevant financial impact has been taken into account in the financial results of the Group.

As the COVID-19 pandemic situation is still evolving as at the date of authorisation of the financial statements, the ultimate impact of the COVID-19 is highly uncertain and subject to change. The Group will continuously monitor the impact of COVID-19 on its operations and its financial performances. The Company will also be taking appropriate and timely measures to minimise the potential impact of the outbreak on the Group's operation.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

35. SUBSEQUENT EVENTS

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies:

(a) Acquisition of BC Medicare Sdn. Bhd.

On 5 February 2021, the Company acquired 100% equity interest in BC Medicare Sdn. Bhd. ("BC Medicare") for total cash consideration of RM20,000. The acquisition has completed as at the date of this report and consequently BC Medicare became a direct wholly-owned subsidiary company of the Company.

(b) Termination of Employees' Share Option Scheme

On 4 February 2021, the Company terminated the Employees' Share Options Scheme ("ESOS") up to 15% of the issued share capital of the Company to the eligible directors and employees of the Group and its subsidiary companies which was established on 25 August 2020 and expiring on 24 August 2025. No options have been offered under the existing ESOS since its commencement.

(c) Private placement exercises

Subsequent to the financial year, the Company completed the following private placement exercises:

- (i) On 12 March 2021, the Company issued 41,252,181 new ordinary shares at an issue price of RM0.22 per placement share for a total cash consideration of RM9,075,480.
- (ii) On 15 March 2021, the Company issued 39,545,455 new ordinary shares at an issue price of RM0.22 per placement share for a total cash consideration of RM8,700,000.
- (iii) On 25 March 2021, the Company issued 63,636,000 new ordinary shares at an issue price of RM0.225 per placement share for a total cash consideration of RM14,318,100.

(d) Proposed establishment of an Employees' Share Option Scheme

On 5 February 2021, the Company proposed to undertake the establishment of an ESOS involving up to 30% of the total number of issued shares of the Company (excluding treasury shares) for eligible directors and employees of the Company and its subsidiary companies ("Proposed ESOS").

The proposed ESOS was approved by the shareholders of the Company at the Extraordinary General Meeting held on 4 March 2021.

(e) Investment in Metronic Global Berhad

On 22 February 2021, the Company acquired 100,000,000 ordinary shares in Metronic Global Berhad ("MGB") at a purchase consideration of RM8,000,000, representing 6.21% of the enlarged share capital in MGB.

(f) Acquisition of Foodict Maker Sdn. Bhd.

On 18 March 2021, the Company entered into a Subscription Agreement ("SA") with Foodict Maker Sdn. Bhd. ("Foodict") for proposed a subscription of 600,000 new ordinary shares, representing 60% equity interest in the enlarged issued and paid up share capital of Foodict for a total cash consideration of RM2,280,000 ("Proposed Subscription"). Upon the completion of the Proposed Subscription, the Company will hold 60% of the enlarged equity interest in Foodict.

The Proposed Subscription is pending completion as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020
(CONT'D)

36. COMPARATIVE INFORMATION

The following reclassification were made to the financial statements of prior year to be consistent with current year presentation.

	As previously stated RM	Reclassification RM	As restated RM
Statements of Cash Flows			
Group			
Cash flows from investing activities			
Increased of fixed deposits pledged with licensed banks	(645,592)	645,592	-
Cash flows from financing activities			
Increased of fixed deposits pledged with licensed banks	-	(645,592)	(645,592)
Company			
Cash flows from operating activities			
Changes in working capital:			
Amount due from subsidiary company	-	(1,047,176)	(1,047,176)
Cash flows from financing activities			
Advances to subsidiary companies	(1,047,176)	1,047,176	-

37. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 April 2021.

