



2021

ANNUAL REPORT

OUR **VISION**

To enrich life through creative and innovative Information and Communication Technology solutions.

OUR **MISSION**

To focus on our customers' challenges and needs by providing excellent solutions and services in order to consistently create maximum values for customers.

OUR **STRATEGIES**

1. To provide advanced, innovative and high quality products and services to customers to meet or exceed their expectations in the fast-changing Information and Communication Technology market by way of extensive Research and Development activities.
2. To customise and deliver integrated solutions and services to maximise investment returns to customers.
3. To continuously conduct in-depth Research and Development for the improvement and invention of innovative and leading edge technologies to stay ahead of the global competition.
4. To recognise, develop and retain our most valuable human capital and to nurture a conducive environment for their success.
5. To develop strong distribution channels and marketing network to increase and widen our market penetration via our resellers and strategic partners in Malaysia and in overseas.

Datasonic share price performance and volume traded for the period from 31 July 2020 to 31 July 2021

RM1.580

Highest price
(06 August 2020)

RM0.465

Lowest price
(30 July 2021)

**458,347,700
Shares**

Highest volume traded
(18 March 2021)

**1,657,200
Shares**

Lowest volume traded
(30 July 2021)



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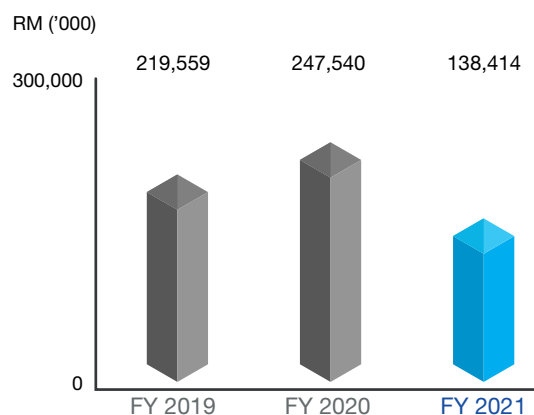
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FINANCIAL HIGHLIGHTS

RM138.41

million

Revenue

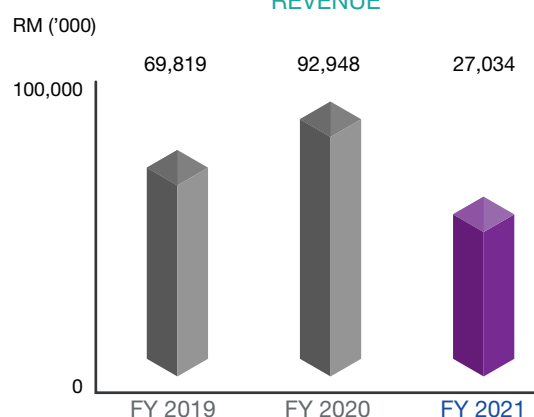


REVENUE

RM27.03

million

Earnings Before Interest,
Tax, Depreciation &
Amortisation (EBITDA)
Included Other Income, excluded
Interest Income

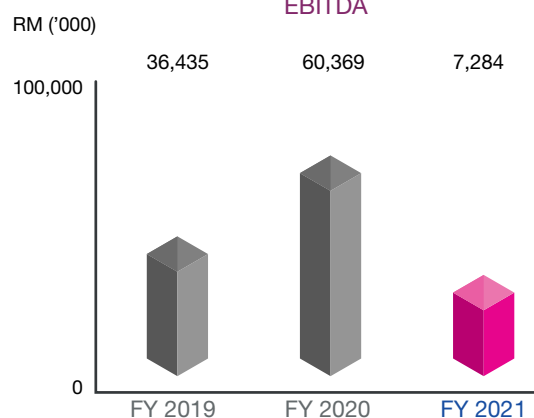


EBITDA

RM7.28

million

Profit After Taxation
(PAT)

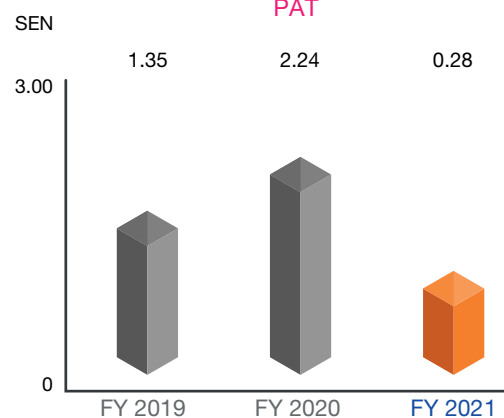


PAT

0.28 sen

Earnings Per Share
(EPS)

Based on weighted average 2.7 billion
ordinary shares



EPS

CORPORATE INFORMATION

BOARD OF DIRECTORS

General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)

Independent Non-Executive Chairman

Encik Wan Zalizan bin Wan Jusoh

Managing Director

Encik Safian bin Mohd Yunus

Executive Director

Dato' Wan Ibrahim bin Wan Ahmad

Independent Non-Executive Director

Mr Yee Kim Shing @ Yew Kim Sing

Independent Non-Executive Director

Encik Azrul bin Yahaya

Non-Independent Non-Executive Director

Dato' Wan Mohd Safiain

bin Wan Hasan

Independent Non-Executive Deputy Chairman

Mr Chia Kok Khuang

Deputy Managing Director

Dato' Sri Sharifuddin bin Ab Ghani

Independent Non-Executive Director

Dato' Ibrahim bin Abdullah

Independent Non-Executive Director

Cik Noor Suhaila binti Saad

Independent Non-Executive Director

AUDIT COMMITTEE

Mr Yee Kim Shing @ Yew Kim Sing

Chairman

Independent Non-Executive Director

Dato' Wan Mohd Safiain bin Wan Hasan

Member

Independent Non-Executive Deputy Chairman

Dato' Wan Ibrahim bin Wan Ahmad

Member

Independent Non-Executive Director

NOMINATION AND REMUNERATION COMMITTEE

Dato' Sri Sharifuddin bin Ab Ghani

Chairman

Independent Non-Executive Director

Dato' Ibrahim bin Abdullah

Member

Independent Non-Executive Director

Cik Noor Suhaila binti Saad

Member

Independent Non-Executive Director

RISK MANAGEMENT COMMITTEE

Dato' Wan Mohd Safiain bin Wan Hasan

Chairman

Independent Non-Executive Deputy Chairman

Dato' Sri Sharifuddin bin Ab Ghani

Member

Independent Non-Executive Director

Cik Noor Suhaila binti Saad

Member

Independent Non-Executive Director

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Encik Wan Zalizan bin Wan Jusoh

Chairman

Managing Director

Mr Chia Kok Khuang

Member

Deputy Managing Director

Encik Safian Bin Mohd Yunus

Member

Executive Director

Dato' Wan Ibrahim bin Wan Ahmad

Member

Independent Non-Executive Director

Puan Talya Zholeikha binti Abu Hanifah

Member

Executive Vice President, Human Capital Development

COMPANY SECRETARY

Niu Chew Wei (MAICSA 7022900)

(SSM Practising Certificate Registration
No. 202008001346)

HEAD OFFICE

Level 6, Bangunan Setia 1
No. 15, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Tel : (603) 2087 6000
Fax : (603) 2087 6001
Website : www.datasonic.com.my

REGISTERED OFFICE

Level 6, Bangunan Setia 1
No. 15, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Tel : (603) 2087 6000
Fax : (603) 2094 3600

REPORTING ACCOUNTANTS & AUDITORS

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : (603) 2788 9999
Fax : (603) 2788 9998

SHARE REGISTRAR

Securities Services (Holdings) Sdn Bhd

(Registration No. 197701005827 (36869T))
Level 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : (603) 2084 9000
Fax : (603) 2094 9940 / (603) 2095 0292

STOCK EXCHANGE LISTING

Listed on Main Market of
Bursa Malaysia Securities Berhad
on 3 September 2012
Stock Name / Code : DSONIC / 5216
Stock Sector : Technology
Stock Sub-Sector : Digital Services

INVESTOR RELATIONS

Capital Front Sdn Bhd

(Registration No. 199601007634 (379980-U))
Email : info@capitalfront.biz

PRINCIPAL BANKER

AmBank Islamic Berhad

(Registration No. 199401009897 (295576-U))
24th Floor, Bangunan AmBank Group
No 55, Jalan Raja Chulan
50200 Kuala Lumpur
Tel : (603) 2036 2633
Fax : (603) 2072 4360

DIRECTORS' PROFILE

GENERAL TAN SRI (DR) MOHAMED HASHIM BIN MOHD ALI (RTD)

Independent Non-Executive Chairman

Nationality / Age : Malaysian / 86
Gender : Male
Date of Appointment : 27 June 2011
Length of Service : 10 years

General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) holds a Diploma in Advance Business Management from Harvard Business School. He was conferred the Honorary Doctorate by the University of Salford, United Kingdom in 1999 and the Honorary Doctorate by the Malaysian National Defence University in October 2012.

Prior to his entry into the corporate world, General Tan Sri (Dr) Mohamed Hashim was the Chief of Defence Forces in the Malaysian Armed Forces where he chalked up 40 years of dedicated service. During his tenure in the Malaysian Armed Forces, he had initiated the re-organisation and modernisation of the Army.

He is the Chairman of Fusang Exchange Ltd and he also sits on the Board of the Institute of Strategic and International Studies (ISIS Malaysia) – a Malaysia Think Tank responsible for formulating policies and conducting research for national and international issues.



DIRECTORS' PROFILE

DATO' WAN MOHD SAFIAIN BIN WAN HASAN

Independent Non-Executive Deputy Chairman,
Chairman of the Risk Management Committee
and member of the Audit Committee

Nationality / Age	: Malaysian / 75
Gender	: Male
Date of Appointment	: 27 June 2011
Length of Service	: 10 years

Dato' Wan Mohd Safiain bin Wan Hasan was appointed as Deputy Chairman of the Company on 29 November 2013. He holds a Diploma in Business Administration from the Cambridge International University, United States.

He began his career in 1974 as a Government Security Officer, and held this position till 1986, while working with the Malaysian Ministry of Home Affairs and the Prime Minister's Department. In 1986 he assumed the position of Deputy Chief Government Security Officer of the Prime Minister's Department and was promoted to Chief Government Security Officer in 1996. He was responsible in providing advisory on protective security measures to the Federal Government Ministries and Departments and also at the State level. He retired

from civil service in December 2002 and joined PQM Consultancy and Management Services Sdn Bhd as Chief Executive Officer (2003-2006). He was also responsible in overseeing the collaboration of training programmes between the Government of New South Wales, Australia and the Open University of Malaysia. He also held the position of the Honorary Member of the Royal Council of Terengganu (2006-2009) and the Comptroller of the Royal Household, Istana Negara (2006-2008).

He is the Chairman of Malvern International Academy's Board of Governors and he also holds directorships in several private limited companies. He does not hold any directorship in other public companies and listed companies.

ENCIK WAN ZALIZAN BIN WAN JUSOH

Managing Director and Chairman of the Employees'
Share Option Scheme Committee

Nationality / Age	: Malaysian / 51
Gender	: Male
Date of Appointment	: 24 February 2021
Length of Service	: < 1 year

Encik Wan Zalizan bin Wan Jusoh holds a Bachelor of Science Degree in Business Administration, majoring in Finance from University of Nebraska-Lincoln, United States of America and a Diploma in Banking Studies from Universiti Teknologi MARA, Malaysia.

Encik Wan Zalizan was previously Chief Executive of Menteri Besar Incorporated (Terengganu) and also served as Group Chief Executive Officer of Terengganu Incorporated Sdn Bhd (TI) from 2015 to

2016. Prior to joining Terengganu state investment arm, he was attached with Export-Import Bank Malaysia Berhad (Exim Bank) as Chief Operating Officer from 2012 to 2015. Encik Wan Zalizan has a long-standing career with Maybank Group, in which he held various managerial positions, including senior leadership from 1994 until 2011. Currently, he is a Principal Consultant of Cogente Advisory Services Sdn Bhd. He does not hold any directorship in other public companies and listed companies.

DIRECTORS' PROFILE

MR CHIA KOK KHUANG

Deputy Managing Director and member of the Employees' Share Option Scheme Committee

Nationality / Age : Malaysian / 43
Gender : Male
Date of Appointment : 29 March 2021
Length of Service : < 1 year

Mr Chia Kok Khuang holds a Bachelor of Science in Microelectronic from Campbell University, North Carolina, United States of America and Advanced Diploma in Science of Microelectronics from Tunku Abdul Rahman College.

Mr Chia has ventured into broad range of engineering and software realms throughout his 18 years of career development. His experience of design and development cover from system, application, board

and down to chip level. Mr Chia works alongside the executive team of the most established Identity Document and Solutions Company of this region. He specialises in security and identity technology and is responsible for leading the R&D department on design and development of solutions related to identity management, border control, deep learning, biometric technologies, etc. He does not hold any directorship in other public companies and listed companies.

ENCIK SAFIAN BIN MOHD YUNUS

Executive Director and member of the Employees' Share Option Scheme Committee

Nationality / Age : Malaysian / 46
Gender : Male
Date of Appointment : 29 March 2021
Length of Service : < 1 year

Encik Safian bin Mohd Yunus was appointed as Alternate Director to Dato' Haji Razali bin Mohd Yusof on 24 February 2021 and subsequently ceased to be Alternate Director upon the resignation of Dato' Haji Razali on 29 March 2021.

Encik Safian graduated with a Diploma in Information Technology from Sal Group of Colleges, Malaysia.

He began his career as Development Engineer with Team Partner Group, France in 2000 after which he joined Ivoli Sdn Bhd as a Technology Consultant where he led the implementation of key projects as well as operations and maintenance of networks for both international and local companies such as MCI Worldcom, Sprint Corporation and Jaring. In addition, his involvement in planning TPMNet network migration activities has provided him with the skills and experience of working in a high pressure environment early on in his career.

In 2012, Encik Safian became the Executive Director of Ridds and Partner Sdn Bhd, a business consulting firm, which he established to provide corporate and strategic business advisory services focusing on small and medium enterprises. The services include starting up new business ventures, business expansion and taxation consultancy as well as business turnaround, acquisition and divestment activities.

With his expertise and business acumen, he joined Jasamerin Energy Ventures Sdn Bhd, a 51% subsidiary incorporated by Marine and General Berhad (formerly known as Silk Holdings Berhad) in 2017 as Business Development Director. His primary role and function is to explore opportunities in the oil and gas sector and to strengthen the company's financial position to become a leader in the upstream oil and gas industry. He does not hold any directorship in other public companies and listed companies.

DIRECTORS' PROFILE

DATO' SRI SHARIFUDDIN BIN AB GHANI

Independent Non-Executive Director, Chairman of the Nomination and Remuneration Committee and member of the Risk Management Committee

Nationality / Age : Malaysian / 64
Gender : Male
Date of Appointment : 5 February 2020
Length of Service : 1 year

Dato' Sri Sharifuddin bin Ab Ghani holds a Master of Human Resources Management from Universiti Utara Malaysia and Diploma in Police Science from Universiti Kebangsaan Malaysia.

He was formerly with the Royal Malaysia Police for a period of 40 years and retired as the Commissioner

Police of Pahang in April 2017. During his tenure with the Royal Malaysia Police, he served in various positions including as the Assistant Commissioner of Police, Temerloh and Deputy Superintendent of Police "Pasukan Gerakan Khas", Bukit Aman. He is an Independent Non-Executive Director of Pasdec Holdings Berhad.

DATO' WAN IBRAHIM BIN WAN AHMAD

Independent Non-Executive Director and member of the Audit Committee and the Employees' Share Option Scheme Committee

Nationality / Age : Malaysian / 71
Gender : Male
Date of Appointment : 27 June 2011
Length of Service : 10 years

Dato' Wan Ibrahim bin Wan Ahmad graduated from University of Malaya in 1972 with a Bachelor of Arts (Hons).

He began his career in the Ministry of Information as an Assistant Secretary in 1972 before assuming the position of Assistant Administrator of Hospital University in University of Malaya in 1976, Principal Assistant Secretary of the Education Service Commission in 1978, Deputy Director of the Public Service Department in 1985 and

Deputy Director General of the National Anti-Drug Agency from 1997 to 2001. From 2002 to 2003, he was appointed as the Director General of National Anti-Drug Agency. In 2003, he was promoted as the Director General of the National Registration Department (NRD). He retired from the civil service in 2005 and was appointed as an Advisor to Cito Holdings Sdn Bhd and Dibena Enterprise Sdn Bhd. He does not hold any directorship in other public companies and listed companies.

DATO' IBRAHIM BIN ABDULLAH

Independent Non-Executive Director and member of the Nomination and Remuneration Committee

Nationality / Age : Malaysian / 64
Gender : Male
Date of Appointment : 5 February 2020
Length of Service : 1 year

Dato' Ibrahim bin Abdullah graduated from National University of Malaysia (UKM) in 1981 with a Bachelor of Arts (Geography). He had joined the Public Service as an Assistant Secretary at the Ministry of Home Affairs in December 1981 and has since held various positions at the Ministry of Home Affairs, the

Prime Minister Department, Jabatan Kemajuan Islam Malaysia ("JAKIM"), Langkawi District, Immigration Department of Malaysia and the last position was the Deputy Director General of Immigration Department until June 2017. He does not hold any directorship in other public companies and listed companies.

DIRECTORS' PROFILE

MR YEE KIM SHING @ YEW KIM SING

Independent Non-Executive Director and Chairman of the Audit Committee

Nationality / Age	: Malaysian / 83
Gender	: Male
Date of Appointment	: 27 June 2011
Length of Service	: 10 years

Mr Yee Kim Shing graduated from University of Melbourne in 1960 with a Bachelor of Commerce. He is a member of the Malaysian Institute of Accountants (MIA), the Institute of Chartered Accountants, Australia and the Institute of Certified Public Accountants of Singapore. He was a practising accountant for more than 26 years, retiring as

a senior partner in Ernst & Whinney (now known as Ernst & Young) in 1990.

He is an Independent Non-Executive Director and Chairman of Audit Committee of Pacific & Orient Berhad.

CIK NOOR SUHAILA BINTI SAAD

Independent Non-Executive Director, member of the Nomination and Remuneration Committee and the Risk Management Committee

Nationality / Age	: Malaysian / 47
Gender	: Female
Date of Appointment	: 5 February 2020
Length of Service	: 1 year

Cik Noor Suhaila binti Saad holds a Master of Law (LLM) from University of Malaya and a Bachelor of Law from National University of Malaysia (UKM).

She is an accomplished lawyer with over 21 years of experience in the legal field and business, and is running her own firm. Her expertise ranges from land matters,

property and Conveyancing as well as Intellectual Property, Corporate, Commercial and Banking law. Complimenting her skills and expertise, she is also a registered Trademark agent, Notary Public and Commissioner of Oaths and holds various key positions in a number of private companies in Malaysia. She does not hold any directorship in other public companies and listed companies.

DIRECTORS' PROFILE

ENCIK AZRUL BIN YAHAYA

Non-Independent Non-Executive Director

Nationality / Age	: Malaysian / 34
Gender	: Male
Date of Appointment	: 31 May 2021
Length of Service	: < 1 year

Encik Azrul graduated with a Diploma in Investment Analysis and Bachelor of Business Administration (Hons) Islamic Banking from Universiti Teknologi MARA.

He is currently the Head of Operations of Urusharta Jamaah Sdn Bhd (UJ). He is part of UJ pioneer team that responsible for the operations of asset under management worth over RM8.5 billion. He is also a member of Management Executive Committee (MEC) of UJ.

He has vast experience in the financial industry specialising in investment operations, treasury, performance measurement, portfolio valuation, financial system implementation, data analysis and reporting. He spent the early years of his career in several foreign

and local financial companies in various capacities. His more than a decade long career has seen him transform into a technology savvy who has involved in numerous digitalisation initiatives such as Robotic Process Automation (RPA), Data Analytics, System Integration and many more that which helped in reducing business cost, improving business processes and efficiency. Prior to joining UJ, he was the Head of Client Experience and Investment Operations Manager of Hong Leong Asset Management. And before that, he worked with the Royal Bank of Canada Investor & Treasury Services as the Fund Accounting Manager serving for Dublin region.

He does not hold any directorship in other public companies and listed companies.

ADDITIONAL INFORMATION ON THE BOARD OF DIRECTORS

Family Relationship with any Director and / or Major Shareholder

None of the Directors have family relationship with any other Directors and / or Major Shareholders of the Company.

Conflict of Interest

None of the Directors have any conflict of interest with the Company.

Conviction for Offences (within the past five (5) years, other than traffic offences)

None of the Directors have any conviction for offences (other than traffic offence, if any) and have not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Number of Board Meetings attended in the financial year ended 31 March 2021

The details of the Directors' attendance at Board meetings are set out on page 59 of the Annual Report.

KEY SENIOR MANAGEMENT'S PROFILE

DATUK AB HAMID BIN MOHAMAD HANIPAH

Director of Datasonic Technologies Sdn Bhd

Nationality / Age : Malaysian / 67

Gender : Male

Datuk Ab Hamid bin Mohamad Hanipah was appointed as Director of Datasonic Technologies Sdn Bhd on 1 June 2014.

He began his career as a government security officer in the year 1978 and left the civil service as Deputy Director General of Chief Government Security Office (CGSO), Prime Minister's Department in April 2014.

He attended several management and security courses at Royal Institute of Public Administration (RIPA) in London, INTAN Kuala Lumpur and special branch school.

He has contributed vastly in the development of Information Communication Technology (ICT) Security Policy and protective security covering training, directives of ICT Security and formulating Malaysian Public Sector Management of Information and Communication Technology Handbook (MyMis). He headed the security team during the planning and construction of government complexes in Putrajaya.

He is a Director of Safe Shield Security Sdn Bhd. He does not hold any directorship in other public companies and listed companies.

CIK SITI ROHANA BINTI ABD. MAJID

Director of Datasonic Technologies Sdn Bhd and
Datasonic Smart Solutions Sdn Bhd

Nationality / Age : Malaysian / 63

Gender : Female

Cik Siti Rohana binti Abd. Majid joined Datasonic Technologies Sdn Bhd as the Head of Telecommunications on 17 July 2008 and subsequently appointed as a Director of Datasonic Technologies Sdn Bhd since 17 September 2009. She graduated from the University of South Florida, USA in 1985 with a Bachelor of Science majoring in Electrical Engineering.

She had worked for Telekom Malaysia for more than 20 years. Experience in local access network development, radio transmission and multiplexes, Mobile services and marketing in Sabah. She was also the Head of Marketing, SUKOM 1998 Project for Telekom Malaysia. For six (6) years, she was a Telco Strategist, Head of Competitor Management, Head of Regulatory Management and her last post was General Manager of Contact Centre Management in 2004.

Her current responsibilities include overseeing the business management, project management and operations of Next Generation Network (NGN) project for Telekom Malaysia and Broadband over Power Line (BPL) project.

She is also the Co-Champion / Lead R&D for BPL to improve the technology and performance, Technical Advisor for potential projects or merger and acquisition for Datasonic Group and Business Development for Government and Government-Linked Companies ("GLC") companies projects and tenders e.g. preparation for Bidding on Power Submarine Cable (TNB) and OPGW (TNB).

She does not hold any directorship in other public companies and listed companies.

KEY SENIOR MANAGEMENT'S PROFILE

MR CHUAH BAN CHENG

Director of Datasonic Corporation Sdn Bhd

Nationality / Age : Malaysian / 55

Gender : Male

Mr Chuah Ban Cheng joined Datasonic as Director of the International and Domestic Sales Division on 1 November 2012. He graduated from University of Malaya in 1991 with a First Class Honours Bachelor Degree in Electrical Engineering.

Mr Chuah has 30 years working experience in the ICT, specialising in semiconductors, smart card and financial services technology industries. Prior to joining Datasonic, he held senior management roles in few multinational companies, managing all aspects of corporate planning, commercial, marketing, business development, business evaluation and acquisition to

technical deliverables. He was among the pioneers developing OS for ID card and passport.

Currently, he oversees the business operations and focuses on new business expansions in delivering innovative and specialised products and services throughout the region. He is also responsible in driving key strategic initiatives to penetrate new markets globally and establishing the company as an international leader.

He does not hold any directorship in other public companies and listed companies.

ENCIK MD DIAH BIN RAMLI

Director of Datasonic Technologies Sdn Bhd

Nationality / Age : Malaysian / 60

Gender : Male

Encik Md Diah bin Ramli was appointed as Director of Datasonic Technologies Sdn Bhd on 17 January 2008

Encik Md Diah graduated from Institut Teknologi MARA in 1983 with a Diploma in Applied Science majoring in Planting Industry and Management. He attended the Cranfield Global CEO Programme at Cranfield University School of Management, Bedfordshire, U.K. and is a member of the Cranfield University Alumni.

He began his career as a Plantation Assistant Manager at Harrison Malaysian Plantation Berhad in 1983. Subsequently he joined FELCRA Settlers Cooperatives

in 1985 as a Project and Marketing Assistant Manager. In 1992, he joined Dibena Enterprise Sdn Bhd in Sales and Marketing, later promoted to Senior Manager in 2004. He has a vast experience through involvements in various business and management portfolio within the Group.

In 2005 he was appointed as Executive Director of Dibena Enterprise Sdn Bhd, the promoter and substantial shareholder of the Datasonic Group. He was an Executive Director of Datasonic Group from 2011 until 2019.

He does not hold any directorship in other public companies and listed companies.

KEY SENIOR MANAGEMENT'S PROFILE

MR NG SHIH SHING

Director of Datasonic Manufacturing Sdn Bhd

Nationality / Age : Malaysian / 53

Gender : Male

Mr Ng Shih Shing became Datasonic's consultant since 25 August 2009 and appointed Director on 1 December 2014. He holds a Bachelor of Science in Physics (Hons) from University of Malaya and Masters of Business Administration (MBA) from University of Dubuque in IOWA.

He has three (3) decades of work experience in Manufacturing, ICT Technology on document security, integrated electronic circuit component into government ID and Passport. His portfolio ranges from engineer, business development, international sales and marketing, R&D, product security, project implementation and technology transfer and oversees

the manufacturing operation, security design and printing, automation, develop new e-passport and e-ID project expansion to overseas market.

He has extensive experience in e-ID and e-Passport project, involving and implementing the world's first electronic passport, followed by national e-ID and e-Passport project worldwide and assists to set up and establish the most advanced sophisticated manufacturing facilities for the latest e-ID and e-passport.

He does not hold any directorship in other public companies and listed companies.

MR CHEW CHI HONG

Chief Corporate Officer

Nationality / Age : Malaysian / 44

Gender : Male

Mr Chew Chi Hong joined Datasonic as Senior Manager in Corporate Planning and Strategic Development on 15 February 2006 and was subsequently promoted as the Group Chief Operating Officer in 2007 and assumed the current position in 2021.

He graduated from University of Hertfordshire, United Kingdom in 1999, with a Bachelor of Arts, majoring in Marketing.

He has more than 20 years of working experience in the Information Communication Technology

(ICT) industry in semiconductors and smart card technology. His career spans over wide portfolio from Sales and Marketing, Corporate Planning, Strategic Development to operations management.

His responsibilities include overseeing the Group's strategic planning, corporate exercises and overall operations of Datasonic Group of Companies.

He does not hold any directorship in other public companies and listed companies.

KEY SENIOR MANAGEMENT'S PROFILE

MADAM CHUAH HUEI JIUN

Chief Financial Officer

Nationality / Age : Malaysian / 42

Gender : Female

Madam Chuah Huei Jiun joined Datasonic as Assistant Financial Controller on 1 December 2011 and was subsequently appointed as Chief Financial Officer on 1 March 2013. She is a fellow member of the Association of Chartered Certified Accountants, UK (FCCA) and member of the Malaysian Institute of Accountants (MIA).

She started her career in 2001 with public accounting firm. She has extensive experience in statutory audits of

public listed companies and private limited companies in various industries, financial due diligence on merger and acquisition exercises, bonds issuances as well as corporate exercises for a Main Market listed company and reverse takeover of an ACE Market listed company.

She does not hold any directorship in other public companies and listed companies.

PUAN NORREEN BINTI MOHD SALIM

Chief Internal Auditor

Nationality / Age : Malaysian / 38

Gender : Female

Puan Norreen binti Mohd Salim joined Datasonic as the Chief Internal Auditor on 11 November 2012. She graduated from Universiti Utara Malaysia in 2006 with a Bachelor of Accountancy. She is an Associate Member of the Institute of Internal Auditors Malaysia ("IIAM") and a Chartered Accountant of Malaysian Institute of Accountants ("MIA").

She has more than 14 years of experience in internal audit and risk-based advisory services. She began her career in 2006 with Ernst & Young under Risk Advisory Unit for more than six (6) years. During her employment with Ernst & Young, she has performed and led various risk-based advisory services to clients in various industries which include internal audit, risk management, due diligence and

entity-level controls review, investigative audits, quality assurance review on internal audit functions, review and development of policies and procedures, development of financial control framework and Sarbanes Oxley 404.

She is leading the internal audit function to provide independent and objective assurance on the adequacy and effectiveness of the systems of internal control, risk management and governance processes of Datasonic Group.

She does not hold any directorship in other public companies and listed companies.

ADDITIONAL INFORMATION ON THE KEY SENIOR MANAGEMENT

Family Relationship with any Director and / or Major Shareholder

None of the Key Senior Management have family relationship with any other Directors and / or Major Shareholders of the Company.

Conflict of Interest

None of the Key Senior Management have any conflict of interest with the Company.

Conviction for Offences (within the past five (5) years, other than traffic offences)

None of the Key Senior Management have any conviction for offences (other than traffic offence, if any) and have not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.



CHAIRMAN'S **STATEMENT**

Dear Esteemed Shareholders,

I am honoured to present to you the Annual Report of Datasonic Group Berhad (“Datasonic” or the “Group”) for the financial year ended 31 March 2021 (“FY2021”).

CHAIRMAN'S STATEMENT

INDUSTRY AND BUSINESS OVERVIEW

FY2021 was indeed challenging for the Group, owing to the economic upheaval and health crisis attributable to the outbreak of Coronavirus Disease 2019 ("COVID-19") pandemic globally.

The Group persevered through these challenging economic conditions by relying on orders generated from our existing contracts and customers, sound business fundamentals, exercising prudence through cost optimisation initiatives and improved operational efficiency. Simultaneously, we made swift adaptation to the new norms of our business landscape by implementing our business continuity plan ("BCP") to remain relevant and minimise operational disruption during this pandemic. We strongly believe this has further fortify Datasonic's resilience and collective strength as a Group.

In facing the challenges in FY2021, the Group's financial performance had been undoubtedly impacted by the pandemic primarily due to the travel and movement restrictions imposed, which led to a decrease in demand of our e-passport, MyKad and other revenue streams. Despite this temporary setback, Datasonic registered a satisfactory profit attributable to the owners of the Group ("net profit") of RM7.3 million on the back of RM138.4 million revenue. In maintaining our long track record of rewarding our shareholders consistently since our listing in 2012, we have declared a total dividend of 1.05 sen per share for the financial year under review. For more detailed analysis of our financial performance, please refer to the Management Discussion and Analysis of this Annual Report.

FY2021
Total Dividend Declare
1.05 Sen
per Share

CHAIRMAN'S STATEMENT

HUMAN CAPITAL DEVELOPMENT AND RESEARCH & DEVELOPMENT ("R&D")

The most important asset of Datasonic is our people, which has been driving the Group's growth throughout our history. Therefore, we place great significance on our talents and continue to invest in human capital development activities during this pandemic to continuously cultivate them in order to strengthen our competitive advantages. In FY2021, we conducted most of our training and development activities virtually; focusing on upskilling as well as corporate governance training.

Furthermore, our talent is also pivotal to our R&D whereby we are very proud to share that most of our

systems and solutions were developed in-house by our exceptionally skilled R&D team.

Concurrently, on our R&D segments, we intensified our emphasis on digitalisation during FY2021, in tandem with its rising importance to develop innovative integrated digital systems and solutions. To maintain our position as the preferred solutions provider, we have channelled our efforts on the design architecture including the revamp of our existing processes and procedures to adapt to the changing needs and demands of digitalisation in support of the Malaysia Digital Economy Blueprint ("MyDIGITAL") as introduced by the Government.

HUMAN CAPITAL

ROLE → PEOPLE → SKILL



SUSTAINABILITY AGENDA

Datasonic promotes health and well-being, sustainable economic growth and responsible consumption and production. Our sustainability initiatives deliver long-term value to all stakeholders such as shareholders, employees, customers and suppliers. These broad efforts benefit our organisation as well as the local and national communities in which we operate.

High environmental, social and corporate governance ("ESG") standards are important building blocks for a long-term sustainable business. We are in the process

of establishing new internal guidelines to improve our ESG initiatives and compliance levels.

During the year, we held a three-week donation drive to raise money for flood victims in Malaysia. The money was handed to MERCY Malaysia's Flood Relief Fund for the purchase of hygiene kits and food packs for those affected.

For more detailed elaboration of our sustainability initiatives, please refer to the Sustainability Statement of this Annual Report.

CHAIRMAN'S STATEMENT

Moving into FY2022, we anticipate the global and local economic environment as well as consumer sentiments to improve following the mass COVID-19 vaccine deployment worldwide, including Malaysia's National COVID-19 Immunisation Programme which has commenced in early 2021. This is in line with the projections by the International Monetary Fund ("IMF") and the World Bank that the global economy to grow by 5.5% and Malaysia's GDP to expand 4.5% in 2021 respectively.

Reference:

1. International Monetary Fund 2021, World Economic Outlook Update, viewed on 11 June 2021, <<https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update>>
2. World Bank, Malaysia Economic Monitor June 2021: Weathering the Surge, viewed on 12 July 2021, <<https://www.worldbank.org/en/country/malaysia/publication/malaysia-economic-monitor-june-2021-weathering-the-surge>>

Unfazed by the near-term headwinds, the resultant impact from the pandemic for the Group is temporary. With the ongoing vaccination programme that may result in possible immediate upliftment of international travel restrictions, we are expecting potential revenue for our passport business to resume to pre-pandemic level.

On the other hand, the pandemic has accelerated the digital transformation where huge emphasis and efforts are placed on digitalisation as well as the digital economy. With MyDIGITAL, we see ample opportunities and one of our immediate strategic focus shall be on getting ourselves into the sphere of business-to-business ("B2B") and business-to-consumer ("B2C") platforms which are more lucrative and sustainable.

Therefore, we are looking towards a brighter FY2022 as we have various plans and programmes outlined to diversify the Group's revenue stream while we continue to focus on our core competencies:

- **Multi Purpose National ID**
- **Integrated Security & Surveillance System**
- **e-Passport**
International Civil Aviation Organisation (ICAO) Compliant
- **e-Gate**
DSONIC e-Gates with Facial, Fingerprint & Iris / Eyes Recognition System
- **Europay, Mastercard & Visa (EMV) and e-Payment Solution**
Supported with e-Kiosk, Financial Instant Issuance (FII) Solutions for Banking Sector

We are optimistic for the year ahead and will continue to provide innovative and integrated digitalised ICT

solutions whilst providing excellent services in order to create maximum value for our customers.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, I would like to extend my utmost gratitude to Dato' Haji Razali bin Mohd Yusof and Mr Chew Ben Ben, who have relinquished their roles as Managing Director and Deputy Managing Director respectively; for their immense effort and contributions to the Group. Datasonic's achievement and growth to this date would not be possible without their relentless effort in laying a foundation that shapes Datasonic today. They left behind a strong and healthy entity with a robust financial position and highly capable management to continue to drive Datasonic forward. The vision and values they left behind will forever be ingrained in our hearts.

Additionally, I would like to express our appreciation to Encik Handrianov Putra bin Abu Hanifah who has stepped down from his role as Executive Director for his years of service and contributions to the Group.

With that, I am pleased to welcome Encik Wan Zalizan bin Wan Jusoh as our new Managing Director and Mr Chia Kok Khuang as our new Deputy Managing Director. I am also glad to have Encik Safian bin Mohd Yunus as our new Executive Director and Encik Azrul bin Yahaya joining the Board as our Non-Independent Non-Executive Director. I am confident that these new members together with

the existing members of Directors and Management will continue to drive positive values for Datasonic.

I would like to extend my heartfelt appreciation to my fellow Board members for their dedication, valuable counsel and services. I trust that the stewardship of our Board will lead the Group towards greater heights.

My sincere gratitude also goes to the Management team and everyone in Datasonic for their hard work and commitment to the company in the midst of these challenging times. Finally, I would also like to thank all our other stakeholders including our valued shareholders and customers, business partners, bankers and suppliers for their continuous support to Datasonic.