LIST OF PROPERTIES

No.	Owner	Title Details	Postal Address	Description of property/ Existing use/ Expiry of lease/ Category of land use	Land area/ Built-up area (sq m)	Net Book Value 31 December 2020 (RM)	Approximate age of buildings (Years)	Date of issuance of certificate of fitness for occupation	
(1)	Best Contact (M) Sdn. Bhd.	GRN 67311, Lot No. 44501 (formerly known as HS(D) 112374, No. PT 12975) Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.	No. 13-12, Jalan Jalil Perkasa 13, Aked Esplanad, Bukit Jalil, 57000 Kuala Lumpur.	Two (2)-storey plus a mezzanine floor shop office unit/Head office of our Company as well as office premises and storage space of Best Contact (M) Sdn. Bhd./ Freehold/Building.	178/ 454.8	1,442,993	13	4 February 2008	
(2)	Best Contact (M) Sdn. Bhd.	PN 57354, Lot 95647, Mukim and District of Petaling, Selangor.	No. 1, Jalan Perindustrian PP2, Taman Perindustrian Putra Permai, Bandar Putra Permai, 43300 Seri Kembangan, Selangor.	Three (3)-storey terrace factory corner lot/ storage space for our inventories/ Leasehold expiring on 16 August 2104/Industrial.	317/ 489.6	1,771,901	6	3 June 2014	
(3)	CS Laundry System Sdn. Bhd.	GRN 60915, Lot 4063 (formerly known as HS(D) 104781 PT 5712) Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.	No. 21-1, 21-2 & 21-3, Jalan 5/152, Batu 6, Jalan Puchong, Taman Perindustrian OUG, 58200 Kuala Lumpur.	Three (3)-storey corner terraced shop office unit/ Office premises of CS Laundry System Sdn. Bhd. and storage space/ Freehold/ Building.	242/ 726	916,213	20	28 March 2001	
(4)	Maymedic Technology Sdn. Bhd.	GRN 60914, Lot 40635 (formerly known as HS(D) 104780 PT 5711) Mukim of Petaling, District of Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.	No. 19-1, No. 19-2 & No. 19-3, Jalan Puchong, Batu 6, Jalan Puchong, Taman Perindustrian OUG, 58200 Kuala Lumpur.	Three (3)-storey intermediate unit shop office/Office premises of Maymedic Technology Sdn. Bhd. and storage space/Freehold/Building.	156/ 474.9	596,009	20	28 March 2001	
(5)	Maymedic Technology Sdn. Bhd.	GRN 114209, Lot 13148 (formerly known as HS(D) 24416 PT11638, Mukim of Rawang, District of Gombak, Selangor.	No. 7, Jalan Johan 7, Taman Industrial Belmas Johan, Rawang-Gateway Industrial Park, 48000 Rawang, Selangor.	One and a half (1½)-storey terrace factory office building/storage space for our inventories/ Freehold/ Industrial.	232/ 301.9	601,120	23	30 August 1997	
						5,328,236			

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL AS AT 31 MARCH 2021

Total Number of Issued Shares	:	625,880,836 ordinary shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS ACCORDING TO RECORD OF DEPOSITORS AS AT 31 MARCH 2021

Size of Holding	No. of Holders	%	No. of Shares	%
1 – 99	11	0.11	368	0.00
100 - 1,000	571	5.73	389,668	0.06
1,001 - 10,000	3,804	38.20	26,169,400	4.18
10,001 - 100,000	4,782	48.01	182,545,100	29.17
100,001 to less than 5% of issued shares	790	7.93	332,775,500	53.17
5% and above of issued shares	2	0.02	84,000,800	13.42
Total	9,960	100.00	625,880,836	100.00

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company as at 31 March 2021 are as follows:-

No.	Name of Directors	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	Datuk Chin Goo Chai	–	–	–	–
2	Liaw Chong Lin	200,000	0.03	–	–
3	Hoo Swee Guan	–	–	–	–
4	Ho Kee Wee	–	–	–	–
5	Yap Kim Choy	3,800,000	0.61	–	–
6	Khor Ben Jin	–	–	–	–
7	Ng Kok Wah	–	–	–	–
8	Datin Latiffah Binti Endot	–	–	–	–

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings as at 31 March 2021 are as follows: -

No.	Name of Substantial Shareholders	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	Sanichi Technology Berhad	44,000,800	7.03	–	–
2	Liow Wei Kim	40,000,000	6.39	–	–



ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE RECORD OF DEPOSITORS AS AT 31 MARCH 2021)