GENERAL TAN SRI (DR) MOHAMED HASHIM BIN MOHD ALI (RTD)

Independent Non-Executive Chairman

MANAGEMENT DISCUSSION & ANALYSIS

Dear Valued Shareholders,

The financial year under review was a demanding and challenging year for all of us at DatasoniC as we navigated through unprecedented market challenges stemming from the Coronavirus Disease 2019 (“COVID-19”). It was a testing time but nevertheless, we dug deep and prevailed by leveraging on our vast experience, established track record and strong balance

sheet as a prominent security-related information and communications technology (“ICT”) solutions provider. DatasoniC achieved a commendable set of results for the financial year ended 31 March 2021 (“FY2021”), as we posted a revenue and profit attributable to the owners of the Company (“net profit”) of RM138.4 million and RM7.3 million respectively.

OPERATIONAL REVIEW

Going into FY2021, the Group was looking forward to an exciting year premised upon the opportunities ahead of us. However, these were all put on hold when the COVID-19 pandemic hit our shores and the resultant imposition of the first movement control order (“MCO”). While this was a critical and necessary measure, it had put our country on the back foot. In adherence to this, we had also temporarily halted our operations on 18 March 2020 and swiftly implemented our business continuity plan (“BCP”) to ensure all our business activities continue to function accordingly.

As part of our BCP, we implemented flexible working arrangement such as work from home and split team working, to protect the health and welfare of our employees while ensuring smooth operations of our business.

Additionally, we have been fully complying with the stringent Standard Operating Procedures (“SOP”) imposed

by Majlis Keselamatan Negara (“MKN”) at our head office, project / site offices as well as our manufacturing plants since we resumed operations. Concurrently, the Group established an emergency response team to closely monitor and manage the situation at DatasoniC. We also conducted COVID-19 screenings for all our employees across all offices and manufacturing plants. Credit goes to our Management team and employees for their joint effort in strengthening our operational flexibility, which was especially vital during this restraining time.

Construction of our new identity document (“ID”) and financial card manufacturing plant in Meru, Klang was completed in early 2020. Subsequently, it was certified by Malaysia’s Chief Government Security Office (“CGSO”) as a Government gazetted area, which is designated as a highly secured area. This has boosted our production capacity for Malaysia National ID (“MyKad”) and other cards for all of our clients.



Figure 1 - DatasoniC’s new manufacturing facility in Meru, Klang, Selangor

MANAGEMENT DISCUSSION & ANALYSIS

Meanwhile, we are also in the midst of streamlining our production process and obtaining the Intergraf certification for our manufacturing plant in Petaling Jaya. Intergraf is the trade association promoting and protecting the interests of the printing industry. The Group has made additional investments into this facility to enhance site readiness and acquired new machineries and system in order to produce polycarbonate components locally in Malaysia.

As a result, we will be able to carry out in-house production of the polycarbonate data page materials required for the manufacturing of MyKad and passport. This will enable us to benefit from cost savings, improvement in

production efficiency with shorter lead time, reduction in dependency over external vendors as well as lowered risk on exposure to foreign exchange. Ultimately, this will further establish ourselves as a prominent security-related ICT solutions provider.

We are pleased to share that both our manufacturing plants in Petaling Jaya and Klang continued to operate as usual during the subsequent versions of the MCOs; including the second and third MCO (“MCO 2.0” and “MCO 3.0”). The Group undertook extra precautionary measures to safeguard all our employees and ensure our operation continue to run smoothly and uninterrupted.

BUSINESS REVIEW

Despite the adequate contingency plans and precautionary measures undertaken, our business was negatively affected by the movement restrictions and border closures due to the pandemic. The deliveries of passports had been kept at a much slower rate inevitably, as there was no urgency in passport renewal as a result of the international travel restrictions. Compounded by the temporary closure and shortened working hours of Government agencies, orders for MyKad were also significantly reduced. Nevertheless, we see this as a temporary setback as the issuance and renewal of these documents are still required in the future.



Figure 2 - Datasonic's in-house designed e-gate with facial recognition system at Malaysia / Singapore entry / exit point

Notwithstanding the arduous conditions, we are delighted to share that we have secured a few projects in FY2021. One of them includes the contract extension for Malaysia Automated Clearance System (“MACS”) of foreigner e-gates with facial recognition system at the Malaysia-Singapore entry / exit point to Jabatan Imigresen Malaysia (“JIM”). The project was successfully delivered last year with completion of deployment of 16 Foreigner MACS e-Gates to JIM and in early February 2021, we have received contract extension for the supply of additional six (6) units of e-gate for the said project. Furthermore, the Group had also received the award for the supply, installation, commissioning, technical and maintenance support services with one (1) year warranty period for additional four (4) lanes of bidirectional e-gate with facial recognition system at Custom, Immigration and Quarantine (“CIQ”) Complex at Desaru, Johor for JIM, which we would be completing the deployment by the third quarter of 2021.

In addition to the above, despite the MCOs, the Group has continued to render our services to provide hardware and software maintenance services for e-gates, Public Key Infrastructure and Public Key Directory as part of our obligatory role and deliverables in our passport contract.

As at 31 March 2021, our outstanding order book stood at RM411 million, which would last for the upcoming three (3) to five (5) years. It is noteworthy to point out that more than 35% of our total contracts on hand remain outstanding.

MANAGEMENT DISCUSSION & ANALYSIS

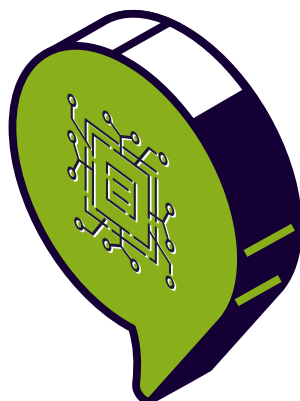
Order Book Value
RM411 million
 as at 31 March 2021

**>35% of Total Contract
 on Hand Remains
 Outstanding**

At Datasonic, we place strong emphasis on research and development (“R&D”) to remain at the forefront of our industry and to continuously enhance our competitive advantages. Most of our systems and solutions were

developed in-house, which is supported by more than 100 highly capable R&D / technical staff. We are also proud to be the past winner of the Malaysia Cyber Security Company of the Year.

Selected System / Solution Developed In-House



- **Strong R&D with Own Patented Solutions**
- **Proprietary Smart Card Operating System**
 (with one of the highest certification in the industry)
- **Centralised and Decentralised Smart Card Issuance System**
- **Integrated e-Passport Solutions and Application Systems**
- **Financial Instant Issuance (FII) Credit Card Issuance System**
- **Integrated Front-End and Back-End Smart Card Solutions**
- **Multimodal Biometric Border Control System**
 (Facial, Fingerprint, Iris / Eye Recognition)

Figure 4 - Selected system / solutions developed in-house by Datasonic

For the financial year under review, we made a new breakthrough on our R&D. We have successfully developed a new generation of fingerprint system solution using a new technology with enhanced features such as live detection and fingerprint pattern analysis.

Moreover, for both the above-mentioned e-gate projects, Datasonic had installed its new generation of e-gates with facial recognition and enhanced multimodal biometric solution with improved efficiency and processes; which was developed in-house by our R&D team. We offer one-stop e-gate solutions and is currently providing technical support and maintenance services for all e-gates nationwide. Recently, we have also installed more of our e-gates with new facial recognition system at Kuala Lumpur International Airport

2 (“KLIA 2”) as well as at Bangunan Sultan Iskandar; a CIQ complex in Johor.



MANAGEMENT DISCUSSION & ANALYSIS

Lastly, we take pride that our in-house operating system, Datasonic Chip Operating System (DCOS), is one of the best chip OS in the world with reading speed below 1.25 seconds using International Civil Aviation Organisation ("ICAO") Basic Access Control ("BAC") compliant dataset. DCOS has obtained internationally recognised Common Criteria ("CC") Evaluation Assurance Level ("EAL") 4+ certification, the yardstick of security in the realm of identity document. As part of our continuous innovation, we have also made DCOS to be forward compatible with product from tier one (1) formidable chip maker and complete the ecosystem from the upstream of life cycle processes i.e. management of key certificate to the down stream of personalisation and verification processes.



CORPORATE DEVELOPMENTS

On the corporate front, Datasonic completed the bonus issue of 1.35 billion new shares in the Group on the basis of one (1) share for every one (1) Datasonic share held ("Bonus Issue") in 1 October 2020. The Bonus Issue is in line with the Group's aim to reward its shareholders for their continuous support. This could potentially improve the trading liquidity of Datasonic's shares on Bursa Malaysia Securities Berhad without affecting the Group's market capitalisation. In addition, this will also encourage greater participation by investors as well as potentially broadening the shareholder base.

We are grateful for the support from all our shareholders who have been with us through thick and thin. The Group believes that this is another avenue for us to reward our

shareholders in addition to our dividends. The Bonus Issue is an expression of our appreciation towards the confidence and patience extended to us while we grow our business.

Meanwhile, in the financial year under review, the Group also undertook a private placement exercise of new ordinary shares representing up to 10% of the total number of issued shares. The objective of this exercise is primarily to increase the Bumiputera shareholdings of Datasonic, fund existing and future projects as well as pare down bank borrowings. In April 2021, 262.0 million new Datasonic shares were issued, raising RM126.3 million for the Group. The additional fund raised improves the competitiveness of the Group during tender processes and enables us to participate in more projects to further strengthen our income stream.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Revenue

For the financial year under review, Datasonic recorded a revenue of RM138.4 million as compared to RM247.5 million a year ago. This was primarily attributed to lower supply of passports which were affected by the COVID-19 pandemic and international travel restrictions.

Gross Profit ("GP")

Due to the lower revenue, FY2021 GP declined to RM72.0 million versus RM138.7 million in the preceding year. Despite the impact of the pandemic, the Group's GP margin continued to be healthy at 52.0%.

Net Profit

In tandem with the top-line performance, Datasonic registered a net profit of RM7.3 million in FY2021 as compared to RM60.3 million a year ago. Apart from lower delivery of passports, we continued to incur fixed operating costs and financing costs while our operations were halted, which further impacted our financial performance.

Capital Structure and Capital Resources

Although the Group was presented with various obstacles brought upon by the pandemic, our sound balance sheet equipped us with tools to withstand the headwinds. This

is attributable to our prudent capital management in terms of cash flow and liquidity management to navigate through the hurdles.

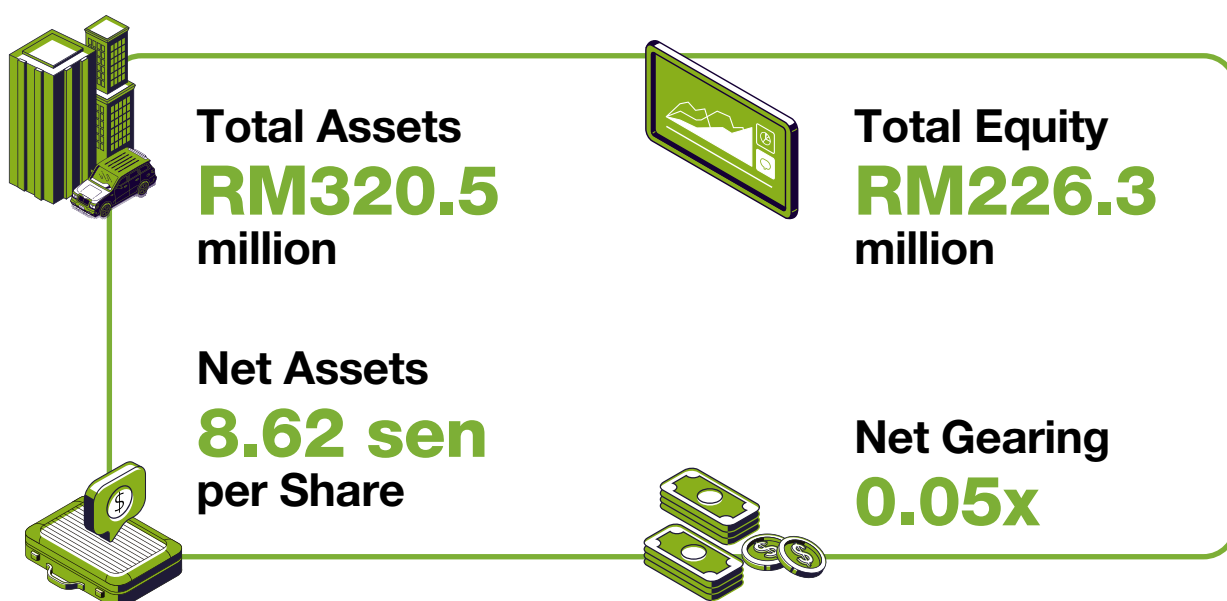
Datasonic's total assets stood at RM320.5 million as at 31 March 2021 as compared to RM388.1 million a year ago. On the other hand, the Group's total liabilities amounted to RM94.2 million in FY2021. This represented a reduction of RM37.2 million a year ago following the repayment of our borrowings. Total borrowings were pared down to RM59.9 million as at 31 March 2021 from RM98.9 million in the previous year.

Net Gearing and Cash Per Share

The Group's net gearing for Financial Year-End ("FYE") 31 March 2021 continued to be very healthy at 0.05x in comparison to the net gearing for FYE 31 March 2020 at 0.20x.

Net Operating Cash Flow ("NOCF")

Datasonic generated a positive NOCF of RM79.7 million in FY2021. The Group has consistently generated positive NOCF in the past several financial years.



As at 31 March 2021

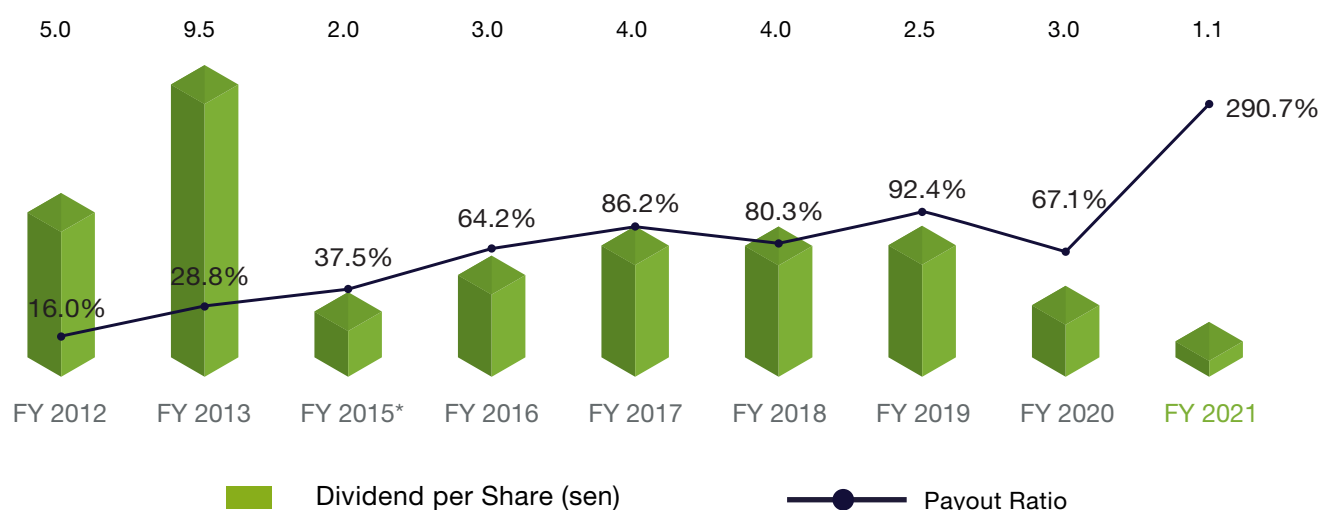
MANAGEMENT DISCUSSION & ANALYSIS

DIVIDENDS

For the year under review, the Board had declared and paid four (4) interim dividends totalling to 1.05 sen per ordinary share, which amounted to RM21.2 million.

We appreciate the support and patience rendered to us all these while and dividend is one of the avenues we reward our shareholders. Datasonic has been consistently rewarding our shareholders with dividend every year since our listing in 2012.

Dividend Payout Every Year Since Our Listing In 2012



*change FYE from 31 Dec to 31 Mar

ANTICIPATED OR KNOWN RISKS

Competition Risk and Ability to Secure New Projects

Although Datasonic's position in the ICT solution and e-Government services industry is formidable, competition remains inevitable. As Datasonic's revenue is chiefly derived on contractual basis, it is subjected to competition from other market players since Datasonic is required to go through a rigorous bidding process via open tender in order to secure or extend a contract from its clients.

To manage this risk, our team will continue to develop our core competencies with the goal of providing world class integrated solutions and excellent services at competitive prices that will consistently create maximum value for our customers. Moreover, this also enables us to achieve greater market penetration and expand our products and solutions portfolio to further fortify our position in the industry. The Group continues to invest in human capital development and R&D as the catalyst for innovation at Datasonic.

MANAGEMENT DISCUSSION & ANALYSIS

Customer Concentration Risk

As majority of our revenue sources depend on the contracts provided by Government agencies, we may be materially and adversely affected if we were to lose one or more of our major customers or contracts without securing new customers to replace the loss of business.

We have a proven track record on the timely delivery of products and services as well as deep technical knowledge as an ICT solution provider. These factors, coupled with our strong emphasis on customer satisfaction, provide us with strong competitive advantages and increase the stickiness with our customers. At the same time, we are constantly on the lookout for new business opportunities including our digital ID initiatives to expand our revenue streams, which is aligned with our business direction and core competencies.

Operational Disruptions

We are dependent on all our operations to run smoothly and efficiently. Any disruptions or unplanned shutdowns may have an adverse impact on our performance. In FY2021, our business operations were temporarily halted due to the various movement restrictions imposed to flatten the curve of the COVID-19 pandemic. Since the resumption of our operations, the Group has been complying to the stringent SOPs and mitigation measures were put in place to prepare us for any circumstances. However, external business risks such as natural disasters, pandemics, riots and general strikes are beyond our control, which may materially and negatively affect our operations.

PROSPECTS FOR FY2022

Going into FY2022, while we anticipate the economic landscape to remain challenging as a result of the ongoing COVID-19 pandemic, we are upbeat on our prospects underpinned by the gradual recovery of the economy. Malaysia's gross domestic product ("GDP") growth is expected to revive, benefitting from the improvement in global demand, a turnaround in public and private consumption as well as the economic recovery following the rollout of COVID-19 vaccination exercise. In-turn, this will lead to the reopening of borders, which bodes well for Datasonic. According to the World Bank, Malaysia's GDP is projected to rebound by 4.5% in the current year.

Reopening of Borders

The travel restrictions imposed have significantly impacted international travel and the demand for passports.

However, this is a temporary headwind for us as passports are time-dated documents with a 5-year validity period. Furthermore, there is a large number of passports that have expired or due for expiration with less than six (6) months from expiration date. Therefore, we expect a substantial increase in the demand of passports once the international travel restrictions are lifted.

In anticipation of the huge upcoming wave of passport renewals, we are readying ourselves to ensure that we will continue to provide smooth and on-time delivery of passports. The Group is streamlining our operations and cost efficiencies as well. For our manufacturing plants, we are closely managing our supply of raw materials to avoid any disruptions and are constantly engaging with our clients on the delivery and schedule planning.

MANAGEMENT DISCUSSION & ANALYSIS

Multi-Purpose ID

While we continue to be the key provider of MyKad for Jabatan Pendaftaran Negara (“JPN”), we are also engaging with other Government departments such as JIM to provide highly secure, innovative and cost competitive solutions for multi-purpose ID such as the foreign worker card (“i-KAD”). Datasonic is highly experienced in multi-purpose ID, having been the main provider of MyKad since 2012. We also possess our in-house software applications and OS, supported by our own R&D team. Furthermore, the Group is also providing technical and maintenance services for JPN branches.

Financial Cards Renewal & Migration

We are the largest personalisation solution provider for Europay, Mastercard and Visa (“EMV”) chip-based credit card and Malaysian Chip Card Specification (“MCCS”) standard debit card in Malaysia. Datasonic is a pioneer in credit and debit card personalisation and played a major role in the previous two (2) national financial card migration process. In 2016 / 2017, there was a migration from chip-based to PIN-based credit and MCCS debit card. Prior to that, it was the migration of magnetic stripe to chip-based card. The Group is anticipating rising orders starting from FY2022 onwards and for the next three (3) financial years as the previous large batches of PIN-based credit card and MCCS debit card are due for renewal.



Digital Transformation Journey

The pandemic has sped up the process of digital transformation for businesses and governments around the world. Higher emphasis, efforts and resources are being channelled into digitalisation as it is crucial not only to adapt to the ever-changing landscape but also to innovate and create long-term sustainable growth. Digital transformation also plays a vital role in the contactless environment required amid the COVID-19 pandemic.

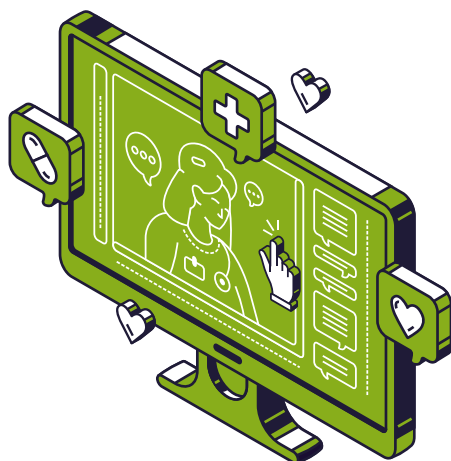


The introduction of Malaysia Digital Economy Blueprint (“MyDIGITAL”) is in-line with this fundamental change. This augurs well for Datasonic as the acceleration of digitalisation presents a huge opportunity for us. For instance, the digitalisation for e-Government services, security documents, electronic Know-Your-Customer (“e-KYC”), digital ID, border control solutions, security and surveillance and many more.

Based on our proven track record, technical expertise and continuous R&D initiatives, we strongly believe that we can play an important role in our country’s digital transformation journey and provide integrated and high security solutions.

MANAGEMENT DISCUSSION & ANALYSIS

Electronic Medical Records (“EMR”)



Malaysia's healthcare industry is also moving in tandem with the digital transformation. To this end, we have been actively pursuing Kementerian Kesihatan Malaysia (“KKM”) for the National EMR Project. EMR is critical to enhance the efficiency of the healthcare industry through an integrated system. Our EMR solution

connects all public clinic facilities through a secure cloud computing platform to ensure all data is safely stored and accessible only by authorised personnel; which would enhance the public delivery services and ultimately enrich the lives of Malaysians.

In closing, Datasonic's prospects remain intact underpinned by the gradual recovery of the economy and the eventual lifting of the international travel restrictions. We are working hard and confident to secure more projects to boost our order book. For us, challenges are opportunities in disguise and our team is constantly exploring any opportunities which arise. On balance, we continue to be optimistic of the Group's outlook and look forward to a brighter year ahead.

WAN ZALIZAN BIN WAN JUSOH

Managing Director

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

Welcome to our latest Sustainability Statement, which documents our commitments and initiatives to operate our business responsibly for our people, our customer and the environment and to give back to the communities where we operate and have prospered.

We have detailed our governance processes, our sustainability performance against targets and international standards, how we are always working on continual improvement, our focus on development, quality and integrity.

Scope of Statement

Reporting period : 1 April 2020 to 31 March 2021, unless specified.

Reporting Cycle : Annually

Coverage : Datasonic Group including all entities under it where it holds majority of ownership.

Reference and Guidelines

Principal Guideline

- Global Reporting Initiative (“GRI”) Standards

Additional Guidelines

- Bursa Malaysia Sustainability Reporting Guide
- ISO 26000:2010 Guidance on Social Responsibility
- Local and international sustainability rating criteria

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT DATASONIC

Sustainability is an integral part of our business strategy. Staying focused on the most impactful issues for the business and stakeholders is the cornerstone of our sustainability strategy.

Focusing on five (5) strategic areas of sustainability creates long-term value for our stakeholders, shapes a sustainable future and simultaneously contributes to the United Nations Sustainable Development Goals.

Innovation ecosystem	We develop technology in collaboration with our extensive knowledge network to ensure the rapid momentum of innovation along our value chain.	
People	Employee empowerment is aligned with our corporate strategy and inculcates a feeling of pride in the organisation among our employees.	 
Responsible supply chain	Raising the bar for our world-class supplier network and conducting business in a sustainable and responsible manner help us achieve our targeted innovations.	 
Circular economy	Minimising waste while maximising resource; extract the optimum value from materials, allowing products to be repurposed across their life cycles.	 
Climate and energy	Taking every step to minimise our footprint to achieve zero emissions across operations; we increase productivity and improve the environmental efficiency of our products.	

SUSTAINABILITY GOVERNANCE

The duties of Datasonic's Board of Directors ("the Board") include supervising the Company's strategy, monitoring the management and operations, and arranging the corporate governance system.

The Board is committed to embedding sustainability into business strategies and operations. A holistic business management approach is taken, which considers every aspect of economic, environmental and social ("EES") risks and opportunities. These considerations, alongside financial implications, generate long-term benefits and business continuity. Our Executive Committee ("EXCO") oversees the implementation of

the Group's sustainability approach, practices and performance according to EES criteria.

Sustainability related strategies and information are collated from the respective business units and divisions, reviewed and presented to the EXCO and Group Management Committee ("GMC") and for EXCO to report key matters to the Board for further deliberation. This approach ensures that the Group's Core Philosophy of providing integrated information communication technology ("ICT") solutions continues to contribute towards the nation-building.

SUSTAINABILITY STATEMENT

STAKEHOLDER INTERACTION

The success stories of our business resulted from strong and sustainable relationships with all stakeholders in the value chain. Stakeholder input, industry trends and societal expectations are invaluable in developing our strategy, products and services.

Datasonic has identified six (6) major categories of stakeholders according to the AA1000 Stakeholder Engagement Standards. The fitness of stakeholder classification and issues of concern are reviewed and adjusted through the identification process of annual stakeholder issues.

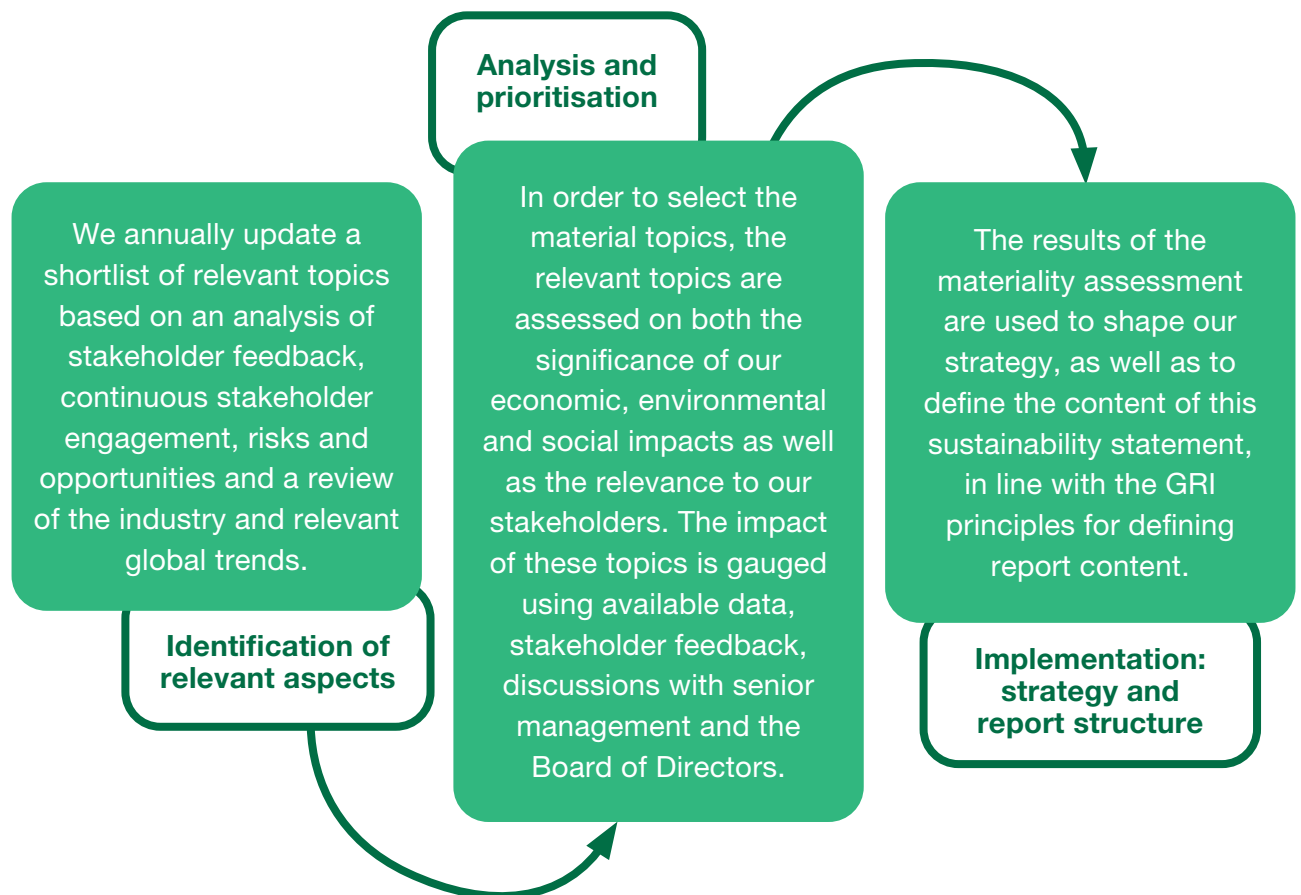
Stakeholder Group	Expectation and Interests	Engagement Approaches	Frequency of Engagement
Shareholders and Investors	<ul style="list-style-type: none"> Investment opportunities Business outlook Market positioning Return on Investment Dividends Governance on EES risks and / or opportunities 	• Annual report	• Annually
		• Annual General Meetings	• Annually
		• Extraordinary General Meetings	• As required
		• Corporate website	• Continuously
		• Investor relations / investor briefings	• Regularly
Customers	<ul style="list-style-type: none"> Business outlook Market positioning Quality goods and / or services Product training / technology transfer 	• Corporate website	• Continuously
		• Online meetings	• As required
		• Training programme and training feedback surveys	• As required
Suppliers	<ul style="list-style-type: none"> Local partnerships Business relationships Operational efficiency 	• One-on-one meetings	• As required
Employees	<ul style="list-style-type: none"> Career opportunities Work-life balance Skills development 	• Online Meetings / briefings / chit-chat sessions	• Regularly
		• Performance assessments	• Annually
		• Training programmes	• Regularly
		• Sports and Corporate Social Responsibility ("CSR") Programme	• As required
Government and Regulators	<ul style="list-style-type: none"> Compliance Nation-building agenda Partnerships and collaborations 	• Attend to queries promptly or via one-on-one meetings	• As required
Communities	<ul style="list-style-type: none"> Community programmes Charitable donations and / or sponsorships 	• Charitable donations and / or sponsorships	• As required

SUSTAINABILITY STATEMENT

MANAGING MATERIALITY

Materiality concerns topics that have a direct or indirect impact on an organisation's ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society.

The materiality assessments allow us to prioritise economic, environmental and social impacts that are most significant to Datasonic. Therefore, to identify issues of the highest concern among our major stakeholders, we conduct surveys through the following steps.



Identifying issues of the highest concern at Datasonic.

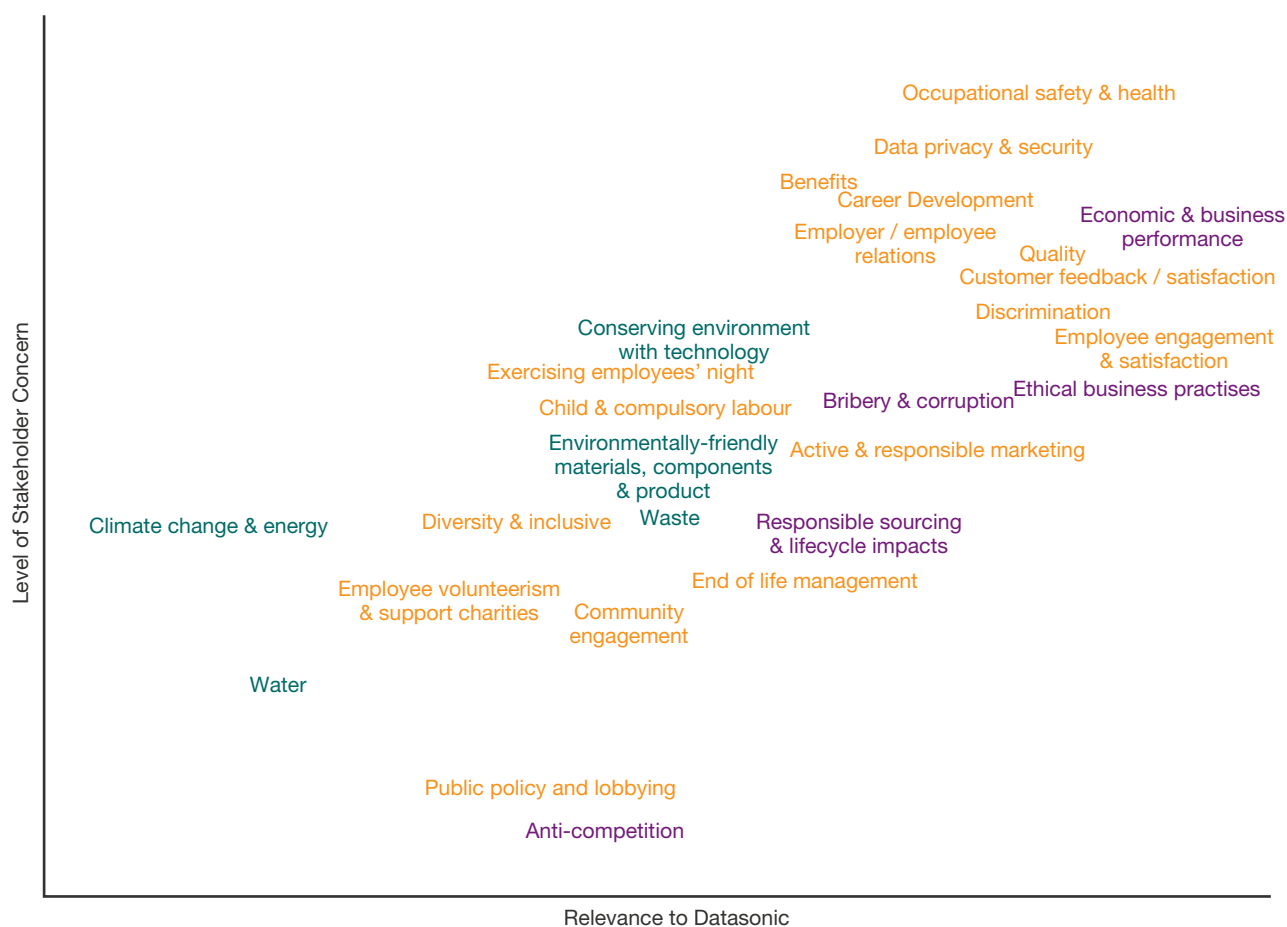
SUSTAINABILITY STATEMENT

RESULTS OF MATERIALITY ASSESSMENT

We have identified 27 economic, environmental and social topics, which have the greatest impact on our business and the greatest level of concern to stakeholders throughout our value chain.

These material themes are shown in the matrix below. Assessing these topics enables us to focus upon the more important and relevant themes and address them effectively in our sustainability strategy, policies and programmes.

Materiality Matrix



Legend

Social

Economic

Environment

SUSTAINABILITY STATEMENT

ECONOMIC

ICT has changed the way we communicate, work, conduct business, interact and manage our social lives. The growth of the ICT industry drives demand for robust digital infrastructure that is fundamental to Malaysia's competitiveness.

ADVANCING INDUSTRY AND THE NATION

Through Our Operations

Datasonic offers a broad portfolio of secure identity document ("ID") and personalisation system solutions that support all major card programmes. Our applications range from high-volume central issuance systems to low-volume desktop / instant issuance systems that meet particular industry requirements. As the market leader in secure ID and smart card personalisation solutions, we bring exceptional solutions to our customers across several industries. Our scalable, open system and complete card life cycle management system allows customers to devise highly effective and cost-efficient card programmes.

Our border control solutions capitalise on biometric identification for a secure and efficient process. We built our own in-house facial and fingerprint engine while adopting the world class biometric product and integrated solutions to further enhance the performance to better cater for each and every of our projects' real environment.

Our wide range solutions include project management services for implementing large-scale integrated ICT systems. These customised hardware and software solutions support government ministries and agencies as well as large industries such as financial, healthcare and telecommunications.

Through Our Involvement

Datasonic continues to contribute to industry advancement by supporting various industry organisations. Our employees hold memberships in many industry associations such as the:

- Association of Chartered Certified Accountant (ACCA)
- Malaysian Institute of Accountants (MIA)
- International Association of Accounting Professional (IAAP)
- Institute of Chartered Secretaries & Administrators (ICSA)
- Construction Industry Development Board (CIDB)

Active participation in associations and networking with industry peers helps us enhance our commercial and operational experience while improving productivity, quality, cost-effectiveness and delivery.

SUSTAINABILITY STATEMENT

SUSTAINABLE PROCUREMENT

Datasonic procures in the most sustainable manner possible. Products and services are sourced in a way that meets our commercial, financial, technical and operational

requirements over their lifespans. Our procurement processes ensure that we continue to generate value for our business, society and the economy while minimising our environmental footprint.

SUPPLIER AND CONTRACTOR ASSESSMENT CRITERIA

TIMELINESS OF DELIVERY

QUALITY OF SERVICE

ACCURATE AND RELIABLE
INFORMATION

INTERNAL MEASURES FOR MANAGING
ANTI-BRIBERY AND ANTI-CORRUPTION

COMPETITIVE PRICING

REASONABLE TERMS AND
CONDITIONS

FINANCIAL RESILIENCE OF
SUPPLIERS

BUSINESS REPUTATION

DEPENDABILITY AND RELIABILITY

PROMPT IN SERVICE AND
RESPONSE TIME

We assess all external providers of products and services annually to gauge their performance on these criteria. The overall external provider assessment

rating improves each year with the score increasing from 75% in FY2020 to 77.33% in the financial year ended 31 March 2021 ("FY2021").

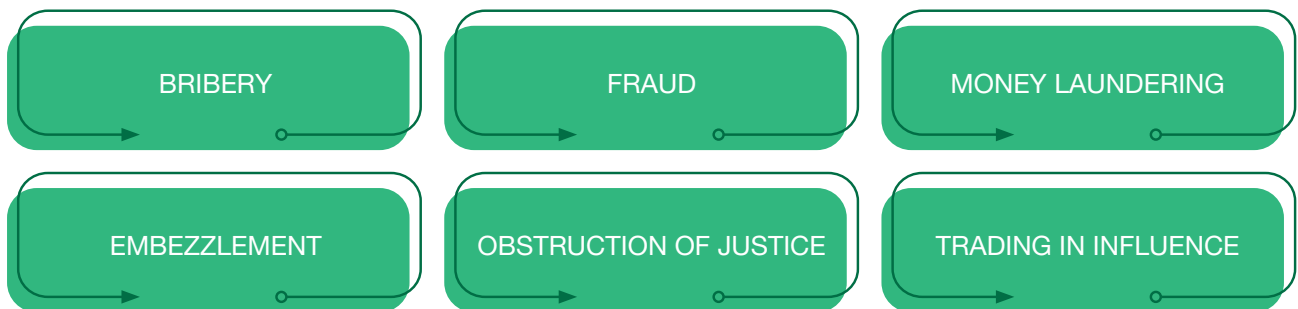
SUSTAINABILITY STATEMENT

ETHICS AND INTEGRITY

Our commitment to integrity and transparency is clearly stated in our Employee Handbook and Code of Conduct.

All forms of corruption are forbidden and the highest ethical standards must be met while doing business.

CORRUPT PRACTICES OUTLAWED AT DATASONIC



The Board oversees our compliance with anti-corruption policies and compliance. Every employee is responsible for preventing and reporting instances of bribery, suspicious activity or wrongdoing which may lead to bribery using our whistleblowing channels.

Four (4) sessions of training and awareness on corruption and corporate liability offences were held for key personnel in FY2021. A separate session was also held for the Directors and Heads of Departments. These sessions were organised by the Malaysian Integrity

Academy, which has also delivered two (2) days of technical training on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 for our Integrity Governance Unit (IGU) in September 2020.

There have been no major disciplinary cases reported on corruption practices that resulted in the dismissal of employees. We have received zero fines or penalties from the authorities during the recent years or reporting period. This demonstrates the effectiveness of our stringent anti-corruption policies and practices.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL

We contribute to the sustainable development of society through our business activities. Environmental protection

is also ensured through climate change measures and conserving resources such as energy and water.

Datasonic's Environmental Commitment

- | | |
|--|--|
| 1. Environmental protection management | By maintaining our environmental management system, we promote environmental conservation efforts that balance business activities and environmental concerns. |
| 2. Reduction of customers' environmental footprint | We promote energy conservation, improved recyclability and the elimination of hazardous substances to provide environmentally-friendly products and services that help customers reduce their environmental footprint while considering the life cycle of our products from materials procurement to waste disposal. |
| 3. Environmental protection and sustainable consumption of resources | Being mindful of the environmental impact of business activities, we protect the environment from climate change and use resources such as energy and water sustainably. |
| 4. Compliance with environmental legislation preventing pollution | Upholding all environmental laws and regulations and voluntary standards, we protect nature and minimise pollution as well as health hazards. |

Energy Management

We reduce the environmental impact of our products through smaller designs that reduce energy and use fewer components. Primarily, greenhouse gas (GHG) emissions from electricity consumed by our business operations, across the supply chain and through the

usage of Datasonic's products. Various internal energy-saving measures have been implemented such as switching off lights which are not in use, replacing office equipment with energy-efficient solutions and reducing paper wastage.

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Electricity Consumption (kWh)	1,170,620	1,355,209	1,562,895	1,849,518	1,711,820	1,365,562
Diesel Consumption, Genset (litre)	20	20	20	24	444	180

Electricity consumption reduced by approximately 20% in FY2021 compared with FY2020. This reduction was also mainly due to the Movement Control Order ("MCO")

issued by the Government following the COVID-19 pandemic outbreak.

SUSTAINABILITY STATEMENT

Water Management

Water is essential for our manufacturing operations and general sanitation. We continuously strive to support

sustainable water management by using it as efficiently as possible.

<u>Water Consumption (m3)</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
Manufacturing Centre, Petaling Jaya	4,219	2,900	2,568	1,821	1,808
Manufacturing Centre, Port Klang / Meru	781	896	969	819	667
Card Personalisation Centre (Wisma RPS)	3,213	1,770	1,535	2,153	2,371
Total	8,213	5,566	5,072	4,793	4,846

Due to our manufacturing operations, our water consumption has fluctuated over the years as it is

mostly influenced by our machine operations and orders received throughout the year.

Waste Management

Datasonic aims to eliminate hazardous substances from its products and has introduced Group standards on banned substances based on the IEC 62474 standard. Production

waste is categorised into two (2) main categories: solid waste and scheduled waste. The weight of solid and scheduled wastes is presented in the table below.

SOLID WASTE DISPOSAL

	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
Solid Waste (kg)	1,120	23,635	36,862	14,862	5,627
Shredded waste paper	-	22,530	29,110	13,737	4,044
Rejected plastic goods (PVC, PC, PET)	170	160	1,202	218	782
Carton box / Packaging box from vendor	110	105	2,733	165	164
Plastic core / container	75	70	2,656	355	292
Module tape (contains gold and / or silver)	45	50	70	5	34
Metal	720	720	1,091	382	312

SUSTAINABILITY STATEMENT

SCHEDULED WASTE DISPOSAL

Description	SW Code	FY2017	FY2018	FY2019	FY2020	FY2021
Scheduled Waste (kg)	-	-	1,971	12,060	3,532	4,230
Waste from electrical and electronic assemblies	SW110	-	-	-	8	15
Spent hydraulic oil	SW306	-	-	-	314	647
Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	SW409	-	-	1,510	299	272
Rags, plastics, papers or filters contaminated with scheduled wastes	SW410	-	-	600	243	277
Waste of inks, paints, pigments, lacquer, dye or varnish	SW417	-	-	-	-	611
Discarded or off-specification inks, paints, pigments, lacquer, dye or varnish products containing organic solvent	SW418	-	1,971	9,950	2,668	2,408

Waste is reused and recycled internally. Carton boxes and plastic containers that do not contain any secure

or sensitive information are recycled. We also engage a professional company to manage our paper waste.

- Expert information security services



Ensuring that sensitive documents and information are managed with total security

- Destruction services



Managing secure information and the recycling of general office waste paper

Scheduled waste is potentially hazardous to human health and the environment if improperly managed. The handling and disposal of chemicals and other scheduled waste from our manufacturing plant is outsourced to

a third-party licensed contractor. Using the services of a leading recovery and recycling scheduled waste company in Malaysia ensures that this type of waste is properly treated before it is disposed safely.

SUSTAINABILITY STATEMENT

SOCIAL: SOCIETY

As a responsible corporate citizen, Datasonic continually seeks ways to provide resources to the communities in which it operates.

In FY2021, Datasonic has extended its monetary contributions to various charities and philanthropic activities. These donations reached out to underprivileged

groups such as old people, single mothers, orphans and victims of natural disaster.

The Group also held a three-week donation drive from 18 January to 13 February 2021 to raise money for flood victims in Malaysia, which was channelled to MERCY Malaysia's Flood Relief Fund to be converted into hygiene kits and food packs for the benefit of the affected families.

PEOPLE

Datasonic believes in cultivating a culture of inclusiveness, innovation and education amongst our diverse workforce. We also seek to create a safe, healthy, engaging and supportive workplace where employees can thrive.

Competitive Benefits

Datasonic manages remuneration, salary and wages fairly by considering factors such as qualifications, experience, job grade, position, responsibility and individual performance. After benchmarking our salary rate against similar businesses in the industry, our benefits and remuneration packages are currently on par and / or above the market rate. This commitment resulted in a healthy turnover rate with the most recent being 5.11%. Datasonic will continue to ensure fair compensations for all our employees.

Local Expertise, Global Strategy

The Group's Hiring Policy does not formally prioritise locals. However, we engage locals for certain business operations due to the high sensitivity and security considerations of our products and solutions such as:

- MyKad, passports and other forms of secure identification; and
- Financial products including credit and debit cards.

Datasonic continued to provide direct local employment with 99.5% of the workforce being local in FY2021. Apart from offering industrial job training, we are also working with the government to build local skills and expertise through our involvement in the Protégé Programme.

Talent Management

Investing in diverse, high-potential employees helps build a culture of inclusion. Special coaching and training programmes support retention, development and promotion.

The Human Resource Department conducted a Training Needs Analysis / Identification (TNA / I) on employees of all grades within Datasonic and its subsidiaries. This exercise identified performance gaps, training needs and programmes to address those needs. Employees were required to estimate their current competency level for each skill, the significance to their job and additional training requirements.

Career development programmes held throughout the year included training on security, production, quality analysis, management information systems, software and project engineering and management.

TRAINING HIGHLIGHTS

	FY2019	FY2020	FY2021
Average training hours per year per employee	4	8	4
Number of training hours	2,463	5,523	2,605
Number of attendees	170	263	325

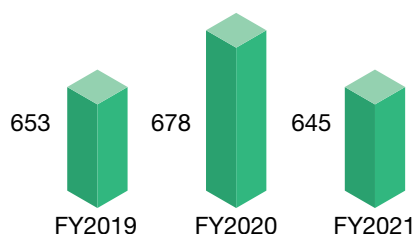
SUSTAINABILITY STATEMENT

Diversity and Inclusivity

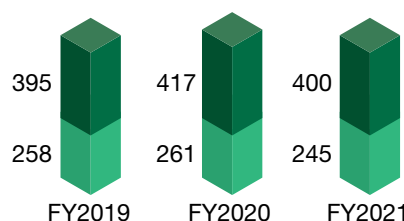
Employee diversity enriches the Company. Datasonic promotes an inclusive culture in which all individuals can reach their full potential and bring their individual perspectives to the table. A blend of workplace diversity

and an open, international company culture have a positive impact on business success and the innovative strength of Datasonic.

Workforce Strength

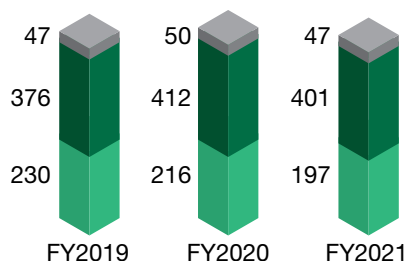


Breakdown of Employees by Gender



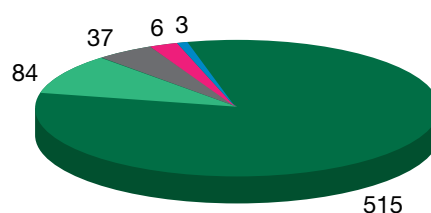
Female Male

Breakdown of Employees by Age Group



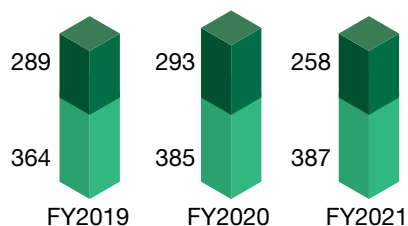
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Employees breakdown by Ethnicity



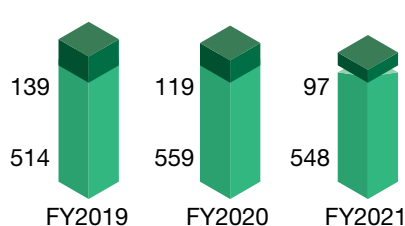
Malay Chinese Indian Others Foreigner

Breakdown of Employees by Employment Type



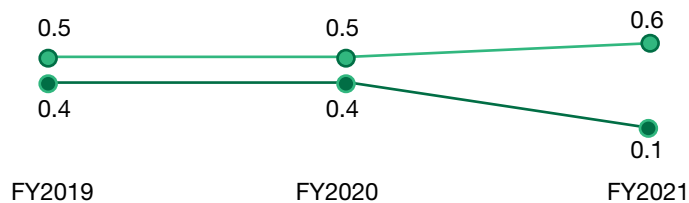
Executive Non-executive

Breakdown of Employees by Employment Contract



Permanent Non-permanent

Percentage of Female in the Management (%)



%Women in Management %Women in Top Management

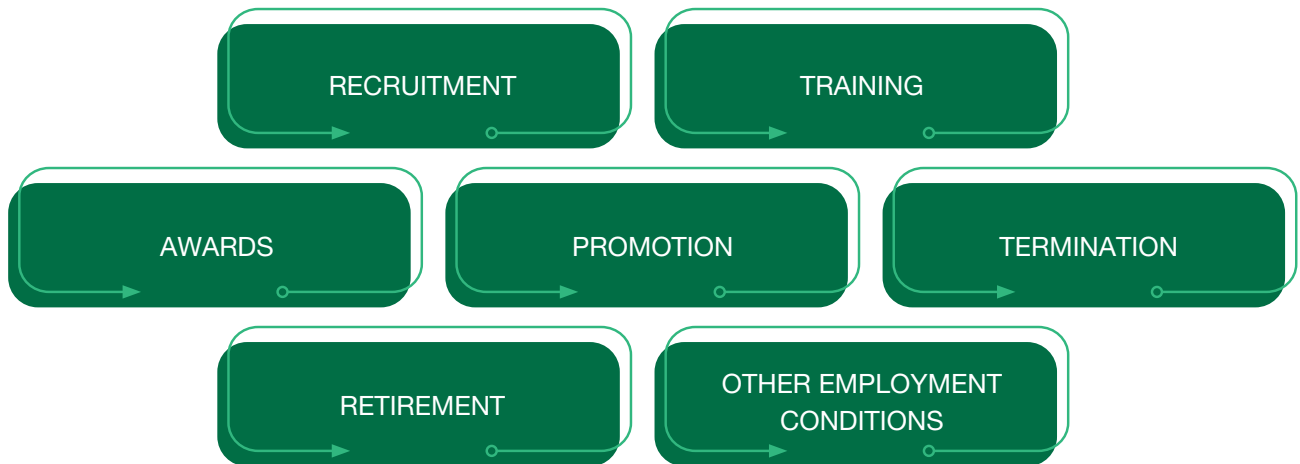
SUSTAINABILITY STATEMENT

NON-DISCRIMINATION

Employee hiring is based on their capabilities. Datasonic does not discriminate based on race, religion, nationality,

age, gender, sexual orientation, disability or any other reason, which is protected by law.

COVERAGE OF OUR NON-DISCRIMINATION MEASURES



CREATING A WORKPLACE THAT RESPECTS HUMAN RIGHTS

Protecting human rights is a vital element in expanding the business. Datasonic supports international human rights standards and complies with all related laws and regulations.

The basic rights of freedom of association and collective bargaining are respected throughout the organisation. Although Datasonic does not have an internal union, all employees' rights to be part of unions of their choice are respected. All parties work together to create a positive, engaging and fair working environment.

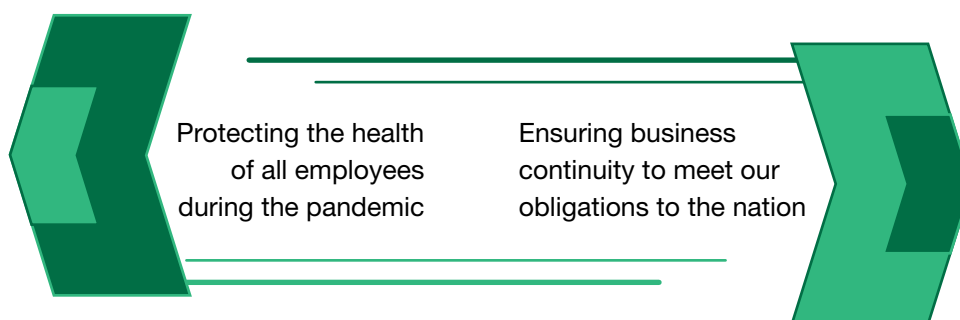
SUSTAINABILITY STATEMENT

Safety and Health - Our Response to COVID-19

Enhancing workplace safety is more important than ever during these unprecedented times. We have been working very closely with the authorities and other

stakeholders during the pandemic to ensure the safety of all our employees and the workplace.

BALANCING PRIORITIES AS A LEADING ICT SOLUTIONS PROVIDER



We introduced stringent safety and health measures across our work areas since the earlier stage of the COVID-19 pandemic outbreak.

Conducting detailed communication with all our employees helped them protect themselves in both internal and external environment.

Encouraging	←	Office-based employees to work from home ("WFH") whenever possible.
Providing	←	Employees with Personal Protective Equipment (PPE) including face masks and hand sanitiser.
Requiring	←	Employees physically returning to the office to adhere strictly to the safety protocols and measures defined including health and travel declarations.
Introducing	←	Safety measures such as practising physical distancing, the compulsory use of face masks, frequent hand washing, regular sanitisation of workplaces and common areas and promoting bathroom hygiene.
Engaging	←	Regularly engaging with employees to inculcate good practices to minimise the risk of infection at home and at work.

SUSTAINABILITY STATEMENT

SOCIAL: PRODUCT RESPONSIBILITY

As one of the prominent industry market leaders, Datasonic offers a wide range of ICT systems and solutions including software and hardware customisation, project management, consultative expertise and research and development (“R&D”). We bring exceptional solutions to customers with our scalable, open and complete system with highly effective and cost-efficient products and services.

Securing Product Safety and Quality

In keeping with our product quality plan, which calls for improvement in customer satisfaction, we have designed our quality management system to comply with the international quality assurance standard across the Company. Various business functions and subsidiaries have achieved quality standards and certifications.

Site	Company	Certification	Coverage Period
Meru Klang	Datasonic Manufacturing Sdn Bhd	ISO 9001:2015	21 January 2020 - 20 January 2023
		ISO 27001:2013	18 August 2020 - 21 May 2023
Headquarters	Datasonic Group Berhad	ISO 9001:2015	29 March 2020 – 28 March 2023
PJ RPS	Datasonic Corporation Sdn Bhd	ISO 9001:2015	15 July 2020 – 6 July 2023
PJ 223	Datasonic Manufacturing Sdn Bhd	ISO 9001:2015	22 April 2021 – 21 April 2024
	Datasonic Technologies Sdn Bhd	ISO 9001:2015	22 April 2021 – 21 April 2024

Datasonic's Quality and Information Security Management ISO Certification

As part of our efforts in ensuring our products' functionality, performance, safety and quality, we continually engage and obtain valuable feedback from our customers. All

feedback received was resolved within the stipulated timeframe. Customer satisfaction is the most fundamental principle underpinning our business operations.

91 %
of our customer base rated us as
excellent
(A-rating)

SUSTAINABILITY STATEMENT

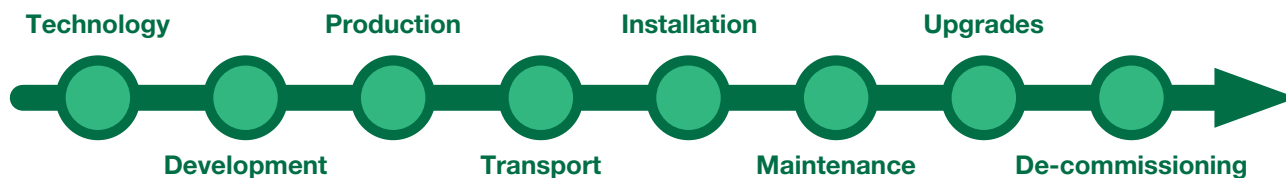
Safe, Reliable and Trusted

Datasonic is one of the nation's trusted security-related ICT solutions provider with an excellent track record in mission-critical projects.

Our current customer base includes Government agencies, financial institutions, corporations, service bureaus and commercial companies.

Innovation should never compromise safety. The philosophy is embedded throughout the life cycle of our products and processes.

Prevention is key and all products and solutions must comply with stringent product-safety regulations and legislation.



Safety is integrated throughout all stages of the life cycle.

- The Jabatan Pendaftaran Negara ("JPN") uses our distributed printing and issuance system and solutions to manage and issue highly secured national ID cards.
- We matured into a comprehensive end-to-end supplier of International Civil Aviation Organisation ("ICAO") standard electronic-passports comprising of polycarbonate data page, passport chips and a machine-readable travel document (passport booklets).
- We have helped major banks in Malaysia fully migrate their magnetic-striped credit cards into EMV-based credit cards nationwide.
- We introduced online and mobile payment solutions.
- Our ID software systems allow enterprises to incorporate a wide range of technology into their ID card program.
- We have created secure ID and smart card personalisation to implement successful loyalty and customer tracking programmes.

SOME NOTABLE MILESTONES

SUSTAINABILITY STATEMENT

Privacy and Security

Datasonic is principally engaged in the provision of ICT system and solutions. These activities involve managing highly secure and sensitive customer data. Datasonic's strict privacy and security measures are aligned with the Personal Data Protection Act 2010.

The world experienced a broad spectrum of events that disrupted people's lives; the pandemic caused economic turbulence and restricted social movements. While technology has raced to lead and respond to these times of change, data privacy practices are often left behind.

Datasonic is governed by strict standard operating procedures to prevent privacy and data breaches. We also reviewed our risk assessment to ensure such identified risks are being mitigated or resolved with a proper solution. Accordingly, we strengthened our network access controls and patched vulnerabilities in our operating system. We ensure that we are constantly equipped with sufficient knowledge to protect our systems against any evolving threats.

We are pleased to report that the latest ISO 9001:2015 QMS audit report showed that Datasonic had zero cases of non-compliance during the year.

MOVING FORWARD

Future focus

Developing technical competitive advantage and excellent track record through technology.

Upskilling and reskilling present and future human capital to power expansion, growth and the sustainability of local and international businesses.

COVID-19 has revealed some weaknesses yet opportunities for improvement in our current processes and procedures. It has forced us to adapt to a new normal and engage with others differently. It is very much apparent that a more coordinated and intersectional approach is vital to our business continuity. Throughout the challenges, the pandemic has also provided an opportunity for us to rethink our future; building one that is stronger, more resilient and sustainable.

We are optimistic about the future as we foresee better and brighter prospects in the upcoming year. New business opportunities in public security, healthcare, e-commerce and national digitalisation are anticipated and in line with the national economic recovery phase. We are well-poised with our innovative systems and solutions to tap to the opportunities across the existing and new markets and industries that we serve.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Datasonic Group Berhad (“the Company”) is committed to upholding and inculcating good corporate governance practices, with the primary objectives of safeguarding stakeholders’ interests and enhancing shareholders’ value.

The Board is pleased to present this overview statement on the application of each practice as set out in the

Malaysian Code on Corporate Governance (“MCCG”). This statement is prepared in compliance with the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and it is to be read together with the Corporate Governance Report 2021 of the Company which is available on the Company’s website at www.datasonic.com.my.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board's roles

The Board is collectively responsible for creating and delivering long-term success of the Group and sustainable value to the shareholders and various stakeholders. The Board determines the Group's vision and mission to guide and set the pace for its current operations and future development. The

responsibilities of the Board include setting the Group's strategic directions, providing the leadership to put them into effect and reporting to shareholders on their stewardship. The Board delegates authority to management, and monitor and evaluate the implementation of policies, strategies and business plans.

Separation of positions of the Chairman and Managing Director

The roles of the Chairman and the Managing Director are segregated and clearly defined. The Chairman who is an Independent Non-Executive Director is responsible for managing the Board and ensures that all Directors receive sufficient and required information relevant to the agenda laid out for the meeting of the Board to enable them to participate actively in the Board's deliberations and decisions. The Chairman is also responsible for ensuring the integrity and effectiveness of the governance processes of the Board. The Managing Director is responsible for the day-to-day management

of the business to ensure that the business operates continuously in conformity with the implementation of Board's policies, strategies and decisions.

Encik Wan Zalizan bin Wan Jusoh was appointed as Managing Director of the Company on 24 February 2021 in place of Dato' Haji Razali bin Mohd Yusof who had been redesignated to Non-Independent Non-Executive Director. Dato' Haji Razali subsequently resigned as Non-Independent Non-Executive Director of the Company on 29 March 2021.

Qualified and competent Company Secretary

The Board members have full access to the Company Secretary who is qualified to act as Company Secretary. The Company Secretary plays an advisory role in supporting the Board on matters relating to the Company's Constitution, Board's policies and

procedures, compliance with the Main Market Listing Requirements of Bursa Malaysia, Companies Act, 2016, Capital Market and Services Act, 2007, corporate governance and other regulatory requirements.

Access to information

The Board members have direct and unrestricted access, to all relevant Company's information and to the senior management personnel to assist them in the discharge of their duties and responsibilities and to enable them to make informed decisions. The Board also has direct communication channels with the External Auditors, Internal Auditors and Board Committees.

The Board members collectively and individually may seek independent professional advice in furtherance of their duties if so required. Such professional advice

may be obtained at the Company's expense with prior approval of the Chairman or the Managing Director.

The notice of meetings together with meeting materials with relevant and adequate information are distributed electronically at least seven (7) days in advance to allow preparation and meaningful discussions by the Board and Board Committees members during the meetings. All proceedings of meetings including issues raised, deliberations and decisions of the Board are properly documented and filed in the statutory records of the Company by the Company Secretary.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES (Cont'd)

The Board's roles (Cont'd)

Board Charter

The Company's Board Charter provides guidance and clarity regarding the roles and responsibilities of the Board and the Board Committees, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices. The Board Charter is available for reference on the Company's website at www.datasonic.com.my.

Board Committees and Management

To assist the Board to discharge its functions, the Board delegates certain authorities to the Board Committees, Executive Committee and Managing Director. The Board has delegated specific responsibilities to the following Board Committees:-

a) Audit Committee ("AC")

The AC serves to implement and support the oversight function of the Board on audit matters. It provides a means for review of the Company's and Group's processes for producing financial data, its internal controls, corporate code of conduct, the independence of the Company's External Auditors, and maintain an open line of communication and consultation between the Board, the Internal Auditors, the External Auditors and the Management.

The AC Report which provides insights into the manner in which the AC discharged its functions, roles and responsibilities for the Company during the financial year is contained in this Annual Report.

b) Nomination and Remuneration Committee ("NRC")

The NRC is to assist the Board in its responsibilities in evaluating new nominees to the Board, Chief Executive, Chief Financial, Chief Operating and other key management personnel as determined by the Company and in assessing the remuneration packages of the Directors and key management personnel of the Group to ensure that compensation is competitive, reflective of market conditions and consistent with the Company's performance and practices. The NRC shall also assess the Directors of the Company on an ongoing basis, the effectiveness of each individual Director and the Board as a whole and various Board Committees.

c) Risk Management Committee ("RMC")

The objective of the RMC is to assist the Board in overseeing risk management framework, policies and procedures in order to manage the overall key risk exposures of the Group.

d) Employees' Share Option Scheme Committee ("ESOSC")

The primary objective of the ESOSC is to assist the Board in implementation and administering of the ESOS in accordance with the provisions of the ESOS By-Laws.

The Terms of Reference of the above Board Committees set out among others the objectives, composition, rights and authority, duties and responsibilities of these committees, which are available for reference on the Company's website at www.datasonic.com.my. The details of the AC, NRC, RMC and ESOSC members are set out in the Corporate Information section of this Annual Report.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES (Cont'd)

The Board's roles (Cont'd)

The Executive Committee comprises of the Managing Director, Deputy Managing Director and Executive Director is responsible for the day-to-day management of the business and operations of the Group. The Executive Committee together with the Group Management Committee and Group Tender and Procurement Committee, collectively involved in executing the business and operations of the Group and implementing the Board's policies, proposals and recommendations for the strategic directions and growth of the Group.

The Board reviewed and discussed reports submitted by the Managing Director and / or the Management on the

progress of the operations, business prospects, issues and challenges related to the projects, compliance management, financial performance and issues affecting the corporate image of the Group during the quarterly Board and Special Board meetings.

During the year, the Board reviewed and assessed various local and overseas investment proposals as part of the Group's strategic plan for expansion into local and foreign markets. The Board is also regularly kept informed by the Executive Directors and the Management on the Group's operations, the latest laws and regulations and current issues.

Code of Conduct and Ethics for Directors, Whistleblowing Policy, Anti-Bribery and Anti-Corruption Policy

The Board has established the Code of Conduct and Ethic for Directors (Executive and Non-Executive Directors) which describes the standards of business undertaking and ethical behaviour for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company or when representing the Company. In May 2021, the Board reviewed the Code of Conduct and Ethics for Directors to strengthen the standards of conduct and ethical behaviour for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company.

The Group's Employee Handbook and Employees Business Conduct guidelines serve as guidelines for its employees to adhere in order to comply with the applicable laws and ethical standards to govern and ensure long-term growth, development and sustenance of the Group.

The Whistleblowing Policy established by the Board applies to all the Directors and employees of the Group and is designed to provide them with proper internal reporting channels and guidance to disclose any wrongdoing or improper conduct relating to unlawful conducts, inappropriate behaviour, malpractices, any violation of established written policies and procedures within the Group or any action that is or could be harmful to the reputation of the Company and / or compromise

the interests of the shareholders, clients and the public without fear of reprisal, victimisation, harassment or subsequent discrimination.

In compliance with the Section 17A of Malaysian Anti-Corruption Commission ("MACC") Act, 2009 on corporate liability for corruption offences, the Anti-Bribery and Anti-Corruption Policy had been adopted as part of the Company's commitment against all forms of bribery and corruption. The Company had appointed a Consultant to provide technical training and advisory services to assist the Group to develop, implement and maintain appropriate and proportionate Anti-Bribery Management System and procedures for the Group to meet and fulfill the certification requirement of ISO 37001:2016 in the most effective, efficient, and timely manner where all relevant considerations and factors are taken into account within the ISO guidelines. Technical training for the employees on Corporate Liability under Section 17A of the MACC Act, 2009 was conducted to raise awareness of the Group's conduct and business practises to ensure compliance with the Corporate Liability laws.

The Code of Conduct and Ethics for Directors, Whistleblowing Policy and Anti-Bribery and Anti-Corruption Policy are published on the Company's website at www.datasonic.com.my.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

II. BOARD COMPOSITION

Board Composition and Independent Directors on the Board

During the year, the Board has 10 members, comprising of seven (7) Independent Non-Executive Directors, one (1) Managing Director, one (1) Deputy Managing Director and one (1) Executive Director, in compliance with Paragraph 15.02(1) of the MMLR of Bursa Malaysia. The Independent Directors make up 70% of the Board composition. Presently, the number of female Directors on the Board is one (1), representing 10% of the total Board composition. The Board will review its composition and size from time to time with the aim of eventually to achieve the target of 30% female representation on the Board.

During the year, there were several changes to the Board composition as follows:-

- Appointment of Encik Wan Zalizan bin Wan Jusoh as Managing Director on 24 February 2021.
- Redesignation of Dato' Haji Razali bin Mohd Yusof from Managing Director to Non-Independent Non-Executive Director on 24 February 2021.
- Appointment of Encik Safian bin Mohd Yunus as Alternate Director to Dato' Haji Razali bin Mohd Yusof on 24 February 2021.
- Resignation of Encik Handrianov Putra bin Abu Hanifah as Executive Director on 24 February 2021.
- Appointment of Mr Chia Kok Khuang as Deputy Managing Director on 29 March 2021.
- Appointment of Encik Safian bin Mohd Yunus as Executive Director on 29 March 2021.
- Resignation of Dato' Haji Razali bin Mohd Yusof as Non-Independent Non Executive Director on 29 March 2021.
- Cessation of Encik Safian bin Mohd Yunus as Alternate Director to Dato' Haji Razali bin Mohd Yusof on 29 March 2021.
- Resignation of Mr Chew Ben Ben as Deputy Managing Director on 29 March 2021.

The Company acknowledges and recognises the benefits arising from the boardroom and workforce diversity, including enhancing the Group's performance, improving efficiency and employee retention.

The Gender Diversity Policy is published on the Company's website at www.datasonic.com.my.

The NRC has conducted an annual review on the diversity in skills, experience, age, cultural background and gender of the Directors and Key Senior Management.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

II. BOARD COMPOSITION (Cont'd)

The current diversity in the skill, experience, gender, age, ethnicity and tenure of the Board members are as follows:-

Board members

Skill and Experience	Percentage of the Board members
Security	60
Information Technology / Engineering	30
Project Development	100
Corporate Management / Business	80
Finance / Taxation	30
Accounting / Auditing	30
Human Capital	40
Legal	10

Gender	Number	Percentage
Male	9	90
Female	1	10
Total	10	100

Age Group	Male	Female
40 – 49 years	2	1
50 – 59 years	1	0
60 years and above	6	0
Total	9	1

Ethnicity	Male	Female
Bumiputera	7	1
Chinese	2	0
Total	9	1

Tenure	Executive Director	Non-Executive Director
< 1 years	3	0
1 – 2 years	0	3
> 9 years	0	4
Total	3	7

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

II. BOARD COMPOSITION (Cont'd)

Key Senior Management

The current diversity in the skill, experience, gender, age, ethnicity and tenure of the Key Senior Management are as follows:-

Skill and Experience	Percentage of the Key Senior Management
Security	62.5
Information Technology / Engineering	75
Project Development	75
Corporate Management / Business	75
Finance/Taxation	25
Accounting / Auditing	25
Human Capital	12.5

Gender	Number	Percentage
Male	5	62.5
Female	3	37.5
Total	8	100

Age Group	Male	Female
30 – 39 years	0	1
40 – 49 years	1	1
50 – 59 years	2	0
60 years and above	2	1
Total	5	3

Ethnicity	Male	Female
Bumiputera	2	2
Chinese	3	1
Total	5	3

Tenure	Key Senior Management
8 – 9 years	4
> 9 years	4
Total	8

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

II. BOARD COMPOSITION (Cont'd)

Tenure of Independent Directors

The Board has a policy which limits the tenure of its Independent Directors to nine (9) years. Upon the completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. The Board may recommend and subject to the approval of the Company's shareholders, retain an Independent Director who has served beyond a cumulative term of nine (9) years as an Independent Director of the Company.

In May 2021, the NRC assessed and recommended that General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Dato' Wan Mohd Safiain bin Wan Hasan,

Dato' Wan Ibrahim bin Wan Ahmad and Mr Yee Kim Shing @ Yew Kim Sing, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as the Independent Non-Executive Directors of the Company. Hence, the Board would table the ordinary resolutions to the shareholders at the forthcoming Thirteenth Annual General Meeting to retain General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Dato' Wan Mohd Safiain bin Wan Hasan, Dato' Wan Ibrahim bin Wan Ahmad and Mr Yee Kim Shing @ Yew Kim Sing as the Independent Non-Executive Directors of the Company.

Annual Assessment of Independence

In April 2021, each of the Independent Directors had furnished the confirmation of Independence as part of the annual independence assessment.