No.	Name of Shareholders	No. of Shares	%
1	SANICHI TECHNOLOGY BERHAD	44,000,800	7.03
2	LIOW WEI KIM	40,000,000	6.39
3	CHAN KIAN SIN	23,636,000	3.78
4	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH POH CHOO	17,800,000	2.84
5	CITA REALITI SDN BHD	7,749,300	1.24
6	M & A NOMINEE (TEMPATAN) SDN BHD FOR KEW KIN CHEE	6,808,700	1.09
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH POH CHOO	6,000,000	0.96
8	M & A NOMINEE (TEMPATAN) SDN BHD FOR CHONG WAI MUN	5,518,700	0.88
9	GOH KHAI SHING	4,000,000	0.64
10	YAP KIM CHOY	3,800,000	0.61
11	ONG NGOH ING @ ONG CHONG OON	3,200,000	0.51
12	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,050,000	0.49
13	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH POH CHOO	3,000,000	0.48
14	DATO' NG MENG KEE	3,000,000	0.48
15	LIEW SEE KIM	2,835,000	0.45
16	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH CHIT SOON	2,500,000	0.40
17	LEE BEE GEOK	2,500,000	0.40
18	TEO KWEE HOCK	2,355,100	0.38
19	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG NGOH ING @ ONG CHONG OON	2,000,000	0.32
20	TEO LAM HOO	2,000,000	0.32
21	SOW SIAN	2,000,000	0.32
22	TEY GIAP CHIAN	2,000,000	0.32
23	ONG JOO THEAM	1,800,000	0.29
24	LOW KUAN YEOW	1,700,000	0.27
25	THAM SOON MONG	1,500,000	0.24
26	CHIA YEE RUEY	1,500,000	0.24
27	LIM YUK WAI @ LAM YUK WAI	1,500,000	0.24
28	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW CHOON CHONG	1,500,000	0.24
29	TAN SENG OOI	1,450,000	0.23
30	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH LAP HING (021)	1,400,000	0.22

NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting (“6th AGM”) of BCM Alliance Berhad (“BCM” or “the Company”) will be held as a fully virtual meeting at the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan (“**Broadcast Venue**”) on Thursday, 24 June 2021 at 11.00 a.m. or at any adjournment thereof for the purpose of considering and, if thought fit, to transact the following businesses:-

AGENDA

As Ordinary Business

- | | | |
|----|--|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to Explanatory Note 1</i> |
| 2. | To approve the payment of Directors’ fees and other benefits of up to RM288,000 to be divided amongst the Directors in such manner as the Directors may determine from the conclusion of the 6th AGM of the Company until the conclusion of the next AGM of the Company in 2022. | Ordinary Resolution 1 |
| 3. | To re-elect Datuk Chin Goo Chai who retire by rotation in accordance with Clause 105(1) of the Company’s Constitution and being eligible, has offered himself for re-election. | Ordinary Resolution 2 |
| 4. | To re-elect the following Directors who are retiring in accordance with Clause 114 of the Company’s Constitution and being eligible, have offered themselves for re-election: | |
| | i) Hoo Swee Guan | Ordinary Resolution 3 |
| | ii) Ho Kee Wee | Ordinary Resolution 4 |
| | iii) Yap Kim Choy | Ordinary Resolution 5 |
| | iv) Khor Ben Jin | Ordinary Resolution 6 |
| 5. | To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. | Ordinary Resolution 7 |

As Special Business:

To consider and, if thought fit, pass the following resolutions:-

- | | | |
|----|---|-----------------------|
| 6. | Ordinary Resolution 8 Authority to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act, 2016 | Ordinary Resolution 8 |
|----|---|-----------------------|

“**THAT** pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) on 16 April 2020 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued share of the Company for the time being (“20% General Mandate”) and that the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued.

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to its letter dated 16 April 2020, and notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act.”

NOTICE OF SIXTH ANNUAL GENERAL MEETING (CONT'D)

7. To transact any other business for which due notice shall have been given in accordance with the Act.

By Order of the Board,

Tan Tong Lang (MAICSA 7045482 / SSM PC No. 201908002253)
Thien Lee Mee (LS0009760 / SSM PC No. 201908002254)
Company Secretaries

Selangor Darul Ehsan
30 April 2021

Notes:

1. The Broadcast Venue is strictly for the purpose of complying Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/proxies from the public **WILL NOT BE ALLOWED** to attend the 6th AGM in person at the Broadcast Venue on the day of the meeting. Please refer to the Administrative Guide if you wish to join the meeting remotely.
2. Members are to attend, participate, speak (in form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 6th AGM via Remote Participation and Voting Facilities ("RPV") provided by Mlabs Research Sdn. Bhd. via its website at <https://rebrand.ly/BCMALL-AGM>
3. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
4. A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.
5. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
7. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
8. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
9. The proxy form must be duly completed and deposited at the office of the Share Registrar of the Company, Boardroom.com Sdn. Bhd. at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor or email to admin.registrar@boardroom.com.my or fax to +603 7890 1032 not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
10. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 16 June 2021 and only a member whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
11. Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.