The Board through the NRC undertook the independence assessment of all its Independent

Directors. The NRC and the Board are satisfied with the level of independence demonstrated by all the Independent Directors, their abilities to act in the best interest of the Company and meet the independence criteria prescribed by the MMLR of Bursa Malaysia.

Appointment of Board and Senior Management

The appointment of new Board member and Senior Management is under the purview of the NRC whose primary responsibilities are to evaluate, assess and recommend candidates for the Board's approval.

In reviewing and recommending to the Board on the appointment of new Board member and Senior Management, the NRC considers the candidate's ability to discharge such responsibilities / function as well as the candidate's competencies, commitment, contribution and performance, skills, knowledge, expertise and experience, professionalism, age, cultural backgrounds, leadership qualities and integrity. For appointment of Independent Director, considerations will also be given on whether the candidate meet the requirements for independence criteria as prescribed by the MMLR of Bursa Malaysia

and time commitment expected from them.

In February 2021, the NRC assessed the fit and proper criteria and suitability of the candidate, Encik Wan Zalizan bin Wan Jusoh for the appointment as Director and Managing Director of the Company. The NRC was guided by the the criteria for membership of the Board as stipulated in the Board Charter. Based on the NRC's review, the NRC determined that the candidate recommended by the management has appropriate understanding of the conduct of the Group's business, commitment, high ethical standards and experience to enable him to discharge his duties and responsibilities effectively. Upon the Board's approval, Encik Wan Zalizan was appointed as Director and Managing Director of the Company on 24 February 2021.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

II. BOARD COMPOSITION (Cont'd)

Appointment of Board and Senior Management (Cont'd)

In February 2021, the NRC also recommended to the Board for approval, the re-designation of Dato' Haji Razali bin Mohd Yusof from Managing Director to Non-Independent Non-Executive Director with effect from 24 February 2021.

In March 2021, the NRC assessed the fit and proper criteria and suitability of the candidates, Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus for the appointment as Deputy Managing Director and Executive Director of the Company respectively. The candidates were recommended by the management. The NRC opined that candidates have appropriate

understanding of the conduct of the Group's business, commitment, high ethical standards, knowledge and experience to enable them to discharge their duties and responsibilities effectively. Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus were appointed to the Board on 29 March 2021.

During the year under review, Encik Handrianov Putra bin Abu Hanifah resigned from the Board on 24 February 2021. Subsequently, Dato' Haji Razali bin Mohd Yusof and Mr Chew Ben Ben resigned from the Board on 29 March 2021.

Board Assessment

In April 2021, the Company Secretary facilitated the NRC in carrying out the annual evaluation of the effectiveness of the Board, Board Committees and individual Directors.

In May 2021, the NRC and the Board reviewed the results of the evaluation exercise. The results indicated that the Board and Board Committees had been effective in discharging their functions, roles and responsibilities. The comments given by the Board members on the areas for continuous improvement were duly noted by the Board. The results of the evaluation exercise were adopted by the Board.

In May 2021, the NRC assessed the performance and time commitment of those Directors who are due to retire and eligible to stand for re-election at the Thirteenth AGM, taking into consideration the results of the evaluation on the effectiveness of the Board, Board Committees and Directors' self-

assessment; time commitments in discharging their roles and responsibilities, including attendance at Board or Board Committees meetings, briefings and site visitations; participation in continuing training programmes, contribution to the Board through their skills, knowledge, expertise and experience; and directorships in other public listed companies, public companies and corporations.

The NRC is satisfied with the performance of the Directors, namely, Dato' Wan Mohd Safiain Bin Wan Hasan and Mr Yee Kim Shing @ Yew Kim Sing who are retiring in accordance with Clause 165 of the Constitution of the Company and Encik Wan Zalizan bin Wan Jusoh, Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus who are retiring in accordance with Clause 156 of the Constitution of the Company at the forthcoming Thirteenth AGM. The NRC recommended to the Board for the re-election of the concerned Directors.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

II. BOARD COMPOSITION (Cont'd)

Succession Planning

The Board recognises the importance of identifying and retaining talent as key factor to the Group's continued growth and success. The Succession Planning Guidelines adopted by the Board are intended to provide a general method to help the Group develop and

implement its own succession planning process. The Guidelines are to ensure continuity of key management positions that exert critical influence on organisational activities, either operationally, strategically or both.

Foster Commitment

The Board is satisfied that its members have devoted sufficient time towards fulfilling their roles and responsibilities as Directors of the Company. Details of the Directors' attendance at Board, AC, NRC and RMC meetings held during the financial year ended 31 March 2021 are set out in Table 1.

To facilitate the Directors' time planning, the annual meeting calendar is prepared and circulated in advance each year. The calendar provides Directors with scheduled dates for meetings of the Board and Board Committees, the AGM as well as the closed periods for dealings in securities by Directors based on the targeted dates of announcements of the Group's quarterly results. In addition, notice on the closed period for dealings in the securities of the Company is circulated to all Directors and principal officers who are deemed to be privy to any sensitive information and knowledge in advance whenever the closed period is applicable

based on the targeted date of announcement of the quarterly results of the Group.

The Directors are required to disclose and update their directorships and shareholdings in other companies as and when necessary at every Board meeting. The Directors are also expected to comply with Paragraph 15.06 of the MMLR of Bursa Malaysia on the maximum number of five (5) directorships they can hold in public listed companies to ensure that all Directors are able to commit sufficient time to carry out their roles and responsibilities. Currently, all the Directors of the Company have complied with the said requirements.

The Directors are also required to notify the Chairman before accepting any new directorship and shall include an indication of time that will be spent on the new appointment.

Name of Director	Attendance of Meetings			
	Board	AC	NRC	RMC
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) (Chairman)	5 / 5	-	-	-
Dato' Wan Mohd Safiain bin Wan Hasan	5 / 5	5 / 5	-	2 / 2
Encik Wan Zalizan bin Wan Jusoh	1 / 1	-	-	-
Mr Chia Kok Khuang	0 / 0*	-	-	-
Encik Safian bin Mohd Yunus	1 / 1	-	-	-
Dato' Sri Sharifuddin bin Ab Ghani	5 / 5	-	2 / 2	2 / 2
Dato' Wan Ibrahim bin Wan Ahmad	5 / 5	5 / 5	-	-
Dato' Ibrahim bin Abdullah	5 / 5	-	2 / 2	-
Mr Yee Kim Shing @ Yew Kim Sing	4 / 5	4 / 5	-	-
Cik Noor Suhaila binti Saad	5 / 5	-	2 / 2	2 / 2

Table 1

* No meeting was held after his appointment.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

II. BOARD COMPOSITION (Cont'd)

Directors' Training

The Directors are mindful that they are required to attend suitable training programmes to keep abreast with the current development of the industry as well as the applicable statutory and regulatory requirements. The Directors are encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues that are best suited to enhance their knowledge.

The Board through the NRC evaluated and assessed the training needs of the Board members and also recommended the type of training programmes for the Directors to attend.

The Directors will continue to participate in training programmes to equip themselves and to effectively discharge their duties as Directors as and when necessary. The Company Secretary facilitates

programme registration for participating Directors and would maintain such records of the programmes and their attendance thereat.

As at the date of this Corporate Governance Overview Statement, all Directors except for the newly appointed Directors, namely, Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus have attended the Mandatory Accreditation Programme as prescribed by Bursa Malaysia. Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus are expected to attend the Mandatory Accreditation Programme from 31 May 2021 to 2 June 2021.

The NRC reviewed the training programmes attended by the Directors during the financial year under review. The various training programmes, seminars and conferences attended by the Directors are as follows:-

Directors	Training Programmes
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	Malaysian Anti-Corruption Commission Act Section 17A (Corporate Liability) 27 July 2020
Dato' Wan Mohd Safiain bin Wan Hasan	Malaysian Anti-Corruption Commission Act Section 17A (Corporate Liability) 27 July 2020
	Sales Tax and Service Tax Webinar 5 May 2021
Encik Wan Zalizan bin Wan Jusoh	Sales Tax and Service Tax Webinar 5 May 2021
Mr Chia Kok Khuang	Malaysian Anti-Corruption Commission Act Section 17A (Corporate Liability) 27 July 2020
	Sales Tax and Service Tax Webinar 5 May 2021
Encik Safian bin Mohd Yunus	Sales Tax and Service Tax Webinar 5 May 2021
Dato' Wan Ibrahim bin Wan Ahmad	Malaysian Anti-Corruption Commission Act Section 17 (Corporate Liability) 27 July 2020

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

II. BOARD COMPOSITION (Cont'd)

Directors' Training (Cont'd)	
Directors	Training Programmes
Dato' Sri Sharifuddin bin Ab Ghani	Malaysian Anti-Corruption Commission Act Section 17A (Corporate Liability) 27 July 2020
	Amendments to Listing Requirements – 2019 & 2020. Guidelines on conduct of Directors of Listed Corporations and their subsidiaries – 2020. Analysis of Corporate Governance Monitor 2020 and de-listing options 22 December 2020
	Sales Tax and Service Tax Webinar 5 May 2021
Dato' Ibrahim bin Abdullah	Malaysian Anti-Corruption Commission Act Section 17A (Corporate Liability) 27 July 2020
	Sales Tax and Service Tax Webinar 5 May 2021
Mr Yee Kim Shing @ Yew Kim Sing	Malaysian Anti-Corruption Commission Act Section 17A (Corporate Liability) 27 July 2020
Cik Noor Suhaila binti Saad	Airbus Malaysia Connect Webinar by Airbus Malaysia 22 April 2021
	Unravelling Trademarks Act 2019 Seminar by Malaysian Intellectual Property Association (MIPA) 24 June 2020
	Malaysian Anti-Corruption Commission Act Section 17A (Corporate Liability) 27 July 2020
	Artificial Intelligence & Intellectual Property by Malaysian Bar 24 September 2020
	Creative Economy 2021 Forum in Conjunction with Budget 2021 6 October 2020
	Build and Grow Online Business Webinar by Alliance Bank 26 October 2020
	Budget Proposal Outlook on M&A, Issues Affecting Investment / Business and the Proposed Amendment to Tax Law by Malaysian Bar 30 November 2020
	Keep Calm and Carry On Conveyancing by Malaysian Bar 7 December 2020
	Sales Tax and Service Tax Webinar 5 May 2021

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

III. REMUNERATION

Remuneration of Directors and Key Senior Management

The remuneration packages of the Executive Directors are structured based on their experience, responsibilities and performance. The NRC reviewed the salary increment and bonuses for the Managing Director, Deputy Managing Director, Executive Directors as well as the Key Senior Management based on their respective responsibilities, performance and the business performance of the Group in terms of profit contributions.

The remuneration of Non-Executive Directors is by way of fixed annual fees, based on the recommendation of the Board to be approved by the shareholders at the AGM. The level of remuneration reflects the experience and level of responsibilities undertaken by each Non-Executive Director. The Directors concerned do not participate in the deliberations and decisions in respect of their individual remuneration. They are also reimbursed reasonable expenses incurred in the course of carrying out their duties on behalf of the Group, if applicable. In addition, the Non-Executive Directors are also paid meeting allowances based on their attendance at the Board and Board Committees meetings to defray their expenses in preparation and attendance of such meetings.

The Remuneration Framework adopted by the Board is designed to increase the motivation level and productivity of the Group's employees and ensure that the salary levels commensurate to the individual staff's performance. As a general principle, the remuneration

of Directors and Key Senior Management (i.e. Directors of the subsidiary companies, Chief Operating Officer and Heads of Departments) is linked to their level of responsibilities and how well these responsibilities have been discharged.

In February 2021, the NRC reviewed and recommended to the Board for approval the remuneration package of the Managing Director, Encik Wan Zalizan bin Wan Jusoh and the Director's fee of the Non-Independent Non-Executive Director, Dato' Haji Razali bin Mohd Yusof.

Subsequently in March 2021, the NRC reviewed and recommended to the Board for approval the remuneration package for Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus who have been appointed as the Deputy Managing Director and Executive Director of the Company respectively. No Director is involved in deciding his or her remuneration.

In May 2021, the Board approved the NRC's recommendation for the Company to seek the shareholders' approval at the Thirteenth AGM for the Directors' fees payable to the Non-Executive Directors of the Company up to an amount of RM1,100,000 from the day after the Thirteenth AGM until the next AGM of the Company, to be paid monthly in arrears; and the Directors' benefits payable to the Non-Executive Directors of the Company up to an amount of RM200,000 from the day after the Thirteenth AGM until the next AGM of the Company.

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

III. REMUNERATION (Cont'd)

Remuneration of Directors and Key Senior Management (Cont'd)

The details of the Directors' Remuneration for the financial year ended 31 March 2021 are set out below:-

Directors	Company				Subsidiary Companies				Group
Name of Director	Director's Fee	Other Benefits (Salary, bonus, allowance and EPF)	Estimated money value of benefits-in-kind	Total	DIRECTOR'S FEE	Other Benefits (Salary, bonus, allowance and EPF)	Estimated money value of benefits-in-kind	Total	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Non-Executive Directors									
General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	216,000.00	6,000.00	-	222,000.00	-	-	-	-	222,000.00
Dato' Wan Mohd Safiain bin Wan Hasan	102,000.00	13,000.00	-	115,000.00	-	-	-	-	115,000.00
Dato' Haji Razali bin Mohd Yusof (Redesignated on 24.02.2021, Resigned on 29.03.2021)	6,000.00	-	-	6,000.00	-	-	-	-	6,000.00
Dato' Wan Ibrahim bin Wan Ahmad	84,000.00	11,000.00	-	95,000.00	-	-	-	-	95,000.00
Dato' Sri Sharifuddin bin Ab Ghani	102,000.00	10,000.00	-	112,000.00	-	-	-	-	112,000.00
Dato' Ibrahim bin Abdullah	84,000.00	8,000.00	-	92,000.00	-	-	-	-	92,000.00
Mr. Yee Kim Shing @ Yew Kim Sing	120,000.00	9,000.00	-	129,000.00	-	-	-	-	129,000.00
Cik Noor Suhaila binti Saad	96,000.00	10,000.00	-	106,000.00	-	-	-	-	106,000.00
Executive Directors									
Dato' Haji Razali bin Mohd Yusof (Redesignated on 24.02.2021)	-	650,671.40	-	650,671.40	-	-	-	-	650,671.40
Mr Chew Ben Ben (Redesignated on 29.03.2021)	-	838,044.80	-	838,044.80	-	-	-	-	838,044.80
Encik Handrianov Putra bin Abu Hanifah (Redesignated on 24.02.2021)	-	302,108.43	-	302,108.43	-	-	-	-	302,108.43
Encik Wan Zalizan bin Wan Jusoh (Appointed on 24.02.2021)	-	52,690.31	-	52,690.31	-	-	-	-	52,690.31
Mr Chia Kok Khuang (Appointed on 29.03.2021)	-	-	-	-	-	-	-	-	-
Encik Safian bin Mohd Yunus (Appointed on 29.03.2021)	-	-	-	-	-	-	-	-	-
Total Directors' Remuneration	810,000.00	1,910,514.94	-	2,720,514.94	-	-	-	-	2,720,514.94

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS

III. REMUNERATION (Cont'd)

The remuneration of the top eight (8) Key Senior Management of the Group during the financial year ended 31 March 2021 in bands of RM50,000 are as follows:-

Key Senior Management Remuneration	Number
RM200,000 – RM250,000	2
RM250,000 – RM300,000	2
RM300,000 – RM350,000	2
RM350,001 – RM400,000	1
RM450,001 – RM500,000	1
Total	8

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

Composition of AC

The AC of the Company comprises of three (3) members, all of whom are Independent Non-Executive Directors in compliance with the requirements of Paragraphs 15.09 (1)(a) and (b) of the MMLR of Bursa Malaysia.

To ensure the overall effectiveness and independence of the AC, the positions of the Chairman of the Board and Chairman of the AC are held by different persons. The AC is chaired by an Independent Non-Executive Director, Mr Yee Kim Shing @ Yew Kim Sing.

Collectively, the AC members possess a wide range of necessary skills to discharge their duties and responsibilities. The Terms of Reference of the AC is available for reference on the Company's website at www.datasonic.com.my.

The composition and details of the activities carried out by the AC for the financial year under review are set out in AC Report of this Annual Report.

Financial Reporting Process

The Board takes responsibility to provide a balanced and meaningful assessment of the Group's financial performance and position primarily through the financial statements of the Company and of the Group, quarterly management report and accounts and quarterly financial results to Bursa Malaysia, Chairman's Statement and Management Discussion and Analysis in the Annual Report.

The Board is assisted by the AC and the Chief Financial Officer in overseeing and governing the Group's financial reporting processes and the quality and integrity of its financial information.

The Directors' Responsibilities Statement in respect of the preparation of the Annual Audited Financial Statements is set out separately in this Annual Report.

External Auditors and its Independence

As one of its functions, the AC undertakes an annual assessment of the External Auditors to gauge their performance, suitability and independence. Based on the results of this assessment, the AC makes recommendation to the Board for their re-appointment or termination, as applicable.

The annual evaluation of the External Auditors provides the AC with a disciplined approach for maintaining effective oversight of the External Auditors' performance. The objective of this External Auditors Assessment Policy is to outline the guidelines and procedures for the AC to review, assess and monitor the competency of the External Auditors.

During the financial year under review, the AC had private meetings with the External Auditors

without the presence of the Executive Board members and management.

The External Auditors Assessment Policy is available for reference on the Company's website at www.datasonic.com.my.

In this regard, the AC assessed the performance, suitability and independence of Messrs Crowe Malaysia PLT as External Auditors of the Company as well as reviewed the non-audit services provided by them for the financial year under review. This enables the AC to determine that the nature of the non-audit services would not adversely impair the External Auditors' professional independence and that the related fees levied are fair and realistic.

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC (Cont'd)

External Auditors and its Independence (Cont'd)

The AC also received confirmation from Messrs Crowe Malaysia PLT that they will continuously comply with the relevant ethical requirements regarding professional independence with respect to the audit of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-Laws (On

Professional Ethics, Conduct and Practice).

The Board approved the AC's recommendation for the Company to seek the shareholders' approval for the re-appointment of Messrs Crowe Malaysia PLT as External Auditors of the Company at the forthcoming AGM.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

External Auditors and its Independence (Cont'd)

The Risk Management Committee ("RMC") of the Company comprises of three (3) members, all of whom are Independent Non-Executive Directors. The RMC is chaired by an Independent Non-Executive Director, Dato' Wan Mohd Safiain bin Wan Hasan.

The RMC was established to assist the Board in overseeing risk management framework and policies in order to manage the overall risk exposure of the Group.

The Board is responsible for ensuring that risks and opportunities are identified on a timely basis to continuously safeguard the shareholders' investment

and the Group's assets. The Board is assisted by the Risk Management Committee to perform continuous review and monitor on the adequacy and effectiveness of risk mitigation plans and internal control measures pertaining to the key risks.

The Statement on Risk Management and Internal Control made pursuant to Paragraph 15.26(b) of the MMLR of Bursa Malaysia is separately set out in this Annual Report.

The Terms of Reference of the RMC is published on the Company's website at www.datasonic.com.my.

Internal Audit Function

The Internal Audit function is led by the Chief Internal Auditor who reports functionally to the AC and administratively to the Managing Director.

Details of the Group's internal control systems are set out separately in the Statement on Risk Management and Internal Control and the AC Report in this Annual Report.

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS / SHAREHOLDERS

Communication with Stakeholders / Shareholders

The Board recognises the importance of ongoing communication with shareholders and stakeholders of the Company which will build mutual trust and better understanding. The Company is committed to provide its shareholders, stakeholders and investors with transparent, accurate and quality disclosure on timely and even basis of the Company's operations, financial conditions and future prospects in conformity with applicable legal and regulatory requirements.

The Corporate Disclosure Policy and Procedures and the Shareholders Communication Policy established by the Board are published on the Company's website at www.datasonic.com.my.

Information is communicated to the Shareholders mainly through the Company's annual reports, quarterly financial reports, AGM and other extraordinary general meetings that may be convened, as well as by way of disclosures made to Bursa Malaysia and other corporate publications on the Company's website. The Company had amended its Constitution to permit the use of electronic means to issue documents required to be sent to the shareholders.

The Company encourages shareholders to participate in shareholders' meetings or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.

II. CONDUCT OF GENERAL MEETING

Encourage shareholders participation at general meetings

The AGM and Extraordinary General Meeting ("EGM") of the Company are important platforms for the Directors and senior management to engage with the shareholders to facilitate greater understanding of the Company's business, governance and performance.

As a precautionary measure amid Covid-19 outbreak, the Company conducted its first AGM and EGM through live streaming and online remote participation by using Remote Participation and Voting Facilities ("RPV") on 17 September 2020, which are in compliance with Section 327(1) and (2) of the Companies Act, 2016 and Clause 106 of the Constitution of the Company. The virtual AGM and EGM supported meaningful engagement between the board, senior management and shareholders and it also provides an avenue for the shareholders to seek clarification and insights into the operations and financial performance of the Group.

During the Question-and-Answer session of the AGM and EGM, its shareholders were invited to post their questions to the Board. The Chairman, Company Secretary and the

Management were present at the meetings to answer shareholders' queries and concerns. The Company's External Auditors and Corporate Advisers participated remotely at the AGM and EGM respectively.

The Notice of Thirteenth AGM will be issued to the shareholders on 16 August 2021 and the AGM will be held on 15 September 2021, which is more than 28 days prior to the AGM date.

In line with the MMLR of Bursa Malaysia, the Company will conduct voting through electronic polling for all the resolutions set out in the Notice of Thirteenth AGM. The Company will appoint Commercial Quest Sdn Bhd (Registration No. 199401025328 (311007-M)) to perform scrutineering services and to validate the votes cast at the Thirteenth AGM.

This Corporate Governance Overview Statement was approved by the Board of Directors of the Company on 27 May 2021.

AUDIT COMMITTEE REPORT

The Audit Committee of Datasonic Group Berhad (“the Company”) is pleased to present the Audit Committee Report for the financial year ended 31 March 2021 which provides insights into the manner in which the Audit Committee discharged its functions, roles and responsibilities for the Company during the financial year.

COMPOSITION AND ATTENDANCE

The Audit Committee comprises of three (3) members, all of whom are Independent and Non-Executive Directors (“INED”) in compliance with the requirements of paragraphs 15.09 (1) (a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The Chairman of the Audit Committee, Mr. Yee Kim Shing is a member of the Malaysian Institute of Accountants, the Institute

of Chartered Accountant of Australia and the Institute of Certified Public Accountants of Singapore which further complies with paragraph 15.09 (1)(c)(i) of the MMLR.

The Audit Committee held five (5) meetings during the financial year ended 31 March 2021 and the attendance of the members at the meetings are as follows:-

Audit Committee Members	Designation	Numbers of meetings attended
Mr. Yee Kim Shing @ Yew Kim Sing	Chairman, Independent Non-Executive Director	4 / 5
Dato' Wan Mohd Safiain bin Wan Hasan	Member, Independent Non-Executive Director	5 / 5
Dato' Wan Ibrahim bin Wan Ahmad	Member, Independent Non-Executive Director	5 / 5

Table 2

In compliance with the requirements of paragraph 15.20 of Bursa Securities Listing Requirements and MCGG, the Board reviewed the terms of office and performance of the Audit Committee and each of its members by way of an annual effectiveness evaluation carried out by the Nomination and Remuneration Committee. Based on the Nomination and Remuneration

Committee's assessment and recommendation, the Board is satisfied that the Audit Committee and its members have carried out their functions, duties and responsibilities in accordance with its Terms of Reference which supported the Board in ensuring that the Group upholds appropriate Corporate Governance Standards and practices.

AUDIT COMMITTEE REPORT

MEETINGS

The Audit Committee meetings were also attended by the Managing Director, Deputy Managing Director, representatives of the External Auditors, Senior Vice President of Operations, Senior Vice President of Finance, Internal Auditors and relevant members of the Management Team to facilitate continuous engagement, direct communication and provide clarification on audit issues, Group's operations as well as other issues and matters within the terms of reference of the Audit Committee which warranted the attention of the Audit Committee in a timely manner, as applicable. Matters of significant concern raised by the internal and external

auditors, if any, were duly conveyed and dealt with by the Audit Committee and / or to the Board.

Minutes of each Audit Committee meeting were recorded and tabled for confirmation and adoption at the next following Audit Committee meetings and subsequently presented to the Board for notation. The minutes of the Audit Committee meetings which include details of deliberations, decisions and resolutions on the matters brought up in the meetings are properly maintained by the Company Secretary.

AUDIT COMMITTEE MEMBERS' TRAINING

Information on training programmes and seminars attended by each Audit Committee member during the

financial year are set out in the Corporate Governance Overview Statement under "Directors' Training".

THE PROCESS OF THE AUDIT COMMITTEE

The Audit Committee meets at least four (4) times a year scheduled every quarter and will have no hesitation to convene additional meetings as the Audit Committee's roles and responsibilities require. The Audit Committee may invite any member of Management or employee of the Group to attend its meetings if deemed necessary and has access to any relevant form of advice from independent professionals, information and the views and services of the Company Secretary in carrying out its duties and functions.

The Audit Committee Chairman reports to the Board on a quarterly basis on all significant matters discussed, deliberated upon and dealt with at the Audit Committee Meetings. Amongst others, it covers the Audit Committee's recommendations to approve

the quarterly Management Reports and Accounts, the quarterly consolidated financial results released to Bursa Malaysia, the annual financial statements of accounts, key disclosure statements on governance and other relevant matters in the Annual Report as well as significant audit issues raised by the External Auditors and Internal Auditors, as applicable.

The Audit Committee continuously reviews its Terms of Reference to reflect the updated internal processes of the Management and current requirements as promulgated by the authorities whenever necessary. The Terms of Reference of the Audit Committee is available for reference on the Company's website at www.datasonic.com.my.

AUDIT COMMITTEE REPORT

A. SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

During the financial year, the Audit Committee has fully discharged its functions and duties as set out in its terms of reference. Summary of work and activities undertaken by the Audit Committee during the financial year comprised the following:-

1. Financial Reporting

- a. Reviewed the audited financial statements of Datasonic Group Berhad which comprise the statements of financial position as at 31 March 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company, notes to the financial statements, summary of significant accounting policies as well as the related statutory auditors' report prior to submission to the Board for consideration and approval, after ensuring that:-
 - i. The audited financial statements were drawn up in accordance with the applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia;
 - ii. Key audit matters are properly presented in the auditors' report based on the auditors' professional judgement that such matters are most significant in their audit of the financial statements of accounts of the Group and of the Company for the current financial year;
 - iii. The audited annual financial statements of accounts do not contain any misstatement of

transactions and the auditors are in a position to issue an unqualified opinion on the matter of truth and fairness of the financial performance and the financial position of the Company and of the Group.

- b. Reviewed and discussed the quarterly Management Reports and Accounts of the Company and of the Group as well as the unaudited quarterly consolidated financial results of the announcements and made recommendations to the Board for approval before release to Bursa Malaysia.

To uphold the integrity of the financial statements of accounts, the Senior Vice President of Finance and the Assistant Financial Controller attended all Audit Committee meetings held throughout the financial year and confirmed that:-

- i. Appropriate accounting policies had been adopted and applied consistently; and
- ii. Prudent and realistic estimates had been made in accordance with the requirements as set out in the applicable MFRSs.
- c. Reviewed and discussed with the Management on the adequacy of processes and controls in place for an effective and meaningful financial reporting and disclosures in support of the integrity of financial information issued by the Group.
- d. Reviewed and discussed with the Management on the appropriateness of bases and relevant documentations as evidence in support of the recoverability and fair value of major assets.

AUDIT COMMITTEE REPORT

2. External Auditors

a. In February 2021, reviewed and discussed the Audit Planning Memorandum of the External Auditors for the financial year ending 31 March 2021. This covers the engagement and reporting requirements, audit approach, areas of audit emphasis particularly in relation to the key audit matters, significant events during the year, group audit, reliance on internal audit, engagement team, reporting and deliverables, proposed audit fees and the new developments in accounting standards.

b. In May 2021, reviewed and discussed the Audit Review Memorandum issued by the External Auditors in relation to the annual year-end audit, covering on significant audit findings, their evaluation of the system of internal controls and material deficiencies in internal controls as part of their auditing procedures, status of independence, communication with Audit Committee on major issues, summary of unadjusted differences and the expected opinion to be rendered by the auditors.

c. In May 2021, reviewed and discussed the draft Audited Financial Statements of the Company and of the Group for the financial year ended 31 March 2021 and draft Annual Report 2021 which encompasses all relevant disclosure statements in line with MMLR before recommending the same to the Board for approval.

d. In accordance with the External Auditors Assessment Policy and paragraph 15.21 of MMLR, the Audit Committee had in May 2021 undertook an annual assessment on the performance of the External Auditors focusing on issues of their suitability, objectivity and professional independence together with the Senior Vice President of Finance and Management. The External Auditors' Assessment Policy is available for reference on the Company's website at www.datasonic.com.my.

d (i):-

A questionnaires checklist was used to determine the minimum performance assessment procedures on the quality and effectiveness of the external audit functions for purposes of reaching the decision as to whether to recommend to the Board on the question of their re-appointment. Input and feedback were also obtained from the Management who had close contact and involvement with the external auditors throughout the financial year to assess on the level of professionalism conducted by the External Auditors in the undertaking of the annual audit.

d (ii):-

The assessment and evaluation processes covered the following areas:-

i. Independence and objectivity

(a) Reviewed and discussed on the professional independence of the External Auditors for the financial year ended 31 March 2021 which amongst others include assessment on the:-

- External auditors firm with emphasis on key professionals assigned to the external audit team to ensure their independence and objectivity in fact and appearance;
- The terms of the audit engagement and quality control partners on the issues of rotation requirements from the risks and best practice viewpoints;
- Measures to keep track of evolving best standards and practices in areas relating to independence and ethical rules to ensure continuous compliance, of the same; and
- Detailed list of non-audit services rendered by the external auditors firm and related fees together with the pertinent information on the nature of the services undertaken focusing on the potential impact of the professional independence.

AUDIT COMMITTEE REPORT

(b) The External Auditors had provided written assurances to the Audit Committee that they had continuously comply with the relevant ethical requirements regarding professional independence with respect to the audited financial statements of accounts of the Group in accordance with their firm's requirements, requirements of ISA 300: Planning an Audit Financial Statements and the Malaysian Institute of Accountants' By-Laws (on Professional, Ethics, Conduct and Practice). The External Auditors also confirmed that the total fees paid including that of non-audit services rendered to the Group for the financial year under review did not impact their professional independence.

(c) The Audit Committee had reviewed the summary of non-audit services rendered to the Group which comprised mainly recurring assignments of non-audit services in respect of tax compliance, review on corporate tax implication and incentive, review on SST and import duty implications, annual review of the Statement on Risk Management and Internal Control and the agreed-upon-procedures (i.e. certification of accounts for submission to licensing bodies).

The Group has incurred a total of approximately RM214,000 for non-audit services representing around 47% of total fees.

ii. Performance, suitability and competencies

The Audit Committee had assessed and evaluated the performance, suitability and competencies of the External Auditors based on the following guidelines and criterion:-

- Calibre of the external audit firm of international status, size and resources to conduct effective and constructive audits of listed issuers;
- Quality of processes and performance audit procedures which cover quality control, the approach to seek and assess management representations, the approach to audit judgments and understanding of key issues and intricacies of business operations, the bases and extent of reliance external auditors place on management as well as the performance targets' achievement of quality audits (i.e. audit scopes, audit plan, timing, etc.);
- Audit team with emphasis on the competencies, qualifications and experiences of the Engagement Partner, Quality Review Partner, Audit Managers and Audit Senior taking into consideration on the matter of familiarities with the Group's industry and complex operations;
- Adequacy and appropriateness of audit scopes, planning and conduct of work in line with the related risks and internationally best practices;
- Fairness and reasonableness of audit fees in tandem with the scopes, size and complexities of the audit assignments; and
- Quality and timely communications and dealing of audit issues, recommendations and resolutions in an atmosphere of sound and professional relationship with the relevant personnel of the Group.

AUDIT COMMITTEE REPORT

d (iii):-

Further, the Management had confirmed that the External Auditors had:-

- i. Maintained active and fruitful engagements and communications with relevant Management personnel in the undertaking of the audit; and
- ii. Substantiated the proposed audit fees as competitive and reasonable based on the complexities, sizeable volume of transactions and time spent on the audit undertakings.

With reference to the meetings held with the external auditors, the AC was satisfied on the extent of communication and interaction with the audit engagement partner and the engagement team, which clearly demonstrated their unquestionable independence, objectivity and professionalism. The outcome of the performance assessment supports the Audit Committee's recommendation to the Board for re-appointment of Crowe Malaysia PLT as the External Auditors of the Company for the ensuing year.

The Board at its meeting in May 2021 was satisfied with the effective assessment procedures performed and reported by the Audit Committee. Accordingly, the Board approved the Audit Committee's recommendation to re-appoint Messrs Crowe Malaysia PLT, subject to the shareholders' approval to be sought at the forthcoming Annual General Meeting.

- e. With reference to the MIA Circular No. 25/2018: Change in Partner Rotation Period, the lead engagement partner and quality control review partner for the financial statements of Datasonic Group will be subject to a seven-year rotation with a three-year cooling-off period. The Audit Engagement Partner and Quality Control Review Partner were appointed in 2021 and 2019 respectively and will be due for rotation in 2028 and 2026 respectively.
- f. Reviewed and discussed the progress of the implementation and assessment of new development of accounting standards adopted by the Group, details of which are reflected in the financial statements of accounts incorporated in the Annual Report. The adoption of the new accounting standards mainly are not expected to have material impact on the financial statements of accounts of the Group and of the Company.
- g. Reviewed the Statement on Risk Management and Internal Control for the financial year ended 31 March 2021 issued by the Company together with the report extended by the External Auditors in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by MIA.
- h. For the year ended 31 March 2021, the Audit Committee held private meetings with the External Auditors without the presence of the Executive Directors and the Senior Management. There were no significant unfavourable points raised by the External Auditors which warranted the attention of the Audit Committee and of the Senior Management.

AUDIT COMMITTEE REPORT

3. Internal Auditors

a. Reviewed and discussed the Internal Audit Reports which consists of the audit findings, recommendations and the corrective actions agreed and committed by the Management which will ensure all key risks are addressed on a timely basis with mitigating controls in place. There were 13 Internal Audit Reports issued by the Internal Audit Department ("IAD") for the financial year ended 31 March 2021 which were aligned to the Audit Planning Memorandum approved by the Audit Committee.

The selected key audit areas for the financial year ended 31 March 2021 which constituted the subject matters of the audit assignments carried out by the IAD were as follows:-

- i. Finance and Accounting
- ii. Human Capital Development
- iii. Fixed Assets Management
- iv. Project Management
- v. Regional Personalisation Services
- vi. Production Operations
- vii. Plant Security

The audit findings predominantly related to normal operational shortcomings of lapses of controls in the internal control system. The Internal Audit Reports were also shared and reviewed by the External Auditors in their audit planning purpose for effective co-ordination and consideration on the work covered between internal and external auditor functions as well as to determine and guide their audit strategies and procedures.

b. Reviewed the performance, progress and activities of the Internal Audit functions on quarterly basis which covered the following aspects:-

- i. The status of completion of planned audit assignments and other compliance work as per the approved Audit Planning Memorandum;
- ii. Modifications to the approved Audit Planning Memorandum, if any, to cater for ad-hoc audit assignments requested by the Management / Executive Committee and / or Audit Committee / Board or as a result of consequential changes in the business operations and corporate development of the Group;
- iii. Adequacy of resources, skills and competencies in regard to the Internal Audit professionals. For skills and competencies, the Audit Committee also reviewed the applicable training and development programme attended by IAD personnel as well as the continuing education programme of relevance to ensure that the IAD developed a mixture of skilled and competent auditors in the IAD;
- iv. Significant matters / issues / challenges faced by IAD in the conduct of audit fieldwork; and
- v. The man-hours and costs incurred by IAD in discharging its roles and responsibilities within approved man-hours budget and costs budget.

AUDIT COMMITTEE REPORT

- c. Reviewed the progress of the implementation of the corrective action plans committed by the Management for all key audit findings and recommendations highlighted in previous Internal Audit Reports.

In respect of long-outstanding audit findings of significance, the Audit Committee followed the practice of instructing IAD to formally communicate with the auditees in expressing the Audit Committee concerns with requests for timely resolution of the outstanding audit issues.

- d. Reviewed the Audit Planning Memorandum of the IAD for the working period from June 2021 to May 2022 in respect of the financial year ending 31 March 2022 with emphasis on the audit scopes of work, audit activities and planned of work, adequacy of resources and sufficiency of coverage of auditable areas selected in accordance with the risk-based audit approach.
- e. Reviewed the assessment performed on the level of compliance of IAD with the review areas highlighted in the article published by the Bursa Malaysia in September 2020 "Effectiveness of Internal Audit Function: Thematic Review Findings and Key Takeaways". In respect of gaps highlighted from the assessment performed, the Audit Committee also reviewed the adequacy of corrective measures formulated by IAD to rectify the gaps and improve in line with professional standards.

4. Corporate Governance and Compliance

- a. Reviewed and published the annual report of the Company which encompasses all relevant disclosure statements of corporate governance as well as required documentations as set out in Part A of Appendix 9C of the MMLR.
- b. Reviewed with the assistance of the IAD on a quarterly basis to determine instances of any related party transaction for compliance with Bursa Listing Requirements and the internal procedures in place.
- c. Discussed and noted the updates of new standards / regulatory requirements issued by the regulatory, statutory and professional bodies and relevant business news articles published by the mass media considered to be of interests to Audit Committee / Board members.
- d. Reviewed the implementation status of exercise carried out by the Group to adopt the Ministerial Guidelines on Adequate Procedures to comply with the requirements set out under Section 17A of the MACC Act.

AUDIT COMMITTEE REPORT

B. INTERNAL AUDIT FUNCTION

The IAD is headed by Puan Norreen binti Mohd Salim who is a member of Institute of Internal Auditors ("IIA") and Malaysian Institute of Accountants ("MIA"). In compliance with paragraph 15.27 of Bursa Listing Requirements, the IAD reports directly and functionally to the Audit Committee on the adequacy and effectiveness of the internal control systems. The purpose, authority and responsibility as well as the scopes of work of the Internal Audit Function are outlined in the approved Internal Audit Charter. To ensure that the responsibilities of IAD are fully discharged in accordance with the applicable professional standards and its approved charter, the Audit Committee reviews the adequacy of the scopes and resources of the IAD function as well as the competency and experience of the IAD personnel.

The activities of the IAD for the financial year ended 31 March 2021 were carried out in accordance with the Audit Planning Memorandum which has been approved by the Audit Committee. The audit reviews performed covered the business operations units and support services departments focusing on the adequacy and effectiveness of internal controls, compliance with applicable requirements, obligations and regulations, reliability and integrity of information as well as adequacy of safeguarding of assets.

In order to determine the significant auditees and related auditable areas for the planned audit assignments, IAD had applied a risk-based audit approach in which all possible risk factors identified were assessed using high-level likelihood and consequence rating assessment and populated into the Likelihood and Consequence Matrix. The possible risk factors of the Group were compiled from the following sources:-

- a. Observation and risks identified from the previous internal audit assignments;
- b. Observation, risks and concerns highlighted by the Board Audit Committee and Board of Directors;
- c. Discussion and input from the risk registers and reports / relevant documentations;
- d. Discussion with the Executive Committee, key management personnel, heads of department and other risk owners, as applicable;
- e. Review the minutes of Board and Board Committees meetings, Management meetings and key working groups established in the Group; and
- f. Review relevant reports and materials highlighted and deliberated in Management meetings held throughout the year.

AUDIT COMMITTEE REPORT


The results of the audits performed by IAD were reviewed by the Audit Committee. The Internal Audit reports were also presented and discussed at the Management Committee Meetings with a concentration on matters of disputable findings and audit recommendations / corrective measures for appropriate resolutions prior to the Audit Committee meetings. The relevant Management members were made responsible to ensure the committed corrective actions were implemented within the committed timeframes. IAD conducted follow-up audits on the key findings to ensure that the corrective actions were implemented appropriately and as committed.

As at May 2021, the IAD is staffed with four (4) personnel and all internal auditors possess tertiary qualifications with number of years of audit and work experience. The internal auditors are encouraged to continuously enhance their knowledge, skills

and competencies through relevant professional audit certifications and always keep abreast of development in the profession and industry through continuous trainings and development activities appropriate to their respective levels. In order to maintain its independence and objectivity, IAD has no operational responsibility and authority over the audited activities. The Audit Committee remained satisfied that the IAD had sufficient resources during the financial year to undertake its duties effectively and able to function independently. The total costs incurred by the Internal Audit function in discharging its roles and responsibilities for the working period in the financial year ended 31 March 2021 amounted to approximately RM516,000.

This Report was made in accordance with the resolution of the Board of Directors passed on 27 May 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



The Board of Directors (“the Board”) of Datasonic Group Berhad (“the Group”) is pleased to present the Statement on Risk Management and Internal Control of the Group which outlines the main features of the Group’s risk management and internal control system for the financial year ended 31 March 2021 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR of Bursa Malaysia”), Malaysian Code of Corporate Governance (“MCCG”) and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”).

INTRODUCTION

As Datasonic operates in a dynamic business environment in which risk management and internal control system must be adequate and effectively responsive to support its business objectives, the Board and Management uphold their ongoing commitment to embed and improve the risk management and internal control system into the culture, processes and structure of the Group.

Datasonic continue its efforts to integrate the risk management processes and internal controls into the management process and business activities of the Group. The efforts continue to evolve on a progressive basis for the financial year ended 31 March 2021 and up to date of approval of this Statement for inclusion into the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RESPONSIBILITIES

Board of Directors

The Board recognises the importance of sound risk management and internal control system to ensure the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, safeguarding of assets and compliance with laws, regulations, policies, procedures and contracts. Hence, the Board with the assurance from the Executive Directors and Management affirms its overall responsibilities for the Group's risk management and internal control system. The oversight of these critical areas is carried out by the Audit Committee ("AC") and Risk Management Committee ("RMC") which are empowered by their respective terms of reference to provide oversight and perform regular reviews on the risk management and internal control systems to meet the Group's objectives and for continuous improvement thereof.

The Board acknowledges the limitations that are inherent in any risk management and internal control system. As such the systems designed are meant to manage and minimise the extent and severity of the risks, rather than to completely eliminate the risks of failure of achieving the Group's objectives and strategies. Consequently, the Board recognises that a sound internal control system provides reasonable but not absolute assurance that the Group will not be hindered in achieving its business objectives in the ordinary course of business.

Executive Directors and Management

Executive Directors and Management are accountable to the Board and responsible for implementing the processes of identifying, evaluating, monitoring and reporting of risks and the effectiveness of internal control systems, taking appropriate and timely corrective actions as required. Regular reports on risks identified and actions taken to mitigate and / or minimise such risks and gaps in the internal control systems, if any, are presented to the AC and RMC and ultimately to the Board. The Executive Directors and

Management have assured the Board that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, based on the risk management framework and internal control systems adopted by the Group. Risks are managed by ensuring adequate controls and mitigation plans are in place and ensuring improvements are made as and when the needs arise.

Risk Management Function

The risk management function assists the RMC in discharging their risk management responsibilities. The risk management function comprises of Risk Facilitators who reports functionally to the RMC and administratively to the Managing Director and Deputy Managing Director. The risk management function facilitates periodical operational risk reviews, to act as the central contact and guide for clarification of Enterprise Risk Management ("ERM") practices and issues within the Group, coordinate the risk management activities routinely among the various business units, monitoring progress of risk mitigation plans, and supervises ERM policy implementation within the Company.

Internal Audit Department

The Internal Audit Department ("IAD") plays a role to provide some comfort to the Board on the adequacy and effectiveness of the risk management practices of the Group by adopting a risk-based audit approach and focusing on the key risk areas to determine the auditees and auditable areas. If necessary, the auditable areas are modified periodically to reflect any change and development in prevailing risk prioritisations and business concerns.

A description of IAD's activities for the financial year ended 31 March 2021 is available in the Audit Committee Report included in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT & INTERNAL CONTROL SYSTEMS

Generally, Datasonic risk management and internal control systems are guided by the ISO 31000 Risk Management - Principles and Guidelines and the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") Framework respectively.

The key features of the Group's risk management and internal control system are the three (3) lines of defence with established functional responsibilities and accountability for the management of risks and internal controls of Datasonic as depicted below:-

FIRST LINE OF DEFENCE

- Own, manage and control risks by implementation of internal controls in the business operations and activities.
- Provided by the Executive Directors, Management and Heads of Department.

SECOND LINE OF DEFENCE

- Coordinate and facilitate risk management activities routinely among the various business units and / or support and administration functions, including monitoring progress of risk mitigation plans.
- Provided by Risk Management function.

THIRD LINE OF DEFENCE

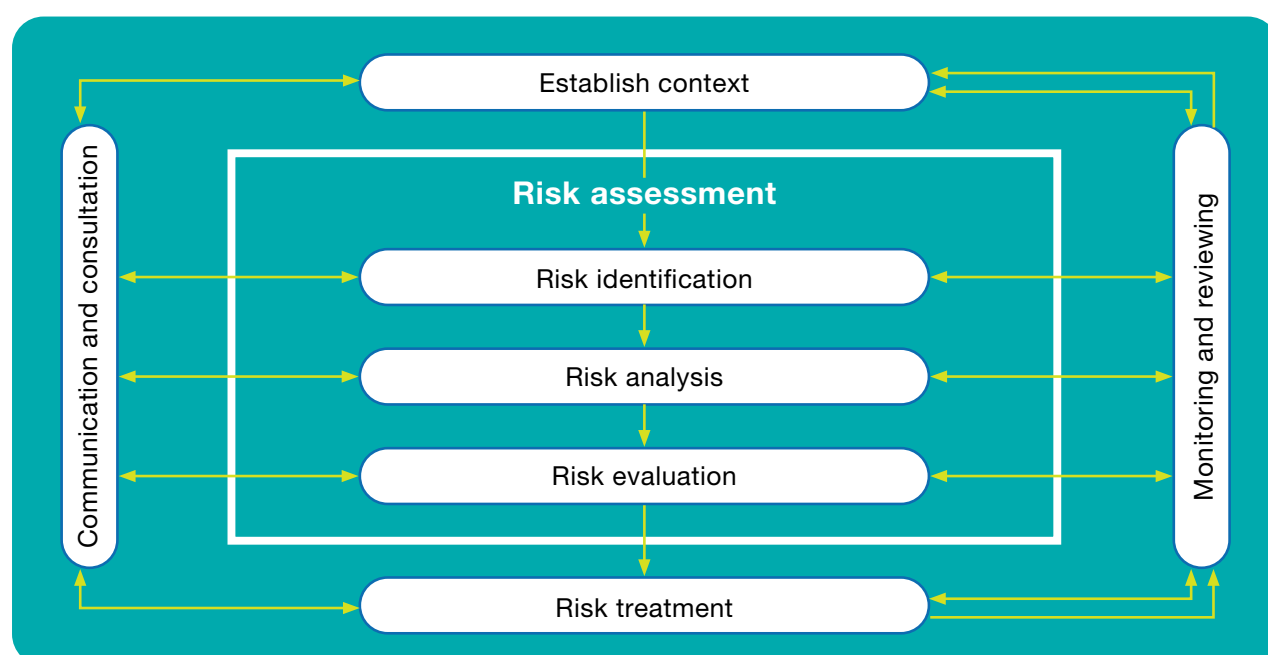
- Perform regular reviews of the Group's operations and system of internal controls and risk management. Provide independent assurance on the adequacy and effectiveness of the controls processes implemented by business process owners and Management.
- Provided by the Internal Audit Department.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

Risk Management Framework and Activities

The Group's risk management framework and methodology is guided by the ISO 31000 Risk Management - Principles and Guidelines represented in brief, as follows:-



Additionally, the Standard Operating Procedures ("SOP") governing risk management processes and reporting procedures are in place to support and outline the policies and procedures for the implementation of the ERM Framework.

During the financial year ended 31 March 2021, the risk management activities carried out in Datasonic are as summarised below:-

- A total of two (2) operational risk reviews were carried out by the risk management function and tabled to RMC in accordance with the Risk Review Planning Memorandum for the financial year ended 31 March 2021 ("RRPM FY21") approved by RMC in May 2020.
- Significant risks and mitigating measures implemented by the Management/risk owners were

evaluated and collated by the risk management function into the risk registers using the Likelihood and Consequence ("LCM") method. The risk registers were subsequently tabled to the RMC for deliberation.

- Other ad-hoc risk reviews and work assigned to the risk management function, including those initiated by the Executive Committee ("EXCO"), were tabled to the RMC for notation and information.

Key Risks Relating to Our Business and Industry

The key anticipated or known risks that the Group is exposed to and our mitigating strategies reported by the risk management function for the financial year ended 31 March 2021 are available in the Management Discussion & Analysis included in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEMS OF THE GROUP

The Group's internal control systems during the financial year ended 31 March 2021 is embedded within the operating activities and up to the date of approval of this statement for inclusion in the Annual Report encompassed, inter alia, the following key elements:-

CONTROL ENVIRONMENT

1. Board Committees

The Board has delegated certain responsibilities to the Board Committees established in the Group, namely:-

- the Audit Committee,
- the Nomination and Remuneration Committee,
- the Risk Management Committee; and
- the ESOS Committee.

These Board Committees have oversight authorities to examine and / or consider all matters within their scope of responsibilities as defined in their respective formalised terms of references and to report to the Board with their recommendations appropriately.

The terms of references of all the Board Committees are published on the Company's website at www.datasonic.com.my

2. Regular Board and Board Committees Meeting

Regular Board and Board Committee meetings were conducted to provide effective governance practices. Decisions of the Board are only made after the required information is made available and deliberated upon by the respective Board Committees and the Board.

The Board reviewed and approved the quarterly and full year financial results announced to Bursa Malaysia and shareholders, as applicable, based on the recommendations made by the AC. Additionally,

the Board also approved and implemented the Group policies based on the recommendations made by the Board Committees to continuously improve on the effectiveness and efficiency of risk management and internal control system. The minutes of the Board Committee meetings which recorded these deliberations and decisions were subsequently presented to the Board for notation.

3. Management Committees

i. Group Management Committee, led by the EXCO

The Group Management Committee comprises of the Managing Director as the Chairman, Deputy Managing Director, Executive Director of the Group, senior individuals within the organisation with administrative or managerial authority, or have the ability to facilitate or the power to implement plans, actions, rules and procedures or otherwise direct various personnel within the organisation to achieve the overall objectives. The Group Management Committee meeting will be held on a monthly basis or as and when considered necessary by the Chairman.

The Group Management Committee meeting provides a forum for the Management to discuss on key management concerns and matters encompassing strategic, operational, financial, deliberation of key operational progress, risks, issues and challenges encountered in the undertaking of the significant projects as well as status of key resolutions decided upon by the Group. Appropriate action plans to resolve the issues or manage the risks are formulated and continuous updates were obtained in subsequent meetings from the respective parties assigned until satisfactory resolution of the action plans.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

ii. Group Tender and Procurement Committee

The Group Tender and Procurement Committee ("GTPC") comprise of the Managing Director as the Chairman, Deputy Managing Director, Executive Director of the Group and selected senior individuals within the organisation is responsible to review, recommend and approve critical decisions involving significant tender exercise and capital expenditure transaction of the Group. The deliberations and reviews performed includes evaluating risks associated with the proposed transaction to be reviewed and approved by the committee and the reasonableness of the associated mitigating factors prior to approval.

iii. Corporate Disclosure Committee

The Corporate Disclosure Committee ("CDC")

comprises the Managing Director, Deputy Managing Director, Senior Vice President of Operations, Senior Vice President of Finance and Head of Company Secretary, is responsible to ensure appropriate and timely corporate disclosures to shareholders, stakeholders and investors in accordance with the MMLR of Bursa Malaysia and applicable laws of Malaysia.

4. Organisational Structures

The Group has organisational structures with defined accountabilities and responsibilities, and lines of reporting for each division and department established within the Group. The organisational structures provide the basic framework to help the Group's operations to proceed smoothly and functionally as well as ensuring proper supervision, coordination and a sense of accountability among the employees.

CONTROL ACTIVITIES

1. Discretionary Authority Limits

In May 2021, The Board has approved the Discretionary Authority Limits ("DAL") which replaced the previously approved Financial Authority Limits ("FAL"). The DAL defines and covers delegation of responsibilities for the existing proposed transactions as well as newly identified proposed transactions to the new and existing Management committees and personnel for various aspects of operations to conform to the Group's strategies and risk appetite.

The DAL will be reviewed from time to time in terms of suitability, relevance and applicability with business operations and activities.

2. Standard Operating Procedures

Standard Operating Procedures ("SOP") governing the Group's key businesses and operations are documented and approved by the Executive Directors and Management. Continuous reviews have been carried out on the adequacy, appropriateness and comprehensiveness of SOP developed to govern the business processes and activities of the Group, to ensure compliance with applicable laws and regulations as well as significant changes and development in business and operational environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONTROL ACTIVITIES (CONT'D)

3. ISO Certifications

The implementation of the ISO certifications as part of on-going quality improvement initiatives of the Group help to transform the Quality Management Systems and procedures of the applicable processes and departments / divisions into effective functional units that are of International Standards and aligned with the Group's objectives, besides creating a more conducive operating environment for the Management and employees.

The list of ISO certifications accorded to the Group are available in the Sustainability Statement included in this Annual Report.

4. Code of Conduct and Ethics for Directors

The Code of Conduct and Ethics for Directors describe the standards of conduct and ethical behaviour for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company or when representing the Company. The Group strongly believes that the appropriate standards of conduct and ethical behaviour are fundamental to the preservation of the Company's reputation and the success of its operations and to the exercise of their duties and responsibilities as Directors of the Company.

The Code of Conduct and Ethics for Directors is published on the Company's website at www.datasonic.com.my.

5. Employee Business Conduct Guidelines

The Employee Business Conduct Guidelines contains the code of conduct on the expected standards of business conduct for every employee who works for the Group or any of its affiliates in order for the Group to comply with the applicable laws and ethical standards to govern and ensure its long-term growth, development and sustenance of the Group.

6. Whistleblower Policy

Whistleblower Policy established by the Board applies to the Directors and employees of the Group as part of Group's commitment to promote and maintain high standards of transparency, accountability and ethics in the conduct of its business and operations, there is an established process for reporting anyone found to be abusing or circumventing processes and controls of the Group. All staff are accorded the opportunity to report via the whistle-blowing mechanism with the assurance that the report will be dealt with confidentially and that the reporter's identity will be protected.

There was one whistleblower report received in the financial year ended 31 March 2021 and the matter had been investigated and concluded in accordance with the procedures stipulated in the Whistleblower Policy.

From time to time, the Whistleblower Policy will be reviewed in terms of applicability and compliance with developments in applicable regulatory requirements. The Whistleblowing Policy is published on the Company's website at www.datasonic.com.my.

7. Anti-Bribery and Anti-Corruption Policy

The Anti-Bribery and Anti-Corruption Policy sets out the policies and protocols for the Group's personnel, business associates and third parties intermediaries who perform or shall perform services and act on behalf of the Company and its subsidiaries to prevent acts of bribery and corruption. The Group is committed to conduct business dealings, relationships and operations with highest level of ethics and integrity and to comply fully with applicable laws and regulatory requirements related to corporate liability in terms of anti-bribery and anti-corruption.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group has adopted a zero-tolerance approach against all forms of bribery and corruptions and takes a strong stance against such acts. During the financial year ended 31 March 2021, the Group has appointed a consultant to look into the current anti-bribery and anti-corruption system of the Group in order to comply adequately with the Ministerial Guidelines on Adequate Procedures and the review is still on-going.

The Anti-Bribery and Anti-Corruption Policy is published on the Company's website at www.datasonic.com.my

8. Project Level Budgeting Process

A project-level budgeting process is implemented as part of the key initiatives of cost optimisation efforts

which requires all appointed Project Directors and Project Managers of the awarded projects and key potential projects to prepare Project Budgets to monitor and control the expenditures incurred for each project. The Project Budgets are reviewed by the Chief Corporate Officer, Chief Financial Officer, and relevant Management personnel and approved by the Executive Directors.

9. Non-Disclosure Agreement

The Company has enforced Non-Disclosure Agreement ("NDA") to be signed by all employees of the Group, consultants and key suppliers so as to protect and preserve the security of confidential and proprietary information from being wrongly disseminated or distributed to unauthorised parties.

INFORMATION AND COMMUNICATION

1. Formal Reporting on Key Operational Matters by the Managing Director to the Board

Key operational activities, financial performance analysis, statistics and key risks that affect the operational activities are formally reported by the Managing Director at the Board meetings. This is to ensure that the Board receives continuous updates on the business operations and makes informed and timely decisions on policies in relation to the Group's operations, where necessary.

2. Group Strategic Communications

As part of the key strategic initiatives of the Group, the Group Strategic Communications Department sets the direction for effective information dissemination and to help the internal communications across the Group and external communications are effectively managed and controlled to fulfill the needs of the Group and stakeholders.

3. Continuous improvement on information technology ("IT") systems

The Group had undertaken continuous development and improvement on the IT systems and platforms to support the operational efficiency in various operational activities as well as to enable effective decision-making by providing the decision makers with timely and accurate information.

4. Group Disaster Recovery Plan

The Group's disaster recovery / business continuity plan ("BCP") has been developed and the implementation was on-going during the financial year. The plan will help to minimise downtime and data loss as well as to ensure the continuity of business operations in the unfortunate event of management systems breakdown and other potential hazards such as fire and flood. Key information and data back-ups of are systematically performed on a periodical basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MONITORING

1. Reviews by the Audit Committee and Risk Management Committee

Reviews carried out by the AC on the adequacy and effectiveness of the internal control systems concerning operational issues reported by the internal and external auditors and attributable actions taken by Management in respect of the findings to provide assurance that control procedures are in place and are being followed as intended.

Reviews carried out by the RMC on the adequacy and effectiveness of the risk management system and the mitigation controls to manage the key risk areas reported by the risk management function to provide assurance that the system is operating as intended in order to manage the overall risk exposure of the Group.

Internal control and key risks related matters which warranted the attention of the Board were conveyed by the AC and RMC to the Board.

2. Independent Reviews by Internal Audit Department ("IAD")

IAD performs regular reviews of the Group's operations and system of internal controls and evaluates the adequacy and effectiveness of the controls processes implemented by the process owners and Management.

During the financial year ended 31 March 2021, the adequacy and effectiveness of internal controls were reviewed by the AC based on reports from

audits conducted by IAD according to the approved audit plan. Audit issues and actions taken by the Management to address the shortcomings raised by the IAD were deliberated and accepted at the AC meetings. There were 13 Internal Audit Reports issued and reviewed by the AC throughout the financial year in which the IAD has provided its recommendations to the Management to improve on the design and / or effectiveness of controls where applicable. Additionally, the AC also reviewed the implementation progress of the corrective action plans committed by the Management for all key findings and recommendations highlighted in previous Internal Audit Reports to ensure that all the corrective actions were implemented appropriately.

From the Internal Audit Reports issued, there were weaknesses and gaps in internal controls identified which subsequently the remedial actions and corrective measures including monitoring have been and are being taken to address such weaknesses.

3. Continuous Compliance Review

The Management team together with the respective Project Directors and Heads of Department continuously perform review on the compliance level in regard to the contractual obligations as well as the terms and conditions imposed on certifications and licenses granted to the Group. The list of certifications and licenses granted to the Group are available in the Sustainability Statement included in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in 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 the Annual Report issued by the Malaysian Institute of Accountants (“MIA”).

The external auditors have opined to the Board that nothing has come to their attention that causes them to believe the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group in all material aspects in accordance with the

disclosure required by paragraph 41 and 42 on the Statement on Risk Management and Internal Control Guideline for Directors of Listed Issuers.

AAPG3 does not require the external auditors to consider whether the Directors’ Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

ASSURANCE TO THE BOARD

The Board is of the view that the risk management and internal control system and processes are satisfactory and sound for the year under review, and up to the date of approval of this Statement. The Board together with the Management continues to monitor all major risks affecting the business operations of the Group and its necessary measures to mitigate or minimise them as well as continue to enhance the adequacy and effectiveness of the risk management and internal control system of the Group.

The Board has received assurance from the Executive Committee and Management that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

This Statement was made in accordance with the resolution of the Board of Directors passed on 27 May 2021.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:-

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds raised from corporate proposal during the financial year ended 31 March 2021 except as below:-

The Company undertook a private placement of new ordinary shares in the Company, representing up to 10% of the total number of issued shares in the Company (excluding treasury shares), to independent

third-party investors for the issuance and allotment of 262,000,000 new ordinary shares, at an issue price of RM0.482 per placement share.

The private placement exercise was completed on 7 April 2021, whereby 262,000,000 new ordinary shares were subsequently listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 8 April 2021.

2. AUDIT AND NON-AUDIT SERVICES

During the financial year ended 31 March 2021, the total audit and non-audit fees incurred for the services rendered to the Company and the Group by the external auditors, or a firm affiliated to the external auditors were as follows:-

	Group (RM)	Company (RM)
Audit fees	234,781	45,000
Non-audit fees	214,567	128,836
Total	449,348	173,836

3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts including contracts relating to any loans entered into by the Company and / or its subsidiaries involving interests of the

Directors and Major Shareholders during the financial year ended 31 March 2021.

4. EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") of the Company was approved by shareholders at the Extraordinary General Meeting held on 20 February 2020.

During the financial year ended 31 March 2021, no ESOS Option has been offered under the ESOS.

DIRECTORS' RESPONSIBILITIES STATEMENT IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS



The Directors are responsible for the preparation of the Group's and of the Company's financial statements each financial year in accordance with the requirements of the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, Companies Act, 2016 ("the Act") and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Central to these requirements is the need to ensure that the audited financial statements present 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, cash flows and statement of changes in equity for the financial year then ended.

In the preparation of these financial statements, the Directors have:-

- a) applied the appropriate and relevant accounting policies in a consistent manner;
- b) made judgements and estimates that are reasonable and prudent; and
- c) prepared the annual audited financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

FINANCIAL STATEMENT

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation for the financial year	7,284	37,859
Attributable to:-		
Owners of the Company	7,302	37,859
Non-controlling interests	(18)	-
	7,284	37,859

DIVIDENDS

The amount of dividends declared or paid by the Company since 31 March 2020 were as follows:-

	RM'000
In respect of the financial year ended 31 March 2020:	
- Fourth interim single tier tax-exempt dividend of 0.50 sen per share, declared on 25 June 2020 and paid on 27 July 2020	6,595
In respect of the financial year ended 31 March 2021:	
- First interim single tier tax-exempt dividend of 0.50 sen per share, declared on 28 August 2020 and paid on 1 October 2020	6,589
- Second interim single tier tax-exempt dividend of 0.25 sen per share, declared on 27 November 2020 and paid on 29 December 2020	6,584
- Third interim single tier tax-exempt dividend of 0.25 sen per share, declared on 1 March 2021 and paid on 26 March 2021	6,557
	26,325

In respect of the financial year ended 31 March 2021, the Directors had on 27 May 2021 declared a fourth interim single tier tax-exempt dividend of 0.05 sen per share, the Entitlement Date will be determined and announced in due course. This dividend has not been reflected in the financial statements for the current financial year but it will be accounted for in shareholders' equity as an appropriation of retained profits for the financial year ending 31 March 2022.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2021.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company issued 1,350,000,000 new ordinary shares by way of bonus issue on the basis of one (1) new ordinary share for every one (1) existing ordinary share held in the Company on 1 October 2020.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issues of debentures during the financial year.

TREASURY SHARES

During the financial year, the Company purchased 16,740,500 of its issued ordinary shares from the open market at an average price of RM0.68 per share. The total consideration paid for the purchase was approximately RM11,446,000 including transaction costs. The shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 March 2021, the Company held as treasury shares a total of 77,195,000 out of its 2,700,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of approximately RM37,580,000.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 20 February 2020.

The details of the ESOS are disclosed in Note 49(b) to the financial statements.

DIRECTORS' REPORT

WARRANTS 2018/2023

The Company had on 6 July 2018 issued 675,000,000 free Warrants on the basis of one (1) Warrant for every two (2) existing ordinary shares. The Warrants are constituted by a Deed Poll dated 18 June 2018.

The salient terms of the Warrants 2018/2023 are as follows:-

- (a) Each Warrant entitles the registered holder to subscribe for one (1) new ordinary share in the Company at any time on or before the maturity date, 5 July 2023, falling five (5) years from the date of issue of the Warrants. Unexercised Warrants after the exercise period will thereafter lapse and cease to be valid;
- (b) The exercise price of the Warrants is fixed at RM1.09 per Warrant;
- (c) The new ordinary shares to be issued upon the exercise of the Warrants shall rank pari passu in all respects with the existing ordinary shares of the Company; and
- (d) The Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 12 July 2018.

On 1 October 2020, the Company issued 675,000,000 Additional Warrants on the basis of one (1) warrant for every one (1) existing warrant held in the Company arising from the Adjustment pursuant to Bonus Issue. The exercise price of the Warrant also adjusted to RM0.545 per Warrant.

As at the end of the financial year, 1,350,000,000 Warrants remained unexercised.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances 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.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, 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

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) (Chairman)
 Dato' Wan Mohd Safiain Bin Wan Hasan (Deputy Chairman)⁽²⁾
 Dato' Wan Ibrahim Bin Wan Ahmad
 Yee Kim Shing @ Yew Kim Sing⁽²⁾
 Dato' Sri Sharifuddin Bin Ab Ghani
 Dato' Ibrahim Bin Abdullah
 Noor Suhaila Binti Saad
 Wan Zalizan Bin Wan Jusoh (Managing Director)⁽¹⁾ (Appointed on 24.02.2021)
 Chia Kok Khuang (Deputy Managing Director)⁽¹⁾ (Appointed on 29.03.2021)
 Safian Bin Mohd Yunus⁽¹⁾ (Appointed on 29.03.2021)
 Handrianov Putra Bin Abu Hanifah (Resigned on 24.02.2021)
 Dato' Haji Razali Bin Mohd Yusof (Resigned on 29.03.2021)
 Chew Ben Ben (Resigned on 29.03.2021)
 Safian Bin Mohd Yunus - Alternate to Dato' Haji Razali Bin Mohd Yusof (Appointed on 24.02.2021 and ceased on 29.03.2021)

⁽¹⁾ In accordance with Clause 156 of the Company's Constitution, Encik Wan Zalizan Bin Wan Jusoh, Mr Chia Kok Khuang and Encik Safian Bin Mohd Yunus retire from the Board by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

⁽²⁾ In accordance with Clause 165 of the Company's Constitution, Dato' Wan Mohd Safiain Bin Wan Hasan and Yee Kim Shing @ Yew Kim Sing retire from the Board by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Datuk Ab. Hamid Bin Mohamad Hanipah
 Chuah Ban Cheng
 Ding Yong
 Ng Shih Shing
 Siti Rohana Binti Abd. Majid
 Teng Boon Hou @ Andrew Teng
 Md Diah Bin Ramli
 Tee Lay Ling
 Cho Dong Wook
 Hwang Inchang
 Kim Yoonsuh
 Adhitya Ulfa (Appointed on 22.10.2020)
 Jamaludin H.M Alwan (Resigned on 22.10.2020)
 Mohamed Zulkhormain Bin Ab Ranee (Resigned on 08.03.2021)
 Raghbir Singh A/L Hari Singh (Resigned on 28.04.2021)
 Safia Zuleira Binti Abu Hanifah (Resigned on 28.04.2021)
 Talya Zholeikha Binti Abu Hanifah (Resigned on 28.04.2021)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and of its related corporations during the financial year are as follows:-

	Number of Ordinary Shares				
	At 1.4.2020	Bonus Issue*	Bought	Sold	At 31.3.2021
THE COMPANY					
<i>Direct Interests</i>					
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	7,500,000	7,500,000	-	-	15,000,000
Dato’ Wan Ibrahim Bin Wan Ahmad	20,000	20,000	-	(40,000)	-
<i>Indirect Interests</i>					
Safian Bin Mohd Yunus					
Hallmark Epitome Sdn. Bhd. ⁽¹⁾	142,500,000**	-	-	-	142,500,000
Yee Kim Shing @ Yew Kim Sing					
Kor Lee Lu ⁽²⁾	100,000	100,000	-	-	200,000

Notes:-

⁽¹⁾ - Deemed interest through his substantial shareholding in Puncak Kuasa Holdings Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016 which in turn is a substantial shareholder of Hallmark Epitome Sdn. Bhd.

⁽²⁾ - Deemed interest in shares held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

* Bonus Issue of Ordinary Shares on the basis of 1 Bonus Share for every 1 existing Datasonic Share held.

** As at date of appointment on 29 March 2021.

Other than as stated above, none of the other directors who were in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in warrants of the Company during the financial year are as follows:-

	Number of Warrants				At 31.3.2021
	At 1.4.2020	Adjustment*	Bought	Sold	
THE COMPANY					
Direct Interests					
General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)	3,750,000	3,750,000	-	-	7,500,000
Dato' Wan Mohd Safiain Bin Wan Hasan	-	21,000	21,000	(36,000)	6,000
Dato' Wan Ibrahim Bin Wan Ahmad	10,000	10,000	-	(20,000)	-
Yee Kim Shing @ Yew Kim Sing					
Kor Lee Lu ⁽¹⁾	50,000	50,000	-	-	100,000

Notes:-

⁽¹⁾ - Deemed interest in warrants held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

* Adjustment to the number of outstanding warrants pursuant to the Bonus Issue of Ordinary Share on the basis of one (1) Bonus Share for every one (1) Datasonic Share held.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of salaries and bonus received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is 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.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 42 to the financial statements.

DIRECTORS' REPORT

INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group were RM10,000,000 and RM23,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 49 to the financial statements.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

The significant event after the reporting period are disclosed in Note 50 to the financial statements.

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DIRECTORS' REPORT

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 37 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 May 2021.

General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd)

Wan Zalizan Bin Wan Jusoh

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, General Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd) and Wan Zalizan Bin Wan Jusoh, being two of the directors of Datasonic Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 107 to 193 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 March 2021 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 May 2021.

**General Tan Sri (Dr) Mohamed
Hashim Bin Mohd Ali (Rtd)**

Wan Zalizan Bin Wan Jusoh

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Wan Zalizan Bin Wan Jusoh, being the director primarily responsible for the financial management of Datasonic Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 107 to 193 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Wan Zalizan Bin Wan Jusoh
at Kuala Lumpur
in the Federal Territory
on this 27 May 2021

Before me

Wan Zalizan Bin Wan Jusoh

Datin Hajah Raihela Wancik
No. W-275
Commissioner For Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATASONIC GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Datasonic Group Berhad, which comprise the statements of financial position as at 31 March 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 107 to 193.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and of their financial performance and their cash flows for the 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Trade Receivables Refer to Notes 4.1(f), 12 and 48.1(b) to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>As at 31 March 2021, trade receivables that were past due and not impaired amounted to approximately RM17.842 million. The details of trade receivables and its credit risks are disclosed in Note 48.1(b) to the financial statements.</p> <p>The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:-</p> <ul style="list-style-type: none"> • specific known facts or circumstances on customers' ability to pay; and/or • by reference to past default experiences <p>The Group assessed at each of the reporting date whether there is any objective evidence that trade receivables are impaired based on the validity of contractual terms, analysis of customer creditworthiness, past historical payment trends and expectation of repayment.</p> <p>The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to evaluate the adequacy of the allowance for impairment losses and estimation of future cash collection.</p> <p>We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of trade receivables.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> • reviewed and understand the management's assessment of recoverability of major trade receivables; • reviewed contractual terms to ensure the Group has contractual right to recognise revenue and collect payments; • reviewed recoverability of major trade receivables including but not limited to the review of subsequent collections; • enquired management on project/receivables status for major customers; • reviewed collections and sales trends during the financial year of major trade receivables; and/or • reviewed management's basis of estimation on the adequacy of the Group's allowance for impairment loss on trade receivables.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)

Key Audit Matters (Cont'd)

Assessment for Impairment of Development Expenditure Refer to Notes 4.1(j) and 11 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>We determined this to be a key audit matter as the Group carries significant development expenditure which are in the process of development and the inherent subjectivity in impairment testing.</p> <p>For purposes of the annual impairment assessment of development expenditure, significant judgements are involved in the estimation of the present value of future cash flows generated by development expenditure. These assessments involves uncertainties and are significantly affected by assumptions used and judgement made in estimating the future cash flows, which include, amongst others, the achievability of long-term business plans.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> • evaluation and determination of the cash-generating units; • reviewed management's estimate of the recoverable amounts and tested the cash flow forecasts for their accuracy; • reviewed the key business drivers underpinning the cash flow forecasts prepared to support the recoverable amount; • evaluated the key assumptions used by management including any customer orders already contracted by the Group; • assessed the reasonableness of cash flow forecast and projections by comparison to historical performance, future outlook and the achievability of the business plans through discussion with management; • evaluated whether the model used to calculate recoverable amount of the individual cash-generating units complies with the requirements of MFRS 136 - Impairment of Assets; and • reviewed sensitivity analysis taking into account the historical forecasting accuracy of the Group to stress test the key assumptions in the impairment model performed by management.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF DATASONIC GROUP BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 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, related safeguards.