NOTICE OF SIXTH ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes:

1. Audited Financial Statements for the Financial Year Ended 31 December 2020

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

2. Ordinary Resolution 1 To approve the payment of Directors' fees and other benefits

Section 230(1) of the Act provides that the fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

Pursuant thereto, the total estimated amount of Directors' benefit payable is calculated based on the number of scheduled meetings of the Board and Board Committee and other benefits from the conclusion of 6th AGM or at any adjournment thereof until the conclusion of the next AGM of the Company.

In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged board composition size), approval will be sought at the next AGM of the Company for additional fees to meet the shortfall.

3. Ordinary Resolution 2 Re-election of Director under Clause 105(1) of the Company's Constitution

Clause 105(1) of the Company's Constitution provides that an election of Directors shall take place each year at the annual general meeting of the Company, where one-third of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Datuk Chin Goo Chai is standing for re-election as Director of the Company and being eligible, has offered himself for re-election.

For the purpose of determining the eligibility of the Director to stand for re-election at the AGM, the Nomination Committee has considered and recommended Datuk Chin Goo Chai for re-election as Director pursuant to Clause 105(1) of the Company's Constitution.

4. Ordinary Resolution 3 to Ordinary Resolution 6 Re-election of Director under Clause 114 of the Company's Constitution

Clause 114 of the Company's Constitution provides that any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr Hoo Swee Guan and Mr Ho Kee Wee were appointed on 4 January 2021 as Executive Directors of the Company. Mr Yap Kim Choy was appointed on 4 January 2021 as an Independent Non-Executive Director of the Company. Mr Khor Ben Jin was appointed on 8 January 2021 as an Independent Non-Executive Director of the Company.

5. Ordinary Resolution 7 Re-appointment of Auditors

The Audit Committee and Board have considered the re-appointment of Messrs. UHY as the auditors of the Company and collectively agreed that they have met the relevant criteria prescribed by Rule 15.21 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTICE OF SIXTH ANNUAL GENERAL MEETING (CONT'D)

6. Ordinary Resolution 8

Authority to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act, 2016

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to allot and issue ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Rule 6.04 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

This proposed Ordinary Resolution 8 is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

As at the date of this Notice, the Company had allotted 60,197,000 new ordinary shares via special issue under the general mandate pursuant to Section 75 and Section 76 of the Companies Act, 2016 which was approved by the shareholders at the Fifth Annual General Meeting of the Company held on 17 August 2020 and the 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021. The total proceeds of RM15,651,220 was raised from the Special Issue and a total of RM8,985,000 has been utilized as at 5 April 2021. The details of the utilisation of proceeds, please refer to the Other Disclosure Requirements disclosed in the Annual Report 2020.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING (Pursuant to Rule 8.29(2) of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the Directors who are standing for re-election) at this forthcoming 6th AGM.

The Company will seek shareholders' approval on the general meeting for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the Proposed Ordinary Resolution 8 as stated in the Notice of the 6th AGM of the Company for details.



BCM ALLIANCE BERHAD
[Registration No. 201501009903 (1135238-U)]
(Incorporated in Malaysia)

ANNUAL GENERAL MEETING

ADMINISTRATIVE GUIDE

<u>Date</u>	<u>Time</u>	<u>Broadcast Venue</u>
24 June 2021	11.00 a.m.	Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan

MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the Sixth Annual General Meeting (“**6th AGM**”) will be conducted entirely through live streaming from the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020 and as revised or amended from time to time.

The Broadcast Venue is in line with Section 327 (2) of the Companies Act, 2016 which stipulates that the Chairman shall be at the main venue of the 6th AGM.

All shareholders of the Company, whether individual shareholders, corporate shareholders, proxy holders, authorised nominees or exempt authorised nominees who wish to attend the 6th AGM will have to register to attend remotely by using the Remote Participation and Voting (“**RPV**”) Platform, the details of which is set out below. Hence, **NO SHAREHOLDERS/PROXIES** will be allowed to be physically present at the Broadcast Venue on the day of the 6th AGM.