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 DATASONIC GROUP BERHAD (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

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.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Choong Kok Keong
03461/11/2021 J
Chartered Accountant

Kuala Lumpur

27 May 2021

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	134,370	138,255	7,219	7,675
Right-of-use assets	6	13,209	29,859	9,546	9,885
Investments in subsidiaries	7	-	-	91,111	91,111
Investment in associates	8	-	-	-	90
Other investment	9	110	110	-	-
Goodwill	10	4,162	4,162	-	-
Development expenditure	11	20,341	23,614	-	-
Trade receivables	12	5,294	5,533	-	-
		<u>177,486</u>	<u>201,533</u>	<u>107,876</u>	<u>108,761</u>
CURRENT ASSETS					
Projects-in-progress	13	2,203	2,170	-	-
Inventories	14	48,281	43,313	-	-
Trade receivables	12	33,272	82,445	-	-
Other receivables, deposits and prepayments	15	8,596	9,664	388	652
Amounts owing by subsidiaries	16	-	-	30,732	38,775
Tax recoverable		2,399	2,585	-	-
Short-term investments	17	31,449	27,409	290	7,597
Deposits with licensed banks	18	6,103	6,117	-	-
Cash and bank balances	18	10,742	12,854	1,517	1,318
		<u>143,045</u>	<u>186,557</u>	<u>32,927</u>	<u>48,342</u>
TOTAL ASSETS		<u>320,531</u>	<u>388,090</u>	<u>140,803</u>	<u>157,103</u>

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2021 (CONT'D)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	135,000	135,000	135,000	135,000
Treasury shares	20	(37,580)	(26,134)	(37,580)	(26,134)
Merger deficit	21	(11,072)	(11,072)	-	-
Foreign exchange translation reserve	22	(94)	(267)	-	-
Retained profits		139,760	158,783	25,244	13,710
Equity attributable to owners of the Company		226,014	256,310	122,664	122,576
Non-controlling interests		302	317	-	-
TOTAL EQUITY		226,316	256,627	122,664	122,576
NON-CURRENT LIABILITIES					
Long-term borrowings	23	45,974	58,439	3,338	4,708
Lease liabilities	26	155	913	155	236
Deferred tax liabilities	27	4,007	2,294	-	-
		50,136	61,646	3,493	4,944
CURRENT LIABILITIES					
Trade payables	28	1,048	2,325	-	-
Other payables and accruals	29	29,263	27,972	451	433
Provision for taxation		-	-	67	32
Amounts owing to subsidiaries	16	-	-	12,692	27,748
Short-term borrowings	30	13,011	35,678	1,355	1,289
Lease liabilities	26	757	3,842	81	81
		44,079	69,817	14,646	29,583
TOTAL LIABILITIES		94,215	131,463	18,139	34,527
TOTAL EQUITY AND LIABILITIES		320,531	388,090	140,803	157,103
NET ASSETS PER SHARE (SEN)	31	8.62	19.39		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
REVENUE	33	138,414	247,540	55,936	56,516
COST OF SALES		(66,425)	(108,889)	-	-
GROSS PROFIT		71,989	138,651	55,936	56,516
OTHER INCOME	34	1,425	1,532	1,869	2,018
		73,414	140,183	57,805	58,534
ADMINISTRATIVE EXPENSES		(59,262)	(70,498)	(19,585)	(18,247)
		14,152	69,685	38,220	40,287
FINANCE COSTS	36	(3,063)	(6,290)	(191)	(310)
SHARE OF LOSS OF EQUITY ACCOUNTED ASSOCIATE		-	(#)	-	-
PROFIT BEFORE TAXATION	37	11,089	63,395	38,029	39,977
INCOME TAX EXPENSE	38	(3,805)	(3,026)	(170)	(93)
PROFIT AFTER TAXATION		7,284	60,369	37,859	39,884
OTHER COMPREHENSIVE INCOME					
<u>Item that May be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		176	(211)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		7,460	60,158	37,859	39,884

Note:-

- Amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		7,302	60,322	37,859	39,884
Non-controlling interests		(18)	47	-	-
		<u>7,284</u>	<u>60,369</u>	<u>37,859</u>	<u>39,884</u>
TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO:-					
Owners of the Company		7,475	60,111	37,859	39,884
Non-controlling interests		(15)	47	-	-
		<u>7,460</u>	<u>60,158</u>	<u>37,859</u>	<u>39,884</u>
EARNINGS PER SHARE (SEN)	39				
Basic		<u>0.28</u>	<u>2.24</u>		
Diluted		<u>0.18</u>	<u>2.24</u>		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Group	Note	Non-Distributable						Distributable		Attributable to Owners of The Group	Non-controlling Interests	Total Equity
		Share Capital	Treasury Shares	Merger Deficit	Foreign Exchange Translation Reserve	Retained Profits	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2020		135,000	(26,134)	(11,072)	(267)	158,783		256,310	317	256,627		
Profit after taxation for the financial year		-	-	-	-	7,302		7,302	(18)	7,284		
Other comprehensive income for the financial year:												
- foreign currency translation differences		-	-	-	173	-		173	3	176		
Total comprehensive income for the financial year		-	-	-	173	7,302		7,475	(15)	7,460		
Contributions by and distributions to owners of the Company:												
- purchase of treasury shares	20	-	(11,446)	-	-	-		(11,446)	-	(11,446)		
- dividends	32	-	-	-	-	(26,325)		(26,325)	-	(26,325)		
Total transactions with owners		-	(11,446)	-	-	(26,325)		(37,771)	-	(37,771)		
At 31 March 2021		135,000	(37,580)	(11,072)	(94)	139,760		226,014	302	226,316		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

Group	Note	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Non-Distributable			Attributable to Owners of The Group RM'000	Non-controlling Interests RM'000	Total Equity RM'000
					Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Distributable			
At 1 April 2019		135,000	-	(11,072)	(56)	139,373		263,245	(617)	262,628
Profit after taxation for the financial year		-	-	-	-	60,322		60,322	47	60,369
Other comprehensive income for the financial year:										
- foreign currency translation differences		-	-	-	(211)	-		(211)	-	(211)
Total comprehensive income for the financial year		-	-	-	(211)	60,322		60,111	47	60,158
Contributions by and distributions to owners of the Company:										
- purchase of treasury shares	20	-	(26,134)	-	-	-		(26,134)	-	(26,134)
- shares issued by subsidiaries to non-controlling interests		-	-	-	-	-		-	316	316
- dividends	32	-	-	-	-	(40,341)		(40,341)	-	(40,341)
Changes in a subsidiary's ownership interests that do not result in a loss of control		-	(26,134)	-	-	(40,341)		(66,475)	316	(66,159)
Total transactions with owners		-	(26,134)	-	-	(571)		(571)	571	-
At 31 March 2020		135,000	(26,134)	(11,072)	(267)	158,783		256,310	317	256,627

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

Company	Note	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
At 1 April 2020		135,000	(26,134)	13,710	122,576
Profit after taxation/Total comprehensive income for the financial year		-	-	37,859	37,859
Contributions by and distributions to owners of the Company:					
- purchase of treasury shares	20	-	(11,446)	-	(11,446)
- dividends	32	-	-	(26,325)	(26,325)
At 31 March 2021		135,000	(37,580)	25,244	122,664
At 1 April 2019		135,000	-	14,167	149,167
Profit after taxation/Total comprehensive income for the financial year		-	-	39,884	39,884
Contributions by and distributions to owners of the Company:					
- purchase of treasury shares	20	-	(26,134)	-	(26,134)
- dividends	32	-	-	(40,341)	(40,341)
At 31 March 2020		135,000	(26,134)	13,710	122,576

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		11,089	63,395	38,029	39,977
Adjustments for:-					
Allowance for impairment losses on:					
- inventories		49	168	-	-
- trade receivables		297	1,059	-	-
Amortisation of development expenditure		3,273	7,497	-	-
Depreciation of property, plant and equipment		9,725	14,136	1,004	836
Depreciation of right-of-use assets		975	2,933	339	339
Property, plant and equipment written off		#	11	-	11
Fair value loss on trade receivable		114	-	-	-
Interest expense:					
- interest expense on lease liabilities		284	921	12	17
- other interest expense		2,779	5,369	179	293
Inventories written off		-	114	-	-
Loss on disposal of investment in associate		-	-	90	-
Share of net loss of equity accounted associate		-	#	-	-
Unrealised (gain)/loss on foreign exchange		(830)	1,174	3	#
Dividend income		-	-	(40,000)	(41,000)
Gain on disposal of plant and equipment		(63)	(8)	(1)	(6)
Interest income		(1,091)	(1,303)	(398)	(285)
Writeback of impairment losses on					
- inventories		(83)	(3)	-	-
- trade receivables		(3)	-	-	-
Operating profit/(loss) before working capital changes		26,515	95,463	(743)	182
(Increase)/Decrease in projects-in-progress		(33)	991	-	-
Decrease in inventories		7,400	8,913	-	-
Decrease/(Increase) in trade and other receivables		50,753	40,299	264	(100)
Increase/(Decrease) in trade and other payables		27	(9,210)	18	(233)
(Increase)/Decrease in amount owing by subsidiaries		-	-	(4,957)	32,149
(Decrease)/Increase in amount owing to subsidiaries		-	-	(5,058)	882
CASH FROM/(FOR) OPERATING ACTIVITIES		84,662	136,456	(10,476)	32,880
Income tax paid		(2,928)	(3,813)	(135)	(287)
Income tax refund		1,019	3,279	-	611
Interest paid		(3,063)	(6,290)	(191)	(310)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		79,690	129,632	(10,802)	32,894

Note:-

- Amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS (FOR)/FROM					
INVESTING ACTIVITIES					
Acquisition of subsidiary, net of cash and cash equivalents		-	3	-	-
Additional investment in subsidiaries	40	-	-	-	(201)
Additional investment in an associate		-	(#)	-	-
Interest received		1,091	1,303	398	285
Dividend received		-	-	43,000	35,000
Proceeds from disposal of plant and equipment		103	14	1	12
Purchase of property, plant and equipment	41(a)	(2,255)	(10,992)	(546)	(918)
Withdrawal of deposits pledged to licensed banks		15	345	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(1,046)	(9,327)	42,853	34,178

Note:-

- Amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES					
Acquisition of non-controlling interests		-	(#)	-	(#)
Net proceeds from issuance of ordinary shares in subsidiaries to non-controlling interest	40	-	316	-	-
Dividends paid		(26,325)	(47,091)	(26,325)	47,091
Purchase of treasury shares	20	(11,446)	(26,134)	(11,446)	(26,134)
Repayment of lease liabilities	41(b)	(3,843)	(7,524)	(81)	(96)
Drawdown of trade financing	41(b)	24,278	56,336	-	-
Repayment of trade financing	41(b)	(47,355)	(69,888)	-	-
Drawdown of term loans	41(b)	-	472	-	-
Repayment of term loans	41(b)	(10,751)	(15,928)	-	-
Repayment of term financing	41(b)	(1,304)	(1,226)	(1,304)	(1,226)
NET CASH FOR FINANCING ACTIVITIES		(76,746)	(110,667)	(39,156)	(74,547)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,898	9,638	(7,105)	(7,475)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		30	(26)	(3)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		40,263	30,651	8,915	16,390
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	18	42,191	40,263	1,807	8,915

Note:-

- Amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are at Level 6, Bangunan Setia 1, No. 15, Lorong Dungun, Damansara Heights, 50490 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 27 May 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

3.1 BASIS OF ACCOUNTING

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

- (a) During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's and the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.1 BASIS OF ACCOUNTING (CONT'D)

- (b) The Group and the Company has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendment 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 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 MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and the Company upon their initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the financial year.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Merger Accounting for Common Control Business Combinations

Acquisitions which result in a business combination involving common control entities, are outside the scope of MFRS 3. Accordingly, merger accounting has been used by the Group to account for such common control business combinations.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the financial year.

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. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the interests of the controlling party or parties.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

3. BASIS OF PREPARATION (CONT'D)

3.2 BASIS OF CONSOLIDATION (CONT'D)

(b) Acquisition Method of Accounting for Non-common Control Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(c) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each financial year, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(d) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(d) Amortisation of Development Expenditure

The estimates for the residual values, useful lives and related amortisation charges for the development expenditure are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its development expenditure will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised.

(e) Write-down of Inventories and Projects-in-progress

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories and projects-in-progress. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories and projects-in-progress.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(f) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(g) Impairment of Other Receivables

The loss allowances for other financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

(h) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(i) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(j) Impairment of Development Expenditure

The Group determines whether the development expenditure are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

4.2 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the financial period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the financial year. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the financial year.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion that related to non-controlling interests is derecognised but is not reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations (Cont'd)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(i) Amortised Cost (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change, if any.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

4.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the financial period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.6 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the financial year. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 INVESTMENTS IN ASSOCIATES (CONT'D)

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.7 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use, and the costs dismantling and removing the items and restoring that site on which they are located.

Subsequent to initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Furniture and fittings	10%
Motor vehicles	20%
Office equipment	10% - 33.33%
Machineries	Over the project output, 6.67% - 25% (2020 - Over the project output, 10% - 50%)
Renovation	10%
Buildings	2%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each financial year to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

Assets-in-progress represent assets under construction, and which are not ready for commercial use at the end of the financial year. Assets-in-progress are stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of assets-in-progress include direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

An item of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

4.9 RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as expense except that expenditure incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- its ability to measure reliably the expenditure attributable to the asset under development;
- the product or process is technically and commercially feasible;
- its future economic benefits are probable;
- its intention to complete and the ability to use or sell the developed asset; and
- the availability of adequate technical, financial and other resources to complete the asset under development.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 RESEARCH AND DEVELOPMENT EXPENDITURE (CONT'D)

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as expenses are not recognised as assets in the subsequent period.

The development expenditure is amortised on either a unit of production method over the life of the project or straight-line method over a period of 5 years, where applicable, when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each financial year.

4.10 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each financial year for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the assets' fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment losses recognised in respect of a cash-generating units is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.11 PROJECTS-IN-PROGRESS

Projects-in-progress represent costs incurred on projects which are not completed as at the end of the financial year. Projects-in-progress are stated at cost, which includes directly attributable labour costs and an appropriate proportion of directly attributable costs and overheads on such projects. When it is probable that total project costs will exceed total project revenue, the expected loss is recognised as an expense immediately. The revenue is recognised progressively in profit or loss upon completion of the projects based on delivery of goods and customers' acceptance.

4.12 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price, production or conversion costs and incidentals incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for obsolete, damaged and slowing-moving items. The Group write down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and the estimated costs of dismantling and restoration costs, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment. The principal annual rates used for this purpose are:-

Motor vehicles	20%
Machineries	10%
Leasehold land	Over 54 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.14 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting year and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 BORROWING COSTS

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

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

4.17 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 INCOME TAXES (CONT'D)

(c) Sales Tax and Service Tax ("SST")

SST are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are either capitalised or recognised in profit or loss. The amount of SST charged arising from revenue and is payable to the authorities at the end of the reporting period is included in other payables.

4.18 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss or included in the development expenditure, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss or included in the development expenditure, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4.19 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.20 OPERATING SEGMENTS

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

4.21 EARNINGS PER ORDINARY SHARE

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which derived from the warrants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 RELATED PARTIES

A party is related to an entity (referred to as the “reporting entity”) if:-

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:-
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
 - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as directors having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly.

4.23 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

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

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

(a) Sale of Goods and Software Solutions ("SS")

Revenue from sale of goods and SS is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, 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.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of Services

Revenue from providing services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

4.24 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Management Fee

Management fee is recognised on an accrual basis.

(b) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Machineries RM'000	Renovation RM'000	Buildings RM'000	Freehold Land RM'000	Total RM'000
Cost								
At 1 April 2020	1,002	1,129	8,503	210,505	15,515	40,830	11,735	289,219
Additions	54	57	795	1,131	218	-	-	2,255
Assets written off	-	-	(146)	-	-	-	-	(146)
Disposals	(68)	(749)	(107)	(159)	-	-	-	(1,083)
Reclassification	-	-	2	-	(2)	-	-	-
Reclassification from right-of-use assets	-	767	-	21,830	-	-	-	22,597
Reclassification to inventories	-	-	-	(12,332)	-	-	-	(12,332)
Translation difference	-	-	16	273	-	-	-	289
At 31 March 2021	988	1,204	9,063	221,248	15,731	40,830	11,735	300,799
Accumulated Depreciation								
At 1 April 2020	502	612	5,409	136,510	6,006	1,925	-	150,964
Charge for the year	85	163	1,037	6,337	1,523	580	-	9,725
Assets written off	-	-	(146)	-	-	-	-	(146)
Disposals	(68)	(708)	(107)	(160)	-	-	-	(1,043)
Reclassification	-	-	#	-	(#)	-	-	-
Reclassification from right-of-use assets	-	685	-	6,237	-	-	-	6,922
Reclassification to inventories	-	-	-	(4)	-	-	-	(4)
Translation difference	-	-	1	10	-	-	-	11
At 31 March 2021	519	752	6,194	148,930	7,529	2,505	-	166,429
Net Book Value	469	452	2,869	72,318	8,202	38,325	11,735	134,370

Note:-

- Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Furniture and fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Machineries RM'000	Renovation RM'000	Buildings RM'000	Freehold Land RM'000	Leasehold Land RM'000	Assets-In-Progress RM'000	Total RM'000
Cost										
At 1 April 2019, as previously reported	831	2,108	6,216	234,542	12,527	34,306	-	13,340	17,314	321,184
Initial application of MFRS 16	-	(1,469)	-	(24,231)	-	-	-	(13,340)	-	(39,040)
At 1 April 2019, as restated	831	639	6,216	210,311	12,527	34,306	-	-	17,314	282,144
Acquisition of a subsidiary	-	-	1	-	-	-	-	-	-	1
Additions	114	529	763	3,504	173	-	-	-	5,909	10,992
Assets written off	(7)	-	(118)	(69)	-	-	-	-	-	(194)
Disposals	(10)	(39)	(22)	-	-	-	-	-	-	(71)
Reclassification	74	-	1,680	395	2,815	6,524	11,735	-	(23,223)	-
Reclassification to inventories	-	-	-	(3,351)	-	-	-	-	-	(3,351)
Translation difference	-	-	(17)	(285)	-	-	-	-	-	(302)
At 31 March 2020	1,002	1,129	8,503	210,505	15,515	40,830	11,735	-	-	289,219

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Accumulated Depreciation	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Machineries RM'000	Renovation RM'000	Buildings RM'000	Freehold Land RM'000	Leasehold Land RM'000	Assets- In- Progress RM'000	Total RM'000
At 1 April 2019, as previously reported		452	1,197	4,814	129,461	4,701	1,411	-	1,573	-	143,609
Initial application of MFRS 16		-	(588)	-	(4,087)	-	-	-	(1,573)	-	(6,248)
At 1 April 2019, as restated		452	609	4,814	125,374	4,701	1,411	-	-	-	137,361
Acquisition of a subsidiary		-	-	#	-	-	-	-	-	-	#
Charge for the year		67	42	719	11,489	1,305	514	-	-	-	14,136
Assets written off		(7)	-	(107)	(69)	-	-	-	-	-	(183)
Disposals		(10)	(39)	(16)	-	-	-	-	-	-	(65)
Reclassification to inventories		-	-	-	(271)	-	-	-	-	-	(271)
Translation difference		-	-	(1)	(13)	-	-	-	-	-	(14)
At 31 March 2020		502	612	5,409	136,510	6,006	1,925	-	-	-	150,964
Net Book Value		500	517	3,094	73,995	9,509	38,905	11,735	-	-	138,255

Note:-

- Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Building RM'000	Total RM'000
Cost						
At 1 April 2020	292	1,000	894	5,514	4,306	12,006
Additions	23	57	272	194	-	546
Assets written off	-	-	(12)	-	-	(12)
Disposals	-	(132)	(2)	-	-	(134)
Transfer from subsidiaries	-	-	2	-	-	2
Reclassification	-	-	2	(2)	-	-
Reclassification from right-of-use assets	-	150	-	-	-	150
At 31 March 2021	315	1,075	1,156	5,706	4,306	12,558
Accumulated Depreciation						
At 1 April 2020	62	490	549	2,642	588	4,331
Charge for the year	30	115	219	554	86	1,004
Assets written off	-	-	(12)	-	-	(12)
Disposals	-	(132)	(2)	-	-	(134)
Reclassification	-	-	#	(#)	-	-
Reclassification from right-of-use assets	-	150	-	-	-	150
At 31 March 2021	92	623	754	3,196	674	5,339
Net Book Value	223	452	402	2,510	3,632	7,219

Note:-

- Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture and Fittings RM'000	Motor Vehicles RM'000	Office Equipment RM'000	Renovation RM'000	Building RM'000	Leasehold Land RM'000	Total RM'000
Cost							
At 1 April 2019, as previously reported	184	1,362	828	5,394	4,306	10,740	22,814
Initial application of MFRS 16	-	(852)	-	-	-	(10,740)	(11,592)
At 1 April 2019, as restated	184	510	828	5,394	4,306	-	11,222
Additions	109	529	160	120	-	-	918
Assets written off	(1)	-	(90)	-	-	-	(91)
Disposals	-	(39)	(8)	-	-	-	(47)
Transfer from subsidiaries	-	-	4	-	-	-	4
At 31 March 2020	292	1,000	894	5,514	4,306	-	12,006
Accumulated Depreciation							
At 1 April 2019, as previously reported	43	686	467	2,095	502	1,191	4,984
Initial application of MFRS 16	-	(177)	-	-	-	(1,191)	(1,368)
At 1 April 2019, as restated	43	509	467	2,095	502	-	3,616
Charge for the year	20	20	163	547	86	-	836
Assets written off	(1)	-	(79)	-	-	-	(80)
Disposals	-	(39)	(2)	-	-	-	(41)
At 31 March 2020	62	490	549	2,642	588	-	4,331
Net Book Value	230	510	345	2,872	3,718	-	7,675

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- i) The net book values of the property, plant and equipment which were charged to licensed banks for facilities granted to the Group and the Company as at the end of the financial year were as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Freehold land	11,735	11,735	-	-
Buildings	38,325	38,905	3,632	3,718
	<u>50,060</u>	<u>50,640</u>	<u>3,632</u>	<u>3,718</u>

- (ii) No depreciation was provided for the following property and plant as these assets were not available for commercial use as at the end of the financial year:-

	Group	
	2021 RM'000	2020 RM'000
Buildings	11,832	11,832
Machineries	3,456	20,470
	<u>15,288</u>	<u>32,302</u>

- (iii) During the financial year, the Group has reclassified certain machineries amounting to RM12.328 million to inventories from property, plant and equipment. These machineries were previously intended for the Group's internal use and are now held for sale.

6. RIGHT-OF-USE ASSETS

Group	Machineries RM'000	Leasehold Land RM'000	Motor Vehicles RM'000	Total RM'000
Cost				
At 1 April 2020	24,231	13,340	1,469	39,040
Reclassification to property, plant and equipment	(21,830)	-	(767)	(22,597)
At 31 March 2021	<u>2,401</u>	<u>13,340</u>	<u>702</u>	<u>16,443</u>
Accumulated Depreciation				
At 1 April 2020	6,510	1,819	852	9,181
Charge for the year	588	247	140	975
Reclassification to property, plant and equipment	(6,237)	-	(685)	(6,922)
At 31 March 2021	<u>861</u>	<u>2,066</u>	<u>307</u>	<u>3,234</u>
Net Book Value	<u>1,540</u>	<u>11,274</u>	<u>395</u>	<u>13,209</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

6. RIGHT-OF-USE ASSETS (CONT'D)

Group	Machineries RM'000	Leasehold Land RM'000	Motor Vehicles RM'000	Total RM'000
Cost				
At 1 April 2019, as previously reported	-	-	-	-
Initial application of MFRS 16	24,231	13,340	1,469	39,040
At 1 April 2019, as restated/ At 31 March 2020	24,231	13,340	1,469	39,040
Accumulated Depreciation				
At 1 April 2019, as previously reported	-	-	-	-
Initial application of MFRS 16	4,087	1,573	588	6,248
At 1 April 2019, as restated	4,087	1,573	588	6,248
Charge for the year	2,423	246	264	2,933
At 31 March 2020	6,510	1,819	852	9,181
Net Book Value	17,721	11,521	617	29,859

Company	Leasehold Land RM'000	Motor Vehicles RM'000	Total RM'000
Cost			
At 1 April 2020	10,740	852	11,592
Reclassification to property, plant and equipment	-	(150)	(150)
At 31 March 2021	10,740	702	11,442
Accumulated Depreciation			
At 1 April 2020	1,390	317	1,707
Charge for the year	199	140	339
Reclassification to property, plant and equipment	-	(150)	(150)
At 31 March 2021	1,589	307	1,896
Net Book Value	9,151	395	9,546

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

6. RIGHT-OF-USE ASSETS (CONT'D)

Company	Leasehold Land RM'000	Motor Vehicles RM'000	Total RM'000
Cost			
At 1 April 2019, as previously reported	-	-	-
Initial application of MFRS 16	10,740	852	11,592
At 1 April 2019, as restated/At 31 March 2020	10,740	852	11,592
Accumulated Depreciation			
At 1 April 2019, as previously reported	-	-	-
Initial application of MFRS 16	1,191	177	1,368
At 1 April 2019, as restated	1,191	177	1,368
Charge for the year	199	140	339
At 31 March 2020	1,390	317	1,707
Net Book Value	9,350	535	9,885

- (a) The Group's leasehold land, motor vehicles and machineries which are under lease arrangement are summarised below:-

(i) Leasehold land

The Group entered into 2 non-cancellable operating lease agreements for the use of the land. The leases are for a period of 54 years with no renewal or purchase option in the agreements. The leases do not allow the Group to assign, transfer or sublease the whole or any part of the land. The land were charged to licensed banks for facilities granted to the Group and the Company as at the end of the financial year.

(ii) Motor vehicles and machineries

The Group leased its motor vehicles and machineries amounted to approximately RM1,935,000 (2020 - RM16,765,000) under hire purchase and finance lease arrangements. These leases are secured by the leased assets. The Group has an option to purchase the assets at the expiry of the lease period at an insignificant amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost:		
- in Malaysia	90,072	90,072
- outside Malaysia	1,039	1,039
	<u>91,111</u>	<u>91,111</u>

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2021 %	2020 %	
Datasonic Corporation Sdn. Bhd. ("DCSB")	Malaysia	100	100	Personalisation of smart cards.
Datasonic Technologies Sdn. Bhd. ("DTSB")	Malaysia	100	100	Customisation of software and hardware solutions, project management, consultancy, manufacturing and research and development activities.
Datasonic Smart Solutions Sdn. Bhd. ("DSSSB") *	Malaysia	100	100	Research and development and technical consultancy services.
Datasonic Manufacturing Sdn. Bhd. ("DMSB")	Malaysia	100	100	Manufacturing of electrical integrated circuit cards or commonly known as smart cards and its related products.
Datasonic Innovation Sdn. Bhd. ("DISB") ^	Malaysia	100	100	Provision of biometrics solution.
Amalan Fokus Sdn. Bhd. ("AFSB") ^	Malaysia	100	100	Dormant.
Datasonic Digital Sdn. Bhd. ("DDSB") ^	Malaysia	100	100	Dormant.
Datasonic International Sdn. Bhd. ("DINT") ^	Malaysia	100	100	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2021 %	2020 %	
Datasonic New Zealand Limited ("DNZL")~	New Zealand	100	100	Software development services and computer systems design and related activities.
PT Datasonic Teknologi Indonesia ("PTD") @ #	Indonesia	100	100	Personalisation of smart cards.
Datasonic International W.L.L ("DIWLL")^##+	Bahrain	100	100	Dormant.
Datasonic Business Technology Philippines ("DBTP") @ \$	Philippines	40	40	Dormant.
Medicloud Malaysia Sdn. Bhd. ("MMSB") ^	Malaysia	100	100	Dormant.
Datasonic Digent Sdn. Bhd. ("DSB") ^	Malaysia	60	60	Dormant.
<i>Held by DMSB</i>				
Constant Ahead Sdn. Bhd. ("CASB") ^	Malaysia	100	100	Dormant.

Notes:-

* - The subsidiary was granted Multimedia Super Corridor status which qualifies for Pioneer Status incentive under the Promotion of Investments Act, 1986 as disclosed in Note 38 to the financial statements.

@ - The subsidiary was audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.

^ - These subsidiaries were audited by other firms of chartered accountants.

~ - No audit requirement of this subsidiary under New Zealand Companies Act 1993 as the Company satisfied the exemption requirements.

- 1% held by a wholly-owned subsidiary, DTSB.

- 5% held by a wholly-owned subsidiary, DTSB.

\$ - Although the Company owns less than half of the voting power in DBTP, the Company has control over DBTP by virtue of an agreement with other investor of DBTP. Consequently, the Company consolidates its investment of this subsidiary.

+ - On 28 October 2020, the Company given consent for the liquidation of the subsidiary. The subsidiary is in the progress of liquidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of acquisition of the subsidiaries in the previous financial year were disclosed in Note 40 to the financial statements.

(a) The non-controlling interests at the end of the financial year comprise the following:-

	Effective Equity Interest		Group	
	2021 %	2020 %	2021 RM'000	2020 RM'000
DBTP	60	60	304	317
DSB	40	40	(2)	#

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests is not presented as the non-controlling interests are not material to the Group.

Note:-

- Amount less than RM1,000.

8. INVESTMENT IN ASSOCIATES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted share, at cost	-	90	-	90
Share of post-acquisition loss	-	(90)	-	-
	-	-	-	90

The details of the associates are as follows:-

Name of Associates	Principal Place of Business	Effective Equity Interest		Principal Activities
		2021 %	2020 %	
Electric Vehicle Automotive (M) Sdn. Bhd. ("EVAM")	Malaysia	-	30	Dormant.
<i>Held by DTSB</i>				
Datasonic Grid Sdn. Bhd. ("DGSB")	Malaysia	25	25	Dormant.

- (a) The share of results in the associates are based on the financial statements for the financial year ended 31 March 2021.
- (b) The summarised financial information for the associates are not presented as the associates are not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

8. INVESTMENT IN ASSOCIATES (CONT'D)

- (c) On 16 March 2021, EVAM has been struck off under Section 550 of Companies Act 2016.

In the previous financial year, the Group has not recognised losses of EVAM, where its share of losses exceeds the Group's cost of investment. The Group's cumulative share of unrecognised losses at the end of the previous financial year was approximately RM75,000 of which approximately RM1,000 was the share of the previous financial year's losses. The Group has no obligation in respect of these losses.

- (d) The Group has not recognised the cumulative loss of DGSB, where its share of loss exceeds the Group's cost of investment. The Group's cumulative share of unrecognised loss at the end of the financial year was approximately RM2,000 (2020 - RM1,000) of which approximately RM2,000 (2020 - RM1,000) was the share of the current financial year's loss. The Group has no obligation in respect of this loss.

9. OTHER INVESTMENT

	Group	
	2021 RM'000	2020 RM'000
Investment in club membership, at fair value	110	110

10. GOODWILL

	Group	
	2021 RM'000	2020 RM'000
Goodwill	4,162	4,162

The amount of goodwill relates to the manufacturing of cards cash-generating unit. The goodwill arose from the investment in subsidiaries and is reviewed for impairment annually.

The Group has assessed the recoverable amount of goodwill, and determined that no impairment is required. The recoverable amount of the manufacturing of cards cash-generating unit is computed using the value in use approach, and this is derived from the present value of the future cash flows from the cash-generating unit based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amount are as follows:-

- (i) Budgeted gross margin Average gross margin achieved in the 5 years immediately before the budgeted period increased for expected efficiency improvements and cost saving measures.
- (ii) Growth rate Based on the expected projection of the smart card business.
- (iii) Discount rate (pre-tax) Reflects specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future projections in the cash-generating unit and are based on both external sources and internal historical data.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

11. DEVELOPMENT EXPENDITURE

	Group	
	2021 RM'000	2020 RM'000
At cost:-		
At 31 March 2021/2020	51,807	51,807
Accumulated amortisation:-		
At 1 April 2020/2019	(26,971)	(19,474)
Amortisation during the financial year (Note 37)	(3,273)	(7,497)
At 31 March 2021/2020	(30,244)	(26,971)
Accumulated impairment losses:-		
At 31 March 2021/2020	(1,222)	(1,222)
	<u>20,341</u>	<u>23,614</u>

The development expenditure consist of direct and related costs for overhead and software solutions incurred in the process of development, and attributable to the Group's customised smart card solutions ("CSCS") reportable segment. Their amortisation charges are recognised in profit or loss as Cost of Sales line item.

The Group has assessed the recoverable amounts of the development expenditure and determined that no impairment is required. Their recoverable amounts are determined using the value in use approach, and this is derived from the present value of the future cash flows from the customised software and hardware systems business computed based on the projections of financial budgets covering a period of 3 - 5 years (2020 - 5 years). The key assumptions used in the determination of the recoverable amounts are as follows:-

- (i) Budgeted gross margin Gross margin is the forecasted margin as a percentage of revenue over the three to five-year projection periods which were determined based on the expectations of market development and, adjusted for market and economic conditions, internal resource efficiency, where applicable.
- (ii) Growth rate Based on the expected projection of the customised software and hardware systems business.
- (iii) Discount rate (pre-tax) Reflects specific risks relating to the relevant cash-generating unit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

12. TRADE RECEIVABLES

	Group	
	2021 RM'000	2020 RM'000
Trade receivables	30,316	66,586
Allowance for impairment losses	(3,906)	(3,612)
	<hr/>	<hr/>
	26,410	62,974
Accrued income	12,156	25,004
	<hr/>	<hr/>
	38,566	87,978
	<hr/>	<hr/>
The trade receivables are made up of:-		
(a) <u>Non-current:</u>		
Trade receivables	2,111	-
Accrued income	3,183	5,533
	<hr/>	<hr/>
	5,294	5,533
(b) <u>Current:</u>		
Trade receivables	24,299	62,974
Accrued income	8,973	19,471
	<hr/>	<hr/>
	33,272	82,445
	<hr/>	<hr/>
	38,566	87,978
	<hr/>	<hr/>
Allowance for impairment losses:-		
At 1 April 2020/2019	(3,612)	(2,602)
Addition	(297)	(1,059)
Write back	3	-
Written off	#	49
	<hr/>	<hr/>
At 31 March 2021/2020	(3,906)	(3,612)
	<hr/>	<hr/>

The Group's normal trade credit terms range from 30 to 90 (2020 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The allowance for impairment losses is made on those trade receivables from those companies which are in serious financial difficulties and which have defaulted on payments.

Accrued income represents revenue earned for work performed and goods delivered but the related invoices have yet to be issued.

Note:-

- Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

13. PROJECTS-IN-PROGRESS

	Group	
	2021 RM'000	2020 RM'000
At costs:-		
Site preparation	1,077	998
Technical Services	1,102	1,164
Others	24	8
	<u>2,203</u>	<u>2,170</u>

14. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At costs:-		
Raw materials	26,318	27,165
Finished goods	1,147	5,978
Spare parts	7,210	7,408
Consumables	970	1,034
Equipment	13,574	2,431
Software	5	5
Goods-in-transit	-	269
	<u>49,224</u>	<u>44,290</u>
Less: Allowance for impairment losses	(943)	(977)
	<u>48,281</u>	<u>43,313</u>
Allowance for impairment losses:-		
At 1 April 2020/2019	(977)	(900)
Addition	(49)	(168)
Written off	-	88
Writeback	83	3
	<u>(943)</u>	<u>(977)</u>
At 31 March 2021/2020		
<u>Recognised in profit or loss</u>		
Inventories sold	39,911	67,082
Impairment losses	49	168
Inventories written off	-	114
Writeback of impairment losses	(83)	(3)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables	869	1,171	6	10
Deposits	956	1,006	184	178
Prepayments	6,771	7,487	198	464
	<u>8,596</u>	<u>9,664</u>	<u>388</u>	<u>652</u>

Prepayments consist of downpayment for purchases of materials and machineries.

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Amounts owing by:- for non-trade balances	<u>30,732</u>	<u>38,775</u>
Amounts owing (to):- for non-trade balances	<u>(12,692)</u>	<u>(27,748)</u>

The amounts owing by/(to) subsidiaries represent unsecured payments made on behalf and are interest-free and receivable/(repayable) on demand.

The amounts owing are to be settled in cash and in kind as appropriate.

17. SHORT-TERM INVESTMENTS

	Group			
	2021 Carrying Amount RM'000	2021 Market Value RM'000	2020 Carrying Amount RM'000	2020 Market Value RM'000
Money market funds, at fair value	<u>31,449</u>	<u>31,449</u>	<u>27,409</u>	<u>27,409</u>

	Company			
	2021 Carrying Amount RM'000	2021 Market Value RM'000	2020 Carrying Amount RM'000	2020 Market Value RM'000
Money market funds, at fair value	<u>290</u>	<u>290</u>	<u>7,597</u>	<u>7,597</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

18. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits with licensed banks	6,103	6,117	-	-
Cash and bank balances	10,742	12,854	1,517	1,318
Short-term investments	31,449	27,409	290	7,597
	<u>48,294</u>	<u>46,380</u>	<u>1,807</u>	<u>8,915</u>
Less: Deposits pledged to licensed banks	(6,103)	(6,117)	-	-
	<u>42,191</u>	<u>40,263</u>	<u>1,807</u>	<u>8,915</u>

The deposits with licensed banks of the Group at the end of the financial year bore effective interest rates ranging from 1.50% to 3.45% (2020 - 2.60% to 3.45%) per annum. The deposits have maturity periods ranging from 1 to 24 (2020 - 1 to 24) months for the Group.

Deposits have been pledged to licensed banks as securities for banking facilities granted to the Group are disclosed in Note 30 to the financial statements.

19. SHARE CAPITAL

Group/Company	2021		2020	
	Number of Shares '000	Share Capital RM'000	Number of Shares '000	Share Capital RM'000
Issued and Fully Paid-Up				
Ordinary shares				
At 1 April	1,350,000	135,000	1,350,000	135,000
New shares issued as bonus	1,350,000	-	-	-
	<u>2,700,000</u>	<u>135,000</u>	<u>1,350,000</u>	<u>135,000</u>
At 31 March				

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

During the financial year, the Company issued 1,350,000,000 new ordinary shares by way of bonus issue on the basis of one (1) new ordinary share for every one (1) existing ordinary share held in the Company on 1 October 2020.

Subsequent to the financial year, the issued share capital of the Company was increased to RM261,284,000 comprising of 2,962,000,000 ordinary shares from private placement. The details of the private placement are disclosed in Note 50 to the financial statements.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

20. TREASURY SHARES

During the financial year, the Company purchased 16,740,500 (2020 - 28,412,500) of its issued ordinary shares from the open market at an average price of RM0.68 (2020 - RM0.92) per share. The total consideration paid for the purchase was approximately RM11,446,000 (2020 - RM26,134,000) including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Of the total 2,700,000,000 (2020 - 1,350,000,000) issued and fully paid-up ordinary shares at the end of the reporting period, 77,195,000 (2020 - 28,412,500) ordinary shares are held as treasury shares by the Company.

21. MERGER DEFICIT

The merger deficit of RM11,072,000 (2020 - RM11,072,000) resulted from the difference between the carrying value of the investments in subsidiaries and the nominal value of the shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

22. FOREIGN EXCHANGE TRANSLATION RESERVE

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

23. LONG-TERM BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Secured:-				
Term loans (Note 24)	42,636	53,731	-	-
Term financing (Note 25)	3,338	4,708	3,338	4,708
	<u>45,974</u>	<u>58,439</u>	<u>3,338</u>	<u>4,708</u>

24. TERM LOANS (SECURED)

	Group	
	2021 RM'000	2020 RM'000
Current liabilities (Note 30)	4,397	4,053
Non-current liabilities (Note 23)	42,636	53,731
	<u>47,033</u>	<u>57,784</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

24. TERM LOANS (SECURED) (CONT'D)

Details of the repayment terms are as follows:-

Term Loan	Number Of Monthly Instalment	Monthly Instalment Amount RM'000	Date Of Commencement Of Repayment	Effective Interest Rate	Group Amount Outstanding 2021 RM'000	Group Amount Outstanding 2020 RM'000
1	120	40	1 November 2011	4.30% (2020 - 5.05%)	311	761
2	144	51	1 January 2015	3.20% (2020 - 4.20%)	3,218	3,716
3	←—————	Note 1	—————→	4.20% (2020 - 4.95%)	7,394	12,199
4	←—————	Note 2	—————→	4.17% (2020 - 4.92%)	9,304	11,302
5	144	83	1 July 2017	3.05% (2020 - 3.80%)	7,239	7,992
6	84	98	5 February 2018	3.05% (2020 - 3.80%)	4,590	5,766
7	120	134	6 July 2020	3.05% (2020 - 3.80%)	14,977	16,048
					<u>47,033</u>	<u>57,784</u>

Notes:-

- 1 - Term loan 3 is a capital expenditure loan with tenure of up to 60 months from the first day of the following month from the date of first disbursement and is repayable by 13% (2020 - 13%) of each contract proceeds received from the project until full settlement.
- 2 - Term loan 4 is a capital expenditure loan with tenure of up to 60 months from the first day of the following month from the date of first disbursement and is repayable by 20% (2020 - 15%) of each contract proceeds received from the project until full settlement.

The term loans above are with floating rates ranging from 3.05% to 4.30% (2020 - 3.80% to 5.05%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

24. TERM LOANS (SECURED) (CONT'D)

Term loan 1 is secured by:-

- (a) a legal charge over 1 unit of property of the Group; and
- (b) a corporate guarantee of the Company.

Term loan 2 is secured by:-

- (a) a legal charge over certain properties of the Group; and
- (b) a corporate guarantee of the Company.

Term loan 3 is secured by:-

- (a) proceeds from the project as disclosed in the footnote (Note 1) above; and
- (b) a corporate guarantee of the Company.

Term loan 4 is secured by:-

- (a) proceeds from the project as disclosed in the footnote (Note 2) above; and
- (b) a corporate guarantee of the Company and a subsidiary.

Term loan 5 is secured by:-

- (a) a legal charge over certain properties of the Group; and
- (b) a corporate guarantee of the Company.

Term loan 6 is secured by:-

- (a) a legal charge over certain properties of the Group; and
- (b) a corporate guarantee of the Company.

Term loan 7 is secured by:-

- (a) a legal charge over a property of the Group; and
- (b) a corporate guarantee of the Company.

Term loan 3 amounting to approximately RM7,394,000 (2020 - RM12,199,000) is secured by a negative pledge that imposes certain covenants on a subsidiary that has received the loan. The significant covenant of the term loan is that the Company's gearing shall not exceed 3.5 times during the subsistence of the financing facilities with the bank.

Term loan 4 amounting to approximately RM9,304,000 (2020 - RM11,302,000) is secured by a negative pledge that imposes certain covenants on a subsidiary that has received the loan. The significant covenants of the term loan are as follows:-

- (i) The Company's gearing shall not exceed 2.0 times during the subsistence of the financing facilities with the bank.
- (ii) DTSB shall remain the licensed holder for a customer's contracts. The bank shall be notified in the event of termination or changes in the appointment by the contract awarder.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

25. TERM FINANCING (SECURED)

	Group/Company	
	2021	2020
	RM'000	RM'000
Current liabilities (Note 30)	1,355	1,289
Non-current liabilities (Note 23)	3,338	4,708
	<u>4,693</u>	<u>5,997</u>

Details of the repayment terms are as follows:-

Term Financing	Number Of Monthly Instalments	Monthly Instalment Amount RM'000	Date Of Commencement Of Repayment	Effective Interest Rate	Group/Company Amount Outstanding 2021 RM'000	2020 RM'000
1	120	126	1 July 2014	3.20% (2020 - 4.20%)	<u>4,693</u>	<u>5,997</u>

Term financing 1 is secured by a legal charge over a property of the Company and is with floating rate of 3.20% (2020 - 4.20%) per annum.

26. LEASE LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At 1 April 2020/2019	4,755	12,279	317	413
Interest expenses recognised in profit or loss (Note 36)	284	921	12	17
Repayment of principal	(3,843)	(7,524)	(81)	(96)
Repayment of interest expenses	(284)	(921)	(12)	(17)
	<u>912</u>	<u>4,755</u>	<u>236</u>	<u>317</u>
At 31 March 2021/2020	912	4,755	236	317
Analysed by:-				
Current liabilities	757	3,842	81	81
Non-current liabilities	155	913	155	236
	<u>912</u>	<u>4,755</u>	<u>236</u>	<u>317</u>

- (a) The lease liabilities of the Group and of the Company are secured by the Group's and the Company's motor vehicles and machineries under the lease arrangements as disclosed in the Note 6(a)(ii) to the financial statements. The lease arrangements shall expire from 1 to 3 years.
- (b) The lease liabilities of the Group and of the Company at the end of the financial year bore effective interest rates ranging from 4.33% to 10.72% (2020 - 4.33% to 13.40%) per annum and ranging from 4.33% to 4.55% (2020 - 4.33% to 4.55%) per annum respectively. The interest rates are fixed at the inception of the lease arrangements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

27. DEFERRED TAX LIABILITIES

	Group	
	2021 RM'000	2020 RM'000
At 1 April 2020/2019	2,294	2,026
Recognised in profit or loss (Note 38)	1,713	268
	<hr/>	<hr/>
At 31 March 2021/2020	4,007	2,294
	<hr/>	<hr/>

The deferred tax liabilities recognised in the financial statements consist of the tax effects of temporary differences arising from the following item:-

	Group	
	2021 RM'000	2020 RM'000
<i>Deferred Tax Liabilities</i>		
Accelerated capital allowances	4,007	2,294
	<hr/>	<hr/>

The Group has not recognised the deferred tax liability of the following item as the directors are of the opinion that the deferred tax liability will not crystallise in a wholly-owned subsidiary, DSSSB, which was granted Multimedia Super Corridor status which qualifies for Pioneer Status incentive under the Promotion of Investments Act, 1986.

	Group	
	2021 RM'000	2020 RM'000
Accelerated capital allowances	13,428	12,718
	<hr/>	<hr/>

28. TRADE PAYABLES

	Group	
	2021 RM'000	2020 RM'000
Trade payables	1,048	2,325
	<hr/>	<hr/>

The normal trade credit terms granted to the Group range from 30 to 90 (2020 - 30 to 90) days.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

29. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Other payables	838	1,778	69	98
Deferred income	2,303	2,617	-	-
Provisions	1,650	1,727	58	58
Accruals	24,472	21,850	324	277
	<u>29,263</u>	<u>27,972</u>	<u>451</u>	<u>433</u>

Accruals consist of accrued cost for goods or services and subcontracting costs.

30. SHORT-TERM BORROWINGS

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Secured:-				
Term loans (Note 24)	4,397	4,053	-	-
Term financing (Note 25)	1,355	1,289	1,355	1,289
Trade financing	7,259	30,336	-	-
	<u>13,011</u>	<u>35,678</u>	<u>1,355</u>	<u>1,289</u>

The trade financing bore effective interest rates ranging from 3.63% to 3.85% (2020 - 3.40% to 5.54%) per annum at the end of the financial year and are secured by a corporate guarantee of the Company. Certain trade financing is secured by a legal charge over a property of the Company and deposits with a licensed bank.

31. NET ASSETS PER SHARE

The net assets per share of the Group is calculated based on the net asset value at the end of the financial year of RM226,014,000 (2020 - RM256,310,000) divided by the number of ordinary shares at the end of the financial year of 2,622,805,000 (2020 - 1,321,587,500).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

32. DIVIDENDS

	Sen Per Share	Group/Company 2021 RM'000	Sen Per Share	2020 RM'000
In respect of the financial year ended 31 March 2019:				
- Fourth interim single tier tax-exempt dividend declared on 31 May 2019 and paid on 30 August 2019	-	-	0.50	6,750
In respect of the financial year ended 31 March 2020:				
- First interim single tier tax-exempt dividend declared on 30 August 2019 and paid on 18 October 2019	-	-	0.75	10,125
- Second interim single tier tax-exempt dividend declared on 29 November 2019 and paid on 13 January 2020	-	-	0.75	10,125
- Third interim single tier tax-exempt dividend declared on 27 February 2020 and paid on 27 March 2020	-	-	1.00	13,341
- Fourth interim single tier tax-exempt dividend declared on 25 June 2020 and paid on 27 July 2020	0.50	6,595	-	-
In respect of the financial year ended 31 March 2021:				
- First interim single tier tax-exempt dividend declared on 28 August 2020 and paid on 1 October 2020	0.50	6,589	-	-
- Second interim single tier tax-exempt dividend declared on 27 November 2020 and paid on 29 December 2020	0.25	6,584	-	-
- Third interim single tier tax-exempt dividend declared on 1 March 2021 and paid on 26 March 2021	0.25	6,557	-	-
		<u>26,325</u>		<u>40,341</u>

In respect of the financial year ended 31 March 2021, the Directors had on 27 May 2021 declared a fourth interim single tier tax-exempt dividend of 0.05 sen per share, the Entitlement Date will be determined and announced in due course. This dividend has not been reflected in the financial statements for the current financial year but it will be accounted for in shareholders' equity as an appropriation of retained profits for the financial year ending 31 March 2022.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

33. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sales of goods and services	138,414	247,540	-	-
Management service fee	-	-	15,936	15,516
Dividend income from subsidiaries	-	-	40,000	41,000
	<u>138,414</u>	<u>247,540</u>	<u>55,936</u>	<u>56,516</u>

The information on the details of revenue is disclosed in Note 45 to the financial statements.

34. OTHER INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income on financial assets:				
- at fair value through profit or loss	645	1,075	122	234
- not at fair value through profit or loss	446	228	276	51
Rental income	-	-	1,469	1,730
Sundries	334	229	2	3
	<u>1,425</u>	<u>1,532</u>	<u>1,869</u>	<u>2,018</u>

35. STAFF COST

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries and other benefits	37,161	36,716	8,644	6,658
Defined contribution plan	4,749	4,399	950	760
	<u>41,910</u>	<u>41,115</u>	<u>9,594</u>	<u>7,418</u>

36. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on financial liabilities not at fair value through profit or loss	2,779	5,369	179	293
Interest expense on lease liabilities (Note 26)	284	921	12	17
	<u>3,063</u>	<u>6,290</u>	<u>191</u>	<u>310</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

37. PROFIT BEFORE TAXATION

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Property, plant and equipment:				
- Depreciation	9,725	14,136	1,004	836
- Written off	#	11	-	11
- Gain on disposal	(63)	(8)	(1)	(6)
Depreciation of right-of-use assets	975	2,933	339	339
Amortisation of development expenditure	3,273	7,497	-	-
Inventories:				
- Allowance for impairment loss	49	168	-	-
- Written off	-	114	-	-
- Writeback	(83)	(3)	-	-
Trade receivables:				
- Allowance for impairment loss	297	1,059	-	-
- Fair value loss	114	-	-	-
- Writeback	(3)	-	-	-
Auditors' remuneration:				
- current year	235	230	45	45
Directors' remuneration (Note 42):				
- Non-executive directors:				
- Fees	810	751	810	751
- Allowances	67	113	67	88
- Executive directors' salaries and bonus	4,154	5,132	1,843	2,437
Staff costs (Note 35)	41,910	41,115	9,594	7,418
Loss/(Gain) on foreign exchange:				
- Realised	191	418	#	#
- Unrealised	(830)	1,174	3	#
Lease expenses:				
- Short-term leases	827	1,040	641	652
- Low-value assets	85	101	23	20

Note:-

- Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

38. INCOME TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax expense:				
- for the financial year	2,273	2,966	186	272
- overprovision in the previous financial years	(181)	(208)	(16)	(179)
	<u>2,092</u>	<u>2,758</u>	<u>170</u>	<u>93</u>
Deferred tax liabilities (Note 27):				
- for the financial year	1,570	697	-	-
- under/(over)provision in the previous financial year	143	(429)	-	-
	<u>1,713</u>	<u>268</u>	<u>-</u>	<u>-</u>
	<u>3,805</u>	<u>3,026</u>	<u>170</u>	<u>93</u>

On 6 November 2012, a wholly-owned subsidiary, DSSSB was granted Multimedia Super Corridor status which qualifies for Pioneer Status incentive under the Promotion of Investments Act, 1986 for the period from 18 May 2012 to 17 May 2017 whereby the statutory income from approved activities is exempted from tax. The application for an extension of another five years was approved on 4 April 2018 for the years from 18 May 2017 to 17 May 2022.

A reconciliation of the income tax expense applicable to the profit before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation	11,089	63,395	38,029	39,977
Tax at the statutory tax rate of 24%	2,662	15,215	9,127	9,594
Tax effects of:-				
Non-deductible expenses	1,295	2,686	590	640
Non-taxable income	(21)	(56)	(9,629)	(9,896)
Income tax exempted from tax due to pioneer status	-	(13,558)	-	-
Deferred tax liabilities not recognised due to pioneer status	(170)	(132)	-	-
Deferred tax asset not recognised during the financial year	98	-	98	-
Utilisation of deferred tax assets previously not recognised	(8)	(116)	-	(66)
Effects of differential in tax rates of subsidiary	(13)	(376)	-	-
(Over)/Underprovision in the previous financial year:				
- current taxation	(181)	(208)	(16)	(179)
- deferred taxation	143	(429)	-	-
Income tax expense for the financial year	<u>3,805</u>	<u>3,026</u>	<u>170</u>	<u>93</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

38. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

39. EARNINGS PER SHARE

	Group	
	2021	2020
Profit attributable to owners of the Company (RM'000)	7,302	60,322
Weighted average number of ordinary shares in issue ('000)	2,634,041	2,696,210*
Basic earnings per share (sen)	0.28	2.24
Weighted average number of ordinary shares for basic earnings per share	2,634,041	2,696,210
Shares deemed to be issued for no consideration:		
- warrants	1,350,000	-
Weighted average number of ordinary shares for diluted earnings per share computation	3,984,041	2,696,210
Diluted earnings per share (sen)	0.18	2.24

Note:-

* - The weighted average number of ordinary shares in issue had been adjusted retrospectively, to reflect the Bonus Issue as though the Bonus Issue had been issued from the earliest period of these financial statements as required by MFRS 133 - Earnings Per Share.

In the previous financial year, the effects of potential ordinary shares arising from the conversion of Warrants were anti-dilutive and accordingly, they have been ignored in the calculation of dilutive earnings per share. As a result, the diluted earnings per ordinary share was the same as basic earnings per share.

40. INCORPORATION AND ACQUISITION OF SUBSIDIARIES

In the previous financial year, the Company entered into a Joint Venture Agreement with third parties for the purpose of establishing a Joint Venture Corporation to participate in the public bidding to be conducted by the Bids and Award committee of the Government of Philippines for the works of, or in respect of the Philippines National Identity System and Philippines Security Surveillance and Monitoring Solutions ("Project(s) and/or Contract(s)") which may include other solution and services relevant to the Project(s) and/or Contract(s).

On 29 August 2019, a joint venture corporation known as DBTP was established. The Company is holding 39.99% equity interest and the remaining is held by third parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

41. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 5)	2,255	10,992	546	918

- (b) The movements of liabilities arising from financing activities are as follows:-

Group	Term Loans RM'000	Term Financing RM'000	Lease Liabilities RM'000	Trade Financing RM'000	Total RM'000
2021					
At 1 April 2020	57,784	5,997	4,755	30,336	98,872
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	-	-	-	24,278	24,278
Repayment of borrowing principal	(10,751)	(1,304)	(3,843)	(47,355)	(63,253)
	(10,751)	(1,304)	(3,843)	(23,077)	(38,975)
At 31 March 2021	47,033	4,693	912	7,259	59,897
2020					
At 1 April 2019	73,240	7,223	12,279	43,888	136,630
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	472	-	-	56,336	56,808
Repayment of borrowing principal	(15,928)	(1,226)	(7,524)	(69,888)	(94,566)
	(15,456)	(1,226)	(7,524)	(13,552)	(37,758)
At 31 March 2020	57,784	5,997	4,755	30,336	98,872

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

41. CASH FLOW INFORMATION (CONT'D)

(b) The movements of liabilities arising from financing activities are as follows (Cont'd):-

Company	Term Financing RM'000	Lease Liabilities RM'000	Total RM'000
2021			
At 1 April 2020	5,997	317	6,314
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(1,304)	(81)	(1,385)
	(1,304)	(81)	(1,385)
At 31 March 2021	4,693	236	4,929
2020			
At 1 April 2019	7,223	413	7,636
<u>Changes in Financing Cash Flows</u>			
Repayment of borrowing principal	(1,226)	(96)	(1,322)
	(1,226)	(96)	(1,322)
At 31 March 2020	5,997	317	6,314

(c) The total cash outflows for leases as a lessee are as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Payment of short-term leases	827	1,040	641	652
Payment of low-value assets	85	101	23	20
Interest paid on lease liabilities	284	921	12	17
Payment of lease liabilities	3,843	7,524	81	96
	5,039	9,586	757	785

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

42. DIRECTORS' REMUNERATION

The directors' remuneration during the financial year are as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company				
Executive:				
- salaries and bonus	1,843	2,437	1,843	2,437
Non-executive:				
- fees	810	751	810	751
- allowances	67	103	67	88
	877	854	877	839
	2,720	3,291	2,720	3,276
Benefits-in-kind	-	3	-	3
Directors of Subsidiaries				
Executive:				
- salaries and bonus	2,311	2,695	-	-
Non-executive:				
- fees	-	-	-	-
- allowances	-	10	-	-
	-	10	-	-
	2,311	2,705	-	-
Benefits-in-kind	-	-	-	-
Total	5,031	5,999	2,720	3,279
Analysis excluding benefits-in-kind:-				
Total executive directors' salaries and bonus	4,154	5,132	1,843	2,437
Total non-executive directors:				
- fees	810	751	810	751
- allowances	67	113	67	88
	877	864	877	839
Total directors' remuneration excluding benefits-in-kind	5,031	5,996	2,720	3,276

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

43. CONTINGENT LIABILITIES

The following items are disclosed as contingent liabilities as it is not probable that a future sacrifice of economic benefits will be required or the amounts are not capable of reliable measurement:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Performance guarantees extended to customers	17,174	17,693	17,174	17,693
Performance guarantees extended to a supplier	20	20	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	17,194	17,713	17,174	17,693
Corporate guarantees for banking facilities granted to the subsidiaries	-	-	54,988	92,577
	<hr/>	<hr/>	<hr/>	<hr/>
	17,194	17,713	72,162	110,270
	<hr/>	<hr/>	<hr/>	<hr/>

On 1 August 2018, a wholly-owned subsidiary, DTSB, has received a writ of summons together with the statement of claim dated 30 July 2018 ("Suit") filed by Percetakan Keselamatan Nasional Sdn Bhd ("PKN") against DTSB. The Suit is in relation to a disagreement between DTSB and PKN over the price of 1,500,000 Malaysian Passport booklets supplied by PKN to DTSB as DTSB's sub-contractor for the interim period of 6 months from 1 December 2016 to 31 May 2017, before the Malaysian Passport booklets were fully printed and supplied by DTSB to the Government of Malaysia.

Both parties are currently negotiating to resolve the matter. Management estimated that the potential financial impact, if any, could be approximately RM5 million.

44. RELATED PARTY DISCLOSURES

The transactions of the Company with its related parties are as follows:-

	Company	
	2021 RM'000	2020 RM'000
Subsidiaries		
Management services fees	15,936	15,516
Consultancy fee	260	-
Dividend income	40,000	41,000
Equipment transferred from	2	4
Rental income	1,469	1,730
Purchase from	-	1
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

45. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the chief operating decision makers in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on the products and services provided.

The Group is organised into three main reportable segments as follows:-

Customised smart card solutions ("CSCS") - provision of large scale customised software and hardware systems for secure ID, total smart card solutions and ICT project management.

Manufacturing ("MA") - manufacturing of cards and booklets.

Investment holding ("IH") - investment holding and provision of management services to the group of companies.

- (a) The chief operating decision makers assess the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than the tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than the borrowings and the tax-related liabilities.

Transactions between reportable segments are carried out on agreed terms and such inter-segment transactions are eliminated on consolidation.

BUSINESS SEGMENTS

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2021				
Revenue				
External revenue	134,904	3,510	-	138,414
Inter-segment revenue	480	360	55,936	56,776
	<u>135,384</u>	<u>3,870</u>	<u>55,936</u>	<u>195,190</u>
Consolidation adjustments				(56,776)
Consolidated revenue				<u>138,414</u>
Represented by:-				
<u>Revenue recognised at a point of time</u>				
- Sales of goods and software solutions	115,257	3,870	55,936	175,063
<u>Revenue recognised over time</u>				
- Sales of services	20,127	-	-	20,127
	<u>135,384</u>	<u>3,870</u>	<u>55,936</u>	<u>195,190</u>
Consolidation adjustments				(56,776)
Consolidated revenue				<u>138,414</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

45. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
Results				
Segment profit before interest expense and taxation	32,841	2,667	38,310	73,818
Finance costs				(3,063)
Consolidation adjustments				(59,666)
Consolidated profit before taxation				11,089
Segment profit before interest expense and taxation includes the following:-				
Gain on disposal of plant and equipment	62	-	1	63
Interest income	693	-	398	1,091
Writeback of impairment losses on:				
- inventories	-	83	-	83
- allowance for doubtful debts	3	-	-	3
Allowance for impairment losses on:				
- inventories	(14)	(35)	-	(49)
- trade receivable	(297)	-	-	(297)
Amortisation of development expenditure	(3,273)	-	-	(3,273)
Depreciation of property, plant and equipment	(7,055)	(1,666)	(1,004)	(9,725)
Depreciation of right-of-use assets	(636)	-	(339)	(975)
Fair value loss on trade receivable	(114)	-	-	(114)
Unrealised foreign exchange gain	834	(1)	(3)	830

2021

Assets

Segment assets	224,342	82,186	140,698	447,226
Unallocated assets:				
- deposits with licensed banks				6,103
- cash and bank balances				10,742
- tax recoverable				2,399
Consolidation adjustments				(145,939)
Consolidated total assets				320,531

Addition to non-current assets other than financial instruments is:-

Property, plant and equipment	509	1,200	546	2,255
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Liabilities

Segment liabilities	78,350	51,844	19,200	149,394
Unallocated liabilities:				
- deferred tax liabilities				4,007
- lease liabilities				912
Consolidation adjustments				(60,098)
Consolidated total liabilities				94,215

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

45. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2020				
Revenue				
External revenue	215,913	31,627	-	247,540
Inter-segment revenue	4,997	3,404	56,516	64,917
	220,910	35,031	56,516	312,457
Consolidation adjustments				(64,917)
Consolidated revenue				247,540
Represented by:-				
<u>Revenue recognised at a point of time</u>				
- Sales of goods and software solutions	189,286	35,031	56,516	280,833
<u>Revenue recognised over time</u>				
- Sales of services	31,624	-	-	31,624
	220,910	35,031	56,516	312,457
Consolidation adjustments				(64,917)
Consolidated revenue				247,540
Results				
Segment profit before interest expense and taxation	72,062	17,369	40,286	129,717
Finance costs				(6,290)
Consolidation adjustments				(60,032)
Consolidated profit before taxation				63,395
Segment profit before interest expense and taxation includes the following:-				
Gain on disposal of plant and equipment	3	-	5	8
Interest income	1,018	-	285	1,303
Writeback of impairment losses on inventories	2	1	-	3
Allowance for impairment losses on:				
- inventories	(168)	-	-	(168)
- trade receivables	(1,059)	-	-	(1,059)
Amortisation of development expenditure	(7,497)	-	-	(7,497)
Depreciation of property, plant and equipment	(8,397)	(4,903)	(836)	(14,136)
Depreciation of right-of-use assets	(563)	(2,031)	(339)	(2,933)
Property, plant and equipment written off	(1)	-	(10)	(11)
Inventories written off	(114)	-	-	(114)
Unrealised foreign exchange loss	(1,168)	(6)	-	(1,174)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

45. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	CSCS RM'000	MA RM'000	IH RM'000	Group RM'000
2020				
Assets				
Segment assets	296,719	90,098	156,212	543,029
Unallocated assets:				
- deposits with licensed banks				6,117
- cash and bank balances				12,854
- tax recoverable				2,585
Consolidation adjustments				(176,495)
Consolidated total assets				388,090
Addition to non-current assets other than financial instruments is:-				
Property, plant and equipment	9,421	654	917	10,992
Liabilities				
Segment liabilities	120,293	60,239	34,570	215,102
Unallocated liabilities:				
- deferred tax liabilities				2,294
- lease liabilities				4,755
Consolidation adjustments				(90,688)
Consolidated total liabilities				131,463

GEOGRAPHICAL INFORMATION

No information is presented on the basis of geographical segment as the Group operates primarily in Malaysia during the financial year.

MAJOR CUSTOMERS

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

	Revenue		Segment
	2021 RM'000	2020 RM'000	
Customer #1	36,471	143,702	CSCS, MA
Customer #2	64,048	52,324	CSCS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

46. CAPITAL COMMITMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Renovation	91	120	91	32
Acquisition of machineries and equipment	844	2,738	18	75
	<u>935</u>	<u>2,858</u>	<u>109</u>	<u>107</u>

47. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the financial year were as follows:-

	2021 RM	2020 RM
United States Dollar ("USD")	4.15	4.31
New Zealand Dollar ("NZD")	2.90	2.58
Euro ("EUR")	4.87	4.74
Singapore Dollar ("SGD")	3.08	3.03
Indonesian Rupiah 100 ("IDR")	2.86	2.63
Great Britain Pound ("GBP")	5.71	5.31
Swiss Franc ("CHF")	4.40	4.47
Chinese Yuan Renminbi ("CNY")	0.63	N/A
Bahraini Dinar ("BHD")	11.06	11.47
Thai Baht ("THB")	N/A	0.13
Philippine Peso ("PHP")	<u>0.09</u>	<u>0.08</u>

Note:-

N/A - Not applicable.

48. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

48.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar, Euro, Singapore Dollar, Great Britain Pound and Swiss Franc. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the financial year is summarised below:-

Foreign Currency Exposure

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	BHD RM'000	PHP RM'000	RM RM'000	Total RM'000
2021											
Financial Assets											
Other investment	-	-	-	-	-	-	-	-	-	110	110
Trade receivables ⁽¹⁾	-	-	-	-	8,116	-	-	-	-	18,294	26,410
Other receivable and deposits ⁽²⁾	-	1	-	-	84	-	-	-	323	1,417	1,825
Short-term investments	-	-	-	-	-	-	-	-	-	31,449	31,449
Deposits with licensed banks	-	-	-	-	-	-	-	-	-	6,103	6,103
Cash and bank balances	128	41	1	1	102	1	-	77	-	10,391	10,742
	128	42	1	1	8,302	1	-	77	323	67,764	76,639
Financial Liabilities											
Trade payables	-	-	-	-	-	-	4	-	-	1,044	1,048
Other payables and accruals ⁽³⁾	-	-	-	-	381	-	-	-	21	26,292	26,694
Trade financing	-	-	-	-	-	-	-	-	-	7,259	7,259
Lease liabilities	-	-	-	-	-	-	-	-	-	912	912
Term financing	-	-	-	-	-	-	-	-	-	4,693	4,693
Term loans	-	-	-	-	-	-	-	-	-	47,033	47,033
	-	-	-	-	381	-	4	-	21	87,233	87,639

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	BHD RM'000	PHP RM'000	RM RM'000	Total RM'000
2021											
Net financial (liabilities)/assets	128	42	1	1	7,921	1	(4)	77	302	(19,469)	(11,000)
Less: Net financial (assets) dominated in the respective entities' functional currency	-	(42)	-	-	(7,921)	-	-	(77)	(302)	19,469	11,127
Currency exposure	128	-	1	1	-	1	(4)	-	-	-	127

Notes:-

⁽¹⁾ - The trade receivables exclude accrued income.

⁽²⁾ - The other receivables exclude goods and services tax receivable and advances to suppliers.

⁽³⁾ - The other payables and accruals exclude deferred income, goods and services tax payable and sales and services tax payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	BHD RM'000	THB RM'000	PHP RM'000	RM RM'000	Total RM'000
2020												
Financial Assets												
Other investment	-	-	-	-	-	-	-	-	-	-	110	110
Trade receivables ⁽¹⁾	-	-	-	-	7,854	-	-	-	-	-	55,120	62,974
Other receivables and deposits ⁽²⁾	-	1	-	-	76	-	-	-	-	317	1,205	1,599
Short-term investments	-	-	-	-	-	-	-	-	-	-	27,409	27,409
Deposits with licensed banks	-	-	-	-	-	-	-	-	-	-	6,117	6,117
Cash and bank balances	215	51	1	1	402	1	-	80	-	-	12,103	12,854
	215	52	1	1	8,332	1	-	80	-	317	102,064	111,063

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Group	USD RM'000	NZD RM'000	EUR RM'000	SGD RM'000	IDR RM'000	GBP RM'000	CHF RM'000	BHD RM'000	THB RM'000	PHP RM'000	RM RM'000	Total RM'000
2020												
Financial Liabilities												
Trade payables	942	-	138	73	5	299	49	-	50	-	769	2,325
Other payables and accruals ^(a)	-	-	-	-	365	-	-	34	-	5	24,703	25,107
Trade financing	-	-	-	-	-	-	-	-	-	-	30,336	30,336
Lease liabilities	-	-	-	-	-	-	-	-	-	-	4,755	4,755
Term financing	-	-	-	-	-	-	-	-	-	-	5,997	5,997
Term loans	-	-	-	-	-	-	-	-	-	-	57,784	57,784
	942	-	138	73	370	299	49	34	50	5	124,344	126,304
Net financial (liabilities)/assets	(727)	52	(137)	(72)	7,962	(298)	(49)	46	(50)	312	(22,280)	(15,241)
Less: Net financial (assets) denominated in the respective entities' functional currency	-	(52)	-	-	(7,962)	-	-	(46)	-	(312)	22,280	13,908
Currency exposure	(727)	-	(137)	(72)	-	(298)	(49)	-	(50)	-	-	(1,333)

Notes:-

⁽¹⁾ - The trade receivables exclude accrued income.

⁽²⁾ - The other receivables exclude goods and services tax receivable and advances to suppliers.

⁽³⁾ - The other payables and accruals exclude deferred income, goods and services tax payable and sales and services tax payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Company does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the financial year, with all other variables held constant:-

	Group	
	2021 RM'000	2020 RM'000
Effects on Profit After Taxation		
USD/RM:		
- strengthened by 5%	(5)	(28)
- weakened by 5%	5	28
EUR/RM:		
- strengthened by 5%	(#)	(5)
- weakened by 5%	#	5
SGD/RM:		
- strengthened by 5%	(#)	(3)
- weakened by 5%	#	3
GBP/RM:		
- strengthened by 5%	(#)	(11)
- weakened by 5%	#	11
CHF/RM:		
- strengthened by 5%	(#)	(2)
- weakened by 5%	#	2
THB/RM:		
- strengthened by 5%	N/A	(2)
- weakened by 5%	N/A	2

Notes:-

N/A - Not applicable.

- Amount less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio of fixed and floating rate borrowings.

The Group's fixed rate deposits and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the financial year is disclosed in Notes 24, 25 and 30 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the financial year, with all other variables held constant:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Effects on Profit After Taxation				
Increase of 100 basis points (bp)	(448)	(715)	(36)	(46)
Decrease of 100 bp	448	715	36	46

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

If prices for quoted investments at the end of the reporting period strengthen by 1% with all other variables being held constant, the Group and the Company's profit after taxation and equity would have increased by approximately RM239,000 and RM2,000 respectively. A 1% weakening in the quoted prices would have had an equal but opposite effect on the profit after taxation and equity of the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers (2020 - two (2) customers) which constituted approximately 70% (2020 - 82%) of its trade receivables (excluding accrued income) at the end of the financial year.