RPV

1. The 6th AGM will be conducted entirely through live streaming and online remote voting. Should you wish to attend the 6th AGM, you will be required to do so by registering yourself using the RPV Platform in accordance with the instructions set out under Section 4 below.

With the RPV Platform, you may exercise your rights as a Shareholder to participate (including to pose questions to the Board of Directors (“**Board**”) and vote at the 6th AGM.

2. If a shareholder is unable to attend the 6th AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.
3. For proxies or corporate representatives / authorised nominees / exempt authorised nominees who wishes to use the RPV Platform at the 6th AGM, please ensure the duly executed proxy forms or the original certificate of appointment of its corporate representative are submitted to Boardroom.com Sdn Bhd at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan not later than 22 June 2021 at 11.00 a.m.

4. The procedures for the RPV in respect of the live streaming and remote voting at the 6th AGM is as follows:

Procedures		Action
Before AGM		
1.	Register as participant in Virtual AGM	<ul style="list-style-type: none"> Using your computer, access the registration website at https://rebrand.ly/BCMALL-AGM Click on the Register link to register for the AGM session. Upon submission of your registration, you will receive an email notifying you that your registration has been received and is pending verification. The event is powered by Cisco Webex. You are recommended to download and install Cisco Webex Meetings (available for PC, Mac, Android and iOS). Refer to the tutorial guide posted on the same page for assistance.
2.	Submit your online registration	<ul style="list-style-type: none"> Shareholders who wish to participate and vote remotely at the AGM via RPV Facilities are required to register prior to the meeting. The registration will be open from 5.00 p.m. on 30 April 2021 and the registration will close at 11.00 a.m. on 22 June 2021. Clicking on the link mentioned in item 1 will redirect you to the AGM event page. Click on the Register link for the online registration form. Complete your particulars in the registration page. Your name MUST match your CDS account name (not applicable for proxy). Insert your CDS account number(s) and indicate the number of shares you hold. Read and agree to the Terms & Conditions and confirm the Declarations. Please ensure all information given is accurate before you click Submit to register your remote participation. Failure to do so will result in your registration being rejected. System will send an email to notify that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors of the Company as at 16 June 2021, the system will send you an email to notify you if your registration is approved or rejected after 17 June 2021. If your registration is rejected, you can contact the Company's Poll Administrator or the Company for clarifications or to appeal.
On the day of AGM		
3.	Attending Virtual AGM	<ul style="list-style-type: none"> Two reminder emails will be sent to your inbox. First is one day before the AGM day, while the 2nd will be sent 1 hour before the AGM session. Click Join Event in the reminder email to participate the RPV.
4.	Participate with live video	<ul style="list-style-type: none"> You will be given a short brief about the system. Your microphone is muted throughout the whole session. If you have any questions for the Chairman/Board, you may use the Q&A panel to send your questions. The Chairman/Board will try to respond to relevant questions if time permits. All relevant questions will be collected throughout the session and replied later through your registered email. The session will be recorded. Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at your location.

5.	Online Remote Voting	<ul style="list-style-type: none"> • The Chairman will announce the commencement of the Voting session and the duration allowed at the respective AGM. • The list of resolutions for voting will appear at the right-hand side of your computer screen. You are required to indicate your votes for the resolutions within the given stipulated time frame. • Click on the Submit button when you have completed. • Votes cannot be changed once it is submitted.
6.	End of remote participation	Upon the announcement by the Chairman on the closure of the AGM, the live session will end.

REVOCATION OF PROXY

Please note that if a Shareholder has submitted his/her Form of Proxy prior to the 6th AGM and subsequently decides to personally attend and participate in the 6th AGM via RPV Platform, the Shareholder must contact Boardroom.com Sdn Bhd to revoke the appointment of his/her proxy no later than 11.00 a.m. on 22 June 2021.

POLL VOTING

The voting at the 6th AGM will be conducted by poll in accordance with Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Company has appointed ShareWorks Sdn. Bhd. as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn. Bhd. as Scrutineers to verify the poll results.

Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting. The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed or otherwise.

The results of the voting for all resolutions will be announced at the 6th AGM and on Bursa Securities website at www.bursamalaysia.com

NO RECORDING OR PHOTOGRAPHY

Strictly NO recording or photography of the proceedings of the 6th AGM is allowed.