(ii) Exposure to Credit Risk

At the end of the financial year, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of those financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding past due and more than 180 days are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 12 months from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables (excluding accrued income) is summarised below:-

Group	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Value RM'000
2021			
Current (not past due)	8,568	-	8,568
Past due:			
- 31 to 60 days	3,956	-	3,956
- 61 to 90 days	2,601	-	2,601
- over 90 days	11,285	-	11,285
	17,842	-	17,842
	26,410	-	26,410
Credit impaired:			
- individually impaired	3,906	(3,906)	-
	30,316	(3,906)	26,410
2020			
Current (not past due)	4,235	-	4,235
Past due:			
- 31 to 60 days	16,868	-	16,868
- 61 to 90 days	8,629	-	8,629
- over 90 days	33,242	-	33,242
	58,739	-	58,739
	62,974	-	62,974
Credit impaired:			
- individually impaired	3,612	(3,612)	-
	66,586	(3,612)	62,974

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the general approach to measuring expected credit losses for all intercompany balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries is immaterial and hence, it is not provided for.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial year):-

Group	Weighted Average Effective Interest Rates %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2021						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	1,048	1,048	1,048	-	-
Other payables and accruals ⁽¹⁾	-	26,694	26,694	26,694	-	-
Trade financing	3.63 to 3.85	7,259	7,321	7,321	-	-
Lease liabilities	4.33 to 10.72	912	979	817	162	-
Term financing	3.20	4,693	4,954	1,485	3,469	-
Term loans	3.05 to 4.30	47,033	50,563	5,261	34,359	10,943
		87,639	91,559	42,626	37,990	10,943

Note:-

⁽¹⁾ - The other payables and accruals exclude deferred income, goods and services tax payable and services tax payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial year)(Cont'd):-

Group	Weighted Average Effective Interest Rates %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2020						
Non-derivative Financial Liabilities						
Trade payables	-	2,325	2,325	2,325	-	-
Other payables and accruals ⁽¹⁾	-	25,107	25,107	25,107	-	-
Trade financing	3.40 to 5.54	30,336	30,621	30,621	-	-
Lease liabilities	4.33 to 13.40	4,755	5,025	4,046	979	-
Term financing	4.20	5,997	6,571	1,517	5,054	-
Term loans	3.80 to 5.05	57,784	63,593	5,344	43,546	14,703
		126,304	133,242	68,960	49,579	14,703

Note:-

⁽¹⁾ - The other payables and accruals exclude deferred income, goods and services tax payable and sales and services tax payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the financial year based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the financial year)(Cont'd) :-

Company	Weighted Average Effective Interest Rates %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2021						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals ⁽¹⁾	-	451	451	451	-	-
Amounts owing to subsidiaries	-	12,692	12,692	12,692	-	-
Lease liabilities	4.33 to 4.55	236	251	89	162	-
Term financing	3.20	4,693	4,954	1,485	3,469	-
		18,072	18,348	14,717	3,631	-
2020						
<u>Non-derivative Financial Liabilities</u>						
Other payables and accruals ⁽¹⁾	-	433	433	433	-	-
Amounts owing to subsidiaries	-	27,748	27,748	27,748	-	-
Lease liabilities	4.33 to 4.55	317	344	93	251	-
Term financing	4.20	5,997	6,571	1,517	5,054	-
		34,495	35,096	29,791	5,305	-

Note:-

⁽¹⁾ - The other payables and accruals exclude deferred income, goods and services tax payable and sales and services tax payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory requirements, if any. The debt-to-equity ratio is calculated as total borrowings divided by total equity. The Group includes within total borrowings, loans and borrowings from financial institutions. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the financial year is as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Trade financing (Note 30)	7,259	30,336
Lease liabilities (Note 26)	912	4,755
Term financing (Note 25)	4,693	5,997
Term loans (Note 24)	47,033	57,784
Total borrowings	59,897	98,872
Total equity	226,316	256,627
Debt-to-equity ratio	0.26	0.39

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants as disclosed in Note 24 to the financial statements, failing which, the banks may call an event of default. The Group has complied with this requirement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2021	
	Group RM'000	Company RM'000
Financial Assets		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Other investment (Note 9)	110	-
Short-term investments (Note 17)	31,449	290
	<hr/>	<hr/>
	31,559	290
	<hr/>	<hr/>
<u>Amortised Cost</u>		
Trade receivables ⁽¹⁾ (Note 12)	26,410	-
Other receivables and deposits ⁽²⁾ (Note 15)	1,825	190
Amounts owing by subsidiaries (Note 16)	-	30,732
Deposits with licensed banks (Note 18)	6,103	-
Cash and bank balances (Note 18)	10,742	1,517
	<hr/>	<hr/>
	45,080	32,439
	<hr/>	<hr/>
Financial Liabilities		
<u>Amortised Cost</u>		
Trade payables (Note 28)	1,048	-
Other payables and accruals ⁽³⁾ (Note 29)	26,694	451
Amounts owing to subsidiaries (Note 16)	-	12,692
Trade financing (Note 30)	7,259	-
Lease liabilities (Note 26)	912	236
Term financing (Note 25)	4,693	4,693
Term loans (Note 24)	47,033	-
	<hr/>	<hr/>
	87,639	18,072
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2020	
	Group RM'000	Company RM'000
Financial Assets		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Other investment (Note 9)	110	-
Short-term investments (Note 17)	27,409	7,597
	<u>27,519</u>	<u>7,597</u>
<u>Amortised Cost</u>		
Trade receivables ⁽¹⁾ (Note 12)	62,974	-
Other receivables and deposits ⁽²⁾ (Note 15)	1,599	183
Amounts owing by subsidiaries (Note 16)	-	38,775
Deposits with licensed banks (Note 18)	6,117	-
Cash and bank balances (Note 18)	12,854	1,318
	<u>83,544</u>	<u>40,276</u>
Financial Liabilities		
<u>Amortised Cost</u>		
Trade payables (Note 28)	2,325	-
Other payables and accruals ⁽³⁾ (Note 29)	25,107	433
Amounts owing to subsidiaries (Note 16)	-	27,748
Trade financing (Note 30)	30,336	-
Lease liabilities (Note 26)	4,755	317
Term financing (Note 25)	5,997	5,997
Term loans (Note 24)	57,784	-
	<u>126,304</u>	<u>34,495</u>

Notes:-

⁽¹⁾ - The trade receivables exclude accrued income.

⁽²⁾ - The other receivables and deposits exclude goods and services tax receivable and advances to suppliers.

⁽³⁾ - The other payables and accruals exclude deferred income, goods and services tax payable and sales and services tax payable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms. The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the financial year:-

Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2021								
<u>Financial Assets</u>								
Trade receivables (non-current)	-	-	-	-	5,294	-	5,294	5,294
Other investment:								
- club membership	-	110	-	-	-	-	110	110
Short-term investments	31,449	-	-	-	-	-	31,449	31,449
<u>Financial Liabilities</u>								
Term financing	-	-	-	-	4,693	-	4,693	4,693
Term loans	-	-	-	-	47,033	-	47,033	47,033
2020								
<u>Financial Assets</u>								
Trade receivables (non-current)	-	-	-	-	5,533	-	5,533	5,533
Other investment:								
- club membership	-	110	-	-	-	-	110	110
Short-term investments	27,409	-	-	-	-	-	27,409	27,409
<u>Financial Liabilities</u>								
Term financing	-	-	-	-	5,997	-	5,997	5,997
Term loans	-	-	-	-	57,784	-	57,784	57,784

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.4 FAIR VALUE INFORMATION (CONT'D)

Company	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
2021								
<u>Financial Assets</u>								
Short-term investments	290	-	-	-	-	-	290	290
<u>Financial Liabilities</u>								
Term financing	-	-	-	-	4,693	-	4,693	4,693
2020								
<u>Financial Assets</u>								
Short-term investments	7,597	-	-	-	-	-	7,597	7,597
<u>Financial Liabilities</u>								
Term financing	-	-	-	-	5,997	-	5,997	5,997

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

48. FINANCIAL INSTRUMENTS (CONT'D)

48.4 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values above have been determined using the following basis:-
 - (aa) The fair value of the club membership is estimated based on its market price.
 - (bb) The fair values of short-term investments are measured at their quoted closing bid prices at the end of the financial year.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair values of trade receivables (non-current) are determined using discounted cash flows based on risk-free rates ranging from 3.00% to 3.88% (2020 - 3.62% to 3.88%).
- (ii) The fair values of term financing and term loans are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the financial year. The interest rates used to discount the estimated cash flows are as follows:-

	Group		Company	
	2021	2020	2021	2020
	%	%	%	%
Term financing	3.20	4.20	3.20	4.20
Term loans	3.05 to 4.30	3.80 to 5.05	-	-

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Bonus Issue

The Company had on 5 August 2020 proposed to undertake the Bonus Issue of up to 2,176,875,000 new ordinary shares in Datasonic Group Berhad ("Datasonic Shares") ("Bonus Shares") on the basis of 1 Bonus Share for every 1 Datasonic Share held on an entitlement date to be determined and announced later.

On 18 August 2020, Bursa Malaysia vide its letter dated 17 August 2020, resolved to approve the listing and quotation of the following:-

- (i) up to 2,176,875,000 Bonus Shares to be issued pursuant to the Proposed Bonus Issue;
- (ii) up to 675,000,000 Additional Warrants; and
- (iii) up to 675,000,000 new Datasonic Shares to be issued from the exercise of the said Additional Warrants, on the Main Market of Bursa Securities.

On 2 October 2020, the Bonus Issue was completed following the listing and quotation of:-

- (i) 1,350,000,000 Bonus Shares issued pursuant to the Bonus Issue; and
- (ii) 675,000,000 Additional Warrants issued arising from the Adjustments, on the Main Market of Bursa Securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(b) Employee Share Option Scheme

On 2 September 2020, the Company announced that Bursa Securities had, vide its letter dated 1 September 2020, approved the Company's application for an extension of time until 19 January 2021 to complete the implementation of the ESOS.

The Company had on 17 September 2020 obtained the approval from its shareholders at the Twelfth Annual General Meeting for the proposed allocation of ESOS options to Dato' Sri Sharifuddin Bin Ab Ghani, Dato' Ibrahim Bin Abdullah, Encik Handrianov Putra Bin Abu Hanifah and Cik Noor Suhaila Binti Saad who were appointed to the Board on 5 February 2020.

On 18 January 2021, the Company announced that Bursa Securities had, vide its letter 15 January 2021, approved the Company's application for a further extension of time until 19 July 2021 to complete the implementation of the ESOS.

On 24 February 2021, the Company announced that Encik Wan Zalizan Bin Wan Jusoh has been appointed as the Chairman of the Employees' Share Option Scheme Committee.

On 29 March 2021, the Company announced that Mr Chia Kok Khuang and Encik Safian Bin Mohd Yunus have been appointed as members of the Employees' Share Option Scheme Committee of the Company.

During the financial year ended 31 March 2021, no ESOS Option has been offered under the ESOS.

(c) Private Placement

On 20 November 2020, the Company proposed to undertake a private placement of new ordinary shares in Datasonic ("Datasonic Shares" or "Shares"), representing up to 10% of the total number of issued shares (excluding treasury shares), to independent third-party investors to be identified at a later date and at an issue price to be determined and fixed later.

The Proposed Private Placement will be implemented in accordance with the general mandate obtained from the shareholders of the Company pursuant to Sections 75 and 76 of the Companies Act 2016 ("Act") at its 12th Annual General Meeting ("AGM") convened on 17 September 2020, whereby the Board had been authorised to allot and issue new Datasonic Shares not exceeding 10% of the total number of issued shares in the Company ("General Mandate").

The Proposed Private Placement entails the issuance of up to 405,000,000 new Datasonic Shares ("Placement Shares"), representing up to 10% of the total number of issued shares as at 19 November 2020, after taking into consideration the following:

- (i) Datasonic's existing number of issued shares of 2,633,546,000 Datasonic Shares (excluding 66,454,000 Datasonic Shares held as treasury shares by the Company ("Treasury Shares")) as at the Latest Practical Date;
- (ii) assuming all Treasury Shares are resold in the open market; and
- (iii) assuming full exercise of the 1,350,000,000 outstanding warrants 2018/2023 of Datasonic issued pursuant to the provisions of the deed poll dated 18 June 2018 and expiring on 5 July 2023 ("Warrants") into 1,350,000,000 new Datasonic Shares at the exercise price of RM0.54 each, prior to the implementation of the Proposed Private Placement (collectively known as "Maximum Scenario").

Under the minimum scenario, the size of the Proposed Private Placement is up to 263,354,600 Placement Shares, representing up to 10% of the existing number of issued shares of Datasonic of 2,633,546,000 (excluding Treasury Shares), assuming none of the Treasury Shares are resold and none of the Warrants is exercised into new Datasonic Shares prior to the implementation of the Proposed Private Placement ("Minimum Scenario").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (CONT'D)

49. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(c) Private Placement (Cont'd)

On 27 November 2020, the Company announced that an application to Bursa Securities for the listing of and quotation for the Placement Shares on the Main Market of Bursa Securities was submitted.

On 2 December 2020, the Company announced that Bursa Securities had, via its letter, approved the listing and quotation of up to 405,000,000 Placement Shares subject to the following conditions:-

- (i) Datasonic and AmInvestment Bank must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement;
- (ii) Datasonic and AmInvestment Bank to inform Bursa Securities upon the completion of the Proposed Private Placement;
- (iii) Datasonic to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and
- (iv) AmInvestment Bank to furnish Bursa Securities with details of the placees in accordance with paragraph 6.15 of the Listing Requirements as soon as practicable after each tranche of placement and before the listing of the new shares to be issued pursuant to the Proposed Private Placement.

On 29 March 2021, the Company announced that the Board has fixed the issue price for 262,000,000 Placement Shares at RM0.482 per Placement Shares ("Issue Price").

The Issue Price represents a discount of approximately RM0.0532 or 9.94% to the 5D-VWAP of Datasonic Shares up to and including 26 March 2021 of RM0.5352 per Datasonic Share.

(d) COVID-19 Pandemic

The outbreak of COVID-19 in early 2020, has affected the business and operating environment of the Group. Several measures taken by the Government to prevent the spread of COVID-19 through implementation of movement control order ("MCO") such as introduction of various standard operating procedures ("SOP"), closure of non-essential services as well as restricted domestic and international travelling, have impacted consumers' spending pattern and the Group's operations directly and indirectly.

The Group expects the operating environment to remain challenging going forward as the disruption and full impact from the COVID-19 pandemic on the economy are still being cautiously assessed by the Government. Hence, it is not practicable to provide a reasonable estimate of COVID-19 impact on the Group's financial position, operating results and cash flows on 27 May 2021, the date of which these financial statements are approved by the Board.

50. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 6 April 2021, the Company received the gross proceeds amounting to RM126,284,000 from the Private Placement of 262,000,000 new ordinary shares at an issue price of RM0.482 per share of which the issued share capital of the Company was increased to RM261,284,000 comprising of 2,962,000,000 ordinary shares. The Private Placement was completed on 7 April 2021 and the new ordinary shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on 8 April 2021.

LIST OF PROPERTIES

AS AT 31 MARCH 2021

No.	Registered/ Beneficial Owner	Title/Address	Description/ Existing use	Tenure	Approximate Age of Building Years	Land Area/ built-up area sq.ft	NBV as at 31 March 2021 (RM'000)	Date of Acquisition
1	Datasonic Corporation Sdn Bhd	HS(D) No.223124, PT No.6 Seksyen 20 Bandar Petaling Jaya, District of Petaling Wisma RPS, No. 2D Jalan Kilang 206 46050 Petaling Jaya, Selangor	4-storey commercial building Currently used by Regional Personalisation Services Division	60 years leasehold expiring on 3 August 2065	30	12,810	4,304	4-Apr-2011
2	Datasonic Group Berhad	P.N 6862, Lot 321 Seksyen 14 Bandar Petaling Jaya, District of Petaling Lot 20A, Jalan 223, 46100 Petaling Jaya, Selangor	3-storey office building annexed and single storey warehouse Currently used by manufacturing division	99 years leasehold expiring on 19 May 2067	29	46,685	12,783	7-Feb-2013
3	Datasonic Technologies Sdn Bhd	Lot 1-1, First Floor Retail Office, Olive Hill Business Park	Retail Office (Completed in February 2017)	Freehold Building	Four (4)	14,800	7,277	30-Sep-2013
4	Datasonic Technologies Sdn Bhd	Lot 1-2, First Floor Retail Office, Olive Hill Business Park	Retail Office (Completed in February 2017)	Freehold Building	Four (4)	9,673	4,555	30-Sep-2013
5	Datasonic Technologies Sdn Bhd	H.S.(D) 6885 PT 2805 Presint 8 Bandar Putrajaya Daerah Putrajaya Negeri Wilayah Persekutuan Putrajaya Block A1-2-3A Block A1 Promenade@8 Phase 8C1 Precinct 8 Putrajaya	Shop Offices Promenade@8 Currently used by Project Management Team	Freehold Building	Eight (8)	3,208	1,559	3-Jul-2014
6	Datasonic Technologies Sdn Bhd	H.S.(D) 6885 PT 2805 Presint 8 Bandar Putrajaya Daerah Putrajaya Negeri Wilayah Persekutuan Putrajaya Block A1-3-2 Block A1 Promenade@8 Phase 8C1 Precinct 8 Putrajaya	Shop Offices Promenade@8 Currently used by Project Management Team	Freehold Building	Eight (8)	3,341	1,585	3-Jul-2014

LIST OF PROPERTIES

AS AT 31 MARCH 2021 (CONT'D)

No.	Registered/ Beneficial Owner	Title/Address	Description/ Existing use	Tenure	Approximate Age of Building Years	Land Area/ built-up area sq.ft	NBV as at 31 March 2021 (RM'000)	Date of Acquisition
7	Datasonic Technologies Sdn Bhd	H.S.(D) 6885 PT 2805 Presint 8 Bandar Putrajaya Daerah Putrajaya Negeri Wilayah Persekutuan Putrajaya Block A2-2-3 Block A2 Promenade@8 Phase 8C1 Precinct 8 Putrajaya	Shop Offices Promenade@8 Currently used by Project Management Team	Freehold Building	Eight (8)	2,909	1,398	3-Jul-2014
8	Datasonic Technologies Sdn Bhd	H.S.(D) 6885 PT 2805 Presint 8 Bandar Putrajaya Daerah Putrajaya Negeri Wilayah Persekutuan Putrajaya Block A2-3-2 Block A2 Promenade@8 Phase 8C1 Precinct 8 Putrajaya	Shop Offices Promenade@8 Currently used by Project Management Team	Freehold Building	Eight (8)	3,344	1,595	3-Jul-2014
9	Datasonic Technologies Sdn Bhd	A1-1 Block A, Ground Floor, Radius Business Park, Jalan Teknokrat 2, Cyberjaya 63000 Cyberjaya	Shop Offices Cyberjaya Currently used by Project Management Team	Freehold Building	Three (3)	3,019	3,158	6-Feb-2018
10	Datasonic Technologies Sdn Bhd	A1-2 Block A, First Floor, Radius Business Park, Jalan Teknokrat 2, Cyberjaya 63000 Cyberjaya	Shop Offices Cyberjaya Currently used by Project Management Team	Freehold Building	Three (3)	3,334	2,020	6-Feb-2018

AS AT 31 MARCH 2021 (CONT'D)

No.	Registered/ Beneficial Owner	Title/Address	Description/ Existing use	Tenure	Approximate Age of Building Years	Land Area/ built-up area sq.ft	NBV as at 31 March 2021 (RM'000)	Date of Acquisition
11	Datasonic Technologies Sdn Bhd	A1-3 Block A, Second Floor, Radius Business Park, Jalan Teknokrat 2, Cyberjaya 63000 Cyberjaya	Shop Offices Cyberjaya Currently used by Project Management Team	Freehold Building	Three (3)	3,334	1,704	6-Feb-2018
12	Datasonic Technologies Sdn Bhd	A1-4 Block A, Third Floor, Radius Business Park, Jalan Teknokrat 2, Cyberjaya 63000 Cyberjaya	Shop Offices Cyberjaya Currently used by Project Management Team	Freehold Building	Three (3)	3,334	1,331	6-Feb-2018
13	Datasonic Manufacturing Sdn Bhd	Unit No. 33, HS (D) 158423, PT No. 76949 Mukim Kapar, Daerah Klang Selangor	Factory Currently used by manufacturing division	Freehold Land & Building	Two (2)	84,033	18,064	2-Apr-2018
Total							61,333	

STATISTICS OF SHAREHOLDINGS

AS AT 23 JULY 2021

Issued Shares	:	2,962,000,000 Ordinary Shares
Class of Shares	:	Ordinary Shares
Treasury Shares	:	78,345,000 Treasury Shares retained by the Company
Voting Rights	:	1 vote per Ordinary Share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Issued Shares	% of Issued Shares
Less than 100	41	0.20	667	0.00
100 - 1,000	1,401	7.06	870,782	0.03
1,001 - 10,000	9,484	47.77	55,925,430	1.94
10,001 - 100,000	7,656	38.56	262,941,934	9.12
100,001 - less than 5% of issued shares	1,270	6.40	1,996,463,907	69.23
5% and above of issued shares	3	0.01	567,452,280	19.68
Total	19,855	100.00	2,883,655,000#	100.00

Note:-

Exclude a total of 78,345,000 treasury shares retained by the Company

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS (As per the Register of Substantial Shareholders)

No.	Name of Substantial Shareholders	Direct Interest		Deemed Interest	
		No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
1.	Dato' Razali bin Mohd Yusof	54,186,000	1.88	385,577,300 ^(a)	13.36
2.	Demi Mekar Sdn Bhd	171,731,300	5.95	-	-
3.	Azlan bin Abdul Kadir	-	-	171,731,300 ^(b)	5.95
4.	Urusharta Jamaah Sdn Bhd	239,095,700	8.29	-	-
5.	Datuk Haji Abu Hanifah bin Noordin	50,000,000	1.73	109,148,200 ^(c)	3.79
6.	Chew Ben Ben	449,900,000	15.60	860,000 ^{(d)(e)}	0.03

Notes:-

(a) Deemed interest by virtue of Section 8 of the Companies Act, 2016 held through Demi Mekar Sdn Bhd, Titian Tegap Sdn Bhd and indirect interest registered in the name of HSBC Nominees (Asing) Sdn Bhd - BNY Mellon for Weiser Global Capital Market Ltd.

(b) Deemed interest by virtue of Section 8 of the Companies Act, 2016 held through Demi Mekar Sdn Bhd.

(c) Deemed interest by virtue of Section 59(11)(c) of the Companies Act, 2016 held through spouse and child.

(d) Deemed interest by virtue of Section 8 of the Companies Act, 2016 held through Enrich Epitome Sdn Bhd.

(e) Deemed interest by virtue of Section 59(11)(c) of the Companies Act, 2016 held through spouse.

STATISTICS OF SHAREHOLDINGS

AS AT 23 JULY 2021 (CONT'D)

DIRECTORS' SHAREHOLDINGS

(As per the Register of Directors' Shareholdings)

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
1.	General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	15,000,000	0.52	-	-
2.	Dato' Wan Mohd Safiain bin Wan Hasan	-	-	-	-
3.	Wan Zalizan bin Wan Jusoh	-	-	-	-
4.	Chia Kok Khuang	-	-	-	-
5.	Safian bin Mohd Yunus	-	-	112,500,000 ^(a)	3.90
6.	Dato' Sri Sharifuddin bin Ab Ghani	-	-	-	-
7.	Dato' Wan Ibrahim bin Wan Ahmad	-	-	-	-
8.	Dato' Ibrahim bin Abdullah	-	-	-	-
9.	Yee Kim Shing @ Yew Kim Sing	-	-	200,000 ^(b)	0.01
10.	Noor Suhaila binti Saad	-	-	-	-
11.	Azrul bin Yahaya	-	-	-	-

Notes:-

(a) Deemed interest by virtue of Section 8 of the Companies Act, 2016 held through Puncak Kuasa Holdings Sdn Bhd which in turn holds more than 20% of the voting shares of Hallmark Epitome Sdn Bhd which in turn holds these ordinary shares in the Company.

(b) Deemed interest by virtue of Section 59(11)(c) of the Companies Act, 2016 held through spouse.

STATISTICS OF SHAREHOLDINGS

AS AT 23 JULY 2021 (CONT'D)

THIRTY LARGEST SHAREHOLDERS (As per the Record of Depositors)

No.	Name of Shareholders	No. of Issued Shares	% of Issued Shares
1.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Urusharta Jamaah Sdn Bhd (1)</i>	238,095,700	8.26
2.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben (MY3378)</i>	172,625,280	5.99
3.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Demi Mekar Sdn Bhd</i>	156,731,300	5.44
4.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Kenanga Investors Berhad for Kuantum Juang Sdn Bhd</i>	140,000,000	4.85
5.	Titian Tegap Sdn Bhd	133,846,000	4.64
6.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Private Wealth Management for Daya Lestari Sdn Bhd (PW-M01391) (428998)</i>	122,000,000	4.23
7.	Hallmark Epitome Sdn Bhd	98,500,000	3.42
8.	Popi Riandani binti Dody Muchtar	97,843,800	3.39
9.	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – Ambank (M) Berhad for Chew Ben Ben (Smart)</i>	81,686,200	2.83
10.	HSBC Nominees (Asing) Sdn Bhd <i>BNP Paribas Secs Svs Paris for Global Prime Partners Ltd</i>	60,000,000	2.08
11.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben</i>	57,509,400	1.99
12.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben (8095340)</i>	56,000,000	1.94
13.	Abu Hanifah bin Noordin	50,000,000	1.73
14.	Razali bin Mohd Yusof	50,000,000	1.73
15.	Yap Tian Tion	46,657,000	1.62
16.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben</i>	40,300,200	1.54
17.	Lim Chii Yng	30,000,000	1.04
18.	Chew Ben Ben	29,672,120	1.03
19.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt an for Phillip Capital Management Sdn Bhd</i>	24,140,000	0.84
20.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Chii Yng</i>	24,000,000	0.83
21.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Exempt an for Phillip Capital Management Sdn Bhd (EPF)</i>	21,013,400	0.73
22.	Liu, Xin	18,700,000	0.65
23.	Tham Choon Sarn	15,599,000	0.54
24.	Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	15,000,000	0.52

STATISTICS OF SHAREHOLDINGS

AS AT 23 JULY 2021 (CONT'D)

THIRTY LARGEST SHAREHOLDERS (CONT'D)

(As per the Record of Depositors) (Cont'd)

No.	Name of Shareholders	No. of Issued Shares	% of Issued Shares
25.	Tan Sin Chai	14,380,000	0.50
26.	UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)</i>	14,346,000	0.50
27.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Hallmark Epitome Sdn Bhd (Third Party)</i>	14,000,000	0.49
28.	Kenanga Nominees (Asing) Sdn Bhd <i>Exempt an for Phillip Securities Pte Ltd (Client Account)</i>	12,666,000	0.44
29.	Chu Ben Ting @ Chew Ah Teen	12,500,000	0.43
30.	Lim Chii Yng	12,387,300	0.43
	Total	1,864,198,700	64.65

STATISTICS OF WARRANTHOLDINGS

AS AT 23 JULY 2021

Issued Warrants	:	1,350,000,000 Warrants
Exercise price of Warrant	:	RM0.54 sen
Issue Date	:	6 July 2018
Maturity Date	:	5 July 2023

ANALYSIS OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of Issued Warrants	% of Issued Warrants
Less than 100	40	0.54	768	0.00
100 - 1,000	609	8.28	319,418	0.02
1,001 - 10,000	2,370	32.21	13,905,454	1.03
10,001 - 100,000	3,236	43.98	129,833,300	9.62
100,001 - less than 5% of issued warrants	1,101	14.96	987,031,060	73.11
5% and above of issued warrants	2	0.03	218,910,000	16.22
Total	7,358	100.00	1,350,000,000	100.00

DIRECTORS' WARRANTHOLDINGS

(As per the Register of Directors' Warrantholdings)

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Issued Warrants	% of Issued Warrants	No. of Issued Warrants	% of Issued Warrants
1.	General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	7,500,000	0.56	-	-
2.	Dato' Wan Mohd Safiain bin Wan Hasan	24,000	0.00	-	-
3.	Wan Zalizan bin Wan Jusoh	-	-	-	-
4.	Chia Kok Khuang	-	-	-	-
5.	Safian bin Mohd Yunus	-	-	-	-
6.	Dato' Sri Sharifuddin bin Ab Ghani	-	-	-	-
7.	Dato' Wan Ibrahim bin Wan Ahmad	-	-	-	-
8.	Dato' Ibrahim bin Abdullah	-	-	-	-
9.	Yee Kim Shing @ Yew Kim Sing	-	-	100,000 ^(a)	0.01
10.	Noor Suhaila binti Saad	-	-	-	-
11.	Azrul bin Yahaya	-	-	-	-

Note:-

(a) Deemed interest by virtue of Section 59(11)(c) of the Companies Act, 2016 held through spouse.

STATISTICS OF WARRANTHOLDERS

AS AT 23 JULY 2021 (CONT'D)

THIRTY LARGEST WARRANTHOLDERS (As per the Record of Depositors)

No.	Name of Warrantholders	No. of Issued Warrants	% of Issued Warrants
1.	Enrich Epitome Sdn Bhd	130,250,000	9.65
2.	Gerbang Subur Sdn Bhd	88,660,000	6.57
3.	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account - Ambank (M) Berhad for Chew Ben Ben (Smart)</i>	65,232,200	4.83
4.	Popi Riandani binti Dody Muchtar	53,519,460	3.96
5.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben</i>	49,288,000	3.65
6.	Liu, Xin	45,219,100	3.35
7.	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben</i>	39,200,000	2.90
8.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben (MY3378)</i>	37,443,000	2.77
9.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben (8095340)</i>	22,600,000	1.67
10.	Yap Tian Tion	21,778,500	1.61
11.	Chu Ben Ting @ Chew Ah Teen	20,000,000	1.48
12.	Ong Kim Leng	17,918,400	1.33
13.	Lim Chee Meng	13,780,000	1.02
14.	Ong Kim Leng	9,210,000	0.68
15.	Tham Choon Sarn	7,799,500	0.58
16.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Suraj Singh Gill (CTS-SSG0002C)</i>	7,600,000	0.56
17.	Mohamed Hashim Bin Mohd Ali (Gen Rtd Tan Sri)	7,500,000	0.56
18.	Ocean Wide Service Station Sdn Bhd	7,500,000	0.56
19.	HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ong Kim Leng</i>	7,151,600	0.53
20.	Ng Tea Hoo @ Hwang Chow Herk	6,500,000	0.48
21.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chiu Hooi Yen (8095516)</i>	6,200,000	0.46
22.	Tan Sin Chai	6,190,000	0.46
23.	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Ben Ben</i>	6,100,000	0.45
24.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Tew Boon Teik (PB)</i>	6,000,000	0.44

STATISTICS OF WARRANTHOLDERS

AS AT 23 JULY 2021 (CONT'D)

THIRTY LARGEST WARRANTHOLDERS (CONT'D) (As per the Record of Depositors) (Cont'd)

No.	Name of Warrantholders	No. of Issued Warrants	% of Issued Warrants
25.	Maybank Nominees (Tempatan) Sdn Bhd <i>Radhika Nandrajog A/P Suraj Parkash</i>	6,000,000	0.44
26.	Tan Chin Yee	5,510,000	0.41
27.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Lim Chee Meng (PB)</i>	5,500,000	0.41
28.	AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Chi Hong (8080970)</i>	5,320,000	0.39
29.	Ng Kwee Haw	4,316,000	0.32
30.	Chew Bee Hoon	4,300,000	0.32
Total		713,585,760	52.86

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN the Thirteenth Annual General Meeting (“AGM”) of DATASONIC GROUP BERHAD (Registration No. 200801008472 (809759-X)) (the “Company”) will be held and conducted on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting (“RPV”) facilities to be provided by SS E Solutions Sdn Bhd via Securities Services e-Portal’s platform at <https://sshsb.net.my> in Malaysia on Wednesday, 15 September 2021 at 10:00 a.m. or at any adjournment thereof, for the purpose of considering and if thought fit, passing with or without modifications, the following resolutions:-

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2021 together with the Reports of the Directors and Auditors thereon.
(Please refer to Explanatory Note A)
2. To approve the payment of Directors’ fees to the Non-Executive Directors of the Company up to an amount of RM1,100,000 from the day after the Thirteenth AGM until the next AGM of the Company, to be payable a monthly basis in arrears.
(Please refer to Explanatory Note B) **Ordinary Resolution 1**
3. To approve the payment Directors’ benefits to the Non-Executive Directors of the Company up to an amount of RM200,000 from the day after the Thirteenth AGM until the next AGM of the Company.
(Please refer to Explanatory Note B) **Ordinary Resolution 2**
4. To re-elect the following Directors who retire in accordance with Clause 165 of the Constitution of the Company and being eligible, have offered themselves for re-election:-
 - a) Dato’ Wan Mohd Safiain bin Wan Hasan
(Please refer to Explanatory Note C) **Ordinary Resolution 3**
 - b) Mr Yee Kim Shing @ Yew Kim Sing
(Please refer to Explanatory Note C) **Ordinary Resolution 4**
5. To re-elect the following Directors who retire in accordance with Clause 156 of the Constitution of the Company and being eligible, have offered themselves for re-election:-
 - a) Encik Wan Zalizan bin Wan Jusoh **Ordinary Resolution 5**
 - b) Mr Chia Kok Khuang **Ordinary Resolution 6**
 - c) Encik Safian bin Mohd Yunus **Ordinary Resolution 7**
 - d) Encik Azrul bin Yahaya **Ordinary Resolution 8**
6. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 9**

As Special Business

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

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (CONT'D)

7. Ordinary Resolution

Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

"THAT subject to Sections 75 and 76 of the Companies Act, 2016, the Constitution of the Company and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered to issue and allot shares in the Company, at any time, to such persons 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 to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."
(Please refer to Explanatory Note D)

Ordinary Resolution 10

8. Ordinary Resolution

Proposed Renewal of Share Buy-Back Authority

"THAT subject to the Companies Act, 2016 ("the Act"), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and the approvals of all relevant governmental and/or regulatory authorities (if any), approval be and is hereby given to the Company to purchase such number of ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Malaysia upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:-

- a) the maximum aggregate number of ordinary shares to be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;
- b) the maximum fund to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements (where applicable) available at the time of the purchase; and
- c) the authority conferred by this resolution shall be effective immediately after the passing of this resolution and shall continue to be in force until:-
 - i) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which this resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that next AGM, the authority is renewed, either unconditionally or subject to conditions; or
 - ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever, occur first.

THAT upon completion of the purchase(s) by the Company of its own ordinary shares, the Directors be and are hereby authorised to deal with the ordinary shares so purchased in their absolute discretion in the following manners:-

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (CONT'D)

- a) cancel all the ordinary shares so purchased; or
- b) retain the ordinary shares so purchased as treasury shares; or
- c) retain part of the ordinary shares so purchased as treasury shares and cancel the remainder of the ordinary shares.

THAT where such ordinary shares are held as treasury shares, the Directors be and are hereby authorised to deal with the treasury shares in their absolute discretion, in the following manner:-

- a) distribute the ordinary shares as dividends to shareholders, such dividends to be known as “shares dividends”; or
- b) resell the ordinary shares or any of the ordinary shares in accordance with the relevant rules of Bursa Malaysia; or
- c) transfer the ordinary shares or any of the ordinary shares for the purposes of or under an employees’ share scheme; or
- d) transfer the ordinary shares or any of the ordinary shares as purchase consideration; or
- e) cancel the ordinary shares or any of the ordinary shares; or
- f) sell, transfer or otherwise use the ordinary shares for such other purposes as the Minister charged with the responsibilities for companies may by order prescribe.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of the ordinary shares with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.”

(Please refer to Explanatory Note E)

Ordinary Resolution 11

9. Ordinary Resolution

Retention of General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) as Independent Non-Executive Director of the Company

“THAT General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance (“MCCG”).”

(Please refer to Explanatory Note F)

Ordinary Resolution 12

10. Ordinary Resolution

Retention of Dato’ Wan Mohd Safiain bin Wan Hasan as Independent Non-Executive Director of the Company

“THAT subject to the passing of Ordinary Resolution 3, Dato’ Wan Mohd Safiain bin Wan Hasan who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the MCCG.”

(Please refer to Explanatory Note F)

Ordinary Resolution 13

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (CONT'D)

11. Ordinary Resolution

Retention of Dato' Wan Ibrahim bin Wan Ahmad as Independent Non-Executive Director of the Company

"THAT Dato' Wan Ibrahim bin Wan Ahmad who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the MCCG."

(Please refer to Explanatory Note F)

Ordinary Resolution 14

12. Ordinary Resolution

Retention of Mr Yee Kim Shing @ Yew Kim Sing as Independent Non-Executive Director of the Company

"THAT subject to the passing of Ordinary Resolution 4, Mr Yee Kim Shing @ Yew Kim Sing who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the MCCG."

(Please refer to Explanatory Note F)

Ordinary Resolution 15

13. Ordinary Resolution

Proposed allocation of Employees' Share Option