NO BREAKFAST/LUNCH PACKS, DOOR GIFTS OR FOOD VOUCHERS

There will be no distribution of breakfast / lunch packs, door gifts or food vouchers,

ENQUIRY

If you have any enquiry prior to the meeting, please contact the following officers during office hours (from 9.00 a.m. to 5.30 p.m. (Monday to Friday):

For registration, logging in and system related: Mlabs Research Sdn. Bhd.

Name: Mr. Lee
Telephone No: +6016 328 7852
Email: vgm@mlabs.com

For Proxy and other matters: Boardroom.com Sdn. Bhd.

Name: Ms Jennie Wong / Mr. Rikki Tan
Telephone No: +603 7890 0638
Email: registrar@boardroom.com.my

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BCM ALLIANCE BERHAD

[Registration No. 201501009903 (1135238-U)]

Number of Shares Held	CDS Account No.

FORM OF PROXY

I/We _____ Tel: _____

[Full name in block, NRIC No./Company No. and telephone number]

of _____

being a member/members of **BCM Alliance Berhad**, hereby appoint:-

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address: Email Address & Contact No.:			

and / or (delete as appropriate)

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address: Email Address & Contact No.:			

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on my/our behalf at the Sixth Annual General Meeting ("6th AGM") of BCM Alliance Berhad ("BCM" or "the Company") will be held as a fully virtual meeting at the Broadcast Venue at Level 4, Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan ("Broadcast Venue") on Thursday, 24 June 2021 at 11.00 a.m. or at any adjournment thereof in the manner as indicated below:-

NO.	Resolutions		*FOR	*AGAINST
1.	To approve the payment of Directors' fees and other benefits of up to RM288,000 to be divided amongst the Directors in such manner as the Directors may determine from the conclusion of the 6th AGM of the Company until the conclusion of the next AGM in 2022.	Ordinary Resolution 1		
2.	To re-elect Datuk Chin Goo Chai as Director.	Ordinary Resolution 2		
3.	To re-elect Hoo Swee Guan as Director.	Ordinary Resolution 3		
4.	To re-elect Ho Kee Wee as Director.	Ordinary Resolution 4		
5.	To re-elect Yap Kim Choy as Director.	Ordinary Resolution 5		
6.	To re-elect Khor Ben Jin as Director.	Ordinary Resolution 6		
7.	To re-appoint Messrs. UHY as Auditors of the Company until the conclusion of the next AGM and to authorise Directors to fix their remuneration.	Ordinary Resolution 7		
8.	As Special Business: Authority to allot and issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016.	Ordinary Resolution 8		

(Please indicate with an "X" how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this _____ day of _____ 2021

Signature : _____
(If shareholder is a corporation, this form should be Executed under seal)

Notes:

- The Broadcast Venue is strictly for the purpose of complying Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/proxies from the public **WILL NOT BE ALLOWED** to attend the 6th AGM in person at the Broadcast Venue on the day of the meeting. Please refer to the Administrative Guide if you wish to join the meeting remotely.
- Members are to attend, participate, speak (in form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 6th AGM via Remote Participation and Voting Facilities ("RPV") provided by Mlabs Research Sdn. Bhd. via its website at <https://rebrand.ly/BCMALL-AGM>
- A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation.
- A member shall be entitled to appoint one (1) or more proxies to attend and vote at the same meeting.
- Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing proxy(ies) must be made either under its common seal or signed by an officer or an attorney duly authorised.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares to the credit of the said securities account.
- For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- The proxy form must be duly completed and deposited at the office of the Share Registrar of the Company, Boardroom.com Sdn. Bhd. at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor or email to admin.registrar@boardroom.com.my or fax to +603 7890 1032 not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at 16 June 2021 and only a member whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.
- Pursuant to Rule 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.



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AFFIX
STAMP

The Share Registrar

BCM ALLIANCE BERHAD

[Registration No. 201501009903 (1135238-U)]

Level 5, Block B,
Dataran PHB,
Saujana Resort, Section U2,
40150 Shah Alam,
Selangor Darul Ehsan

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BCM ALLIANCE BERHAD

201501009903 (1135238-U)

No. 13-12, Jalan Jalil Perkasa 13, Aked Espalanad, Bukit Jalil, 57000 Kuala Lumpur

Tel : +603 8993 9139 **Fax :** +603 8993 9039

www.bcmalliance.com.my

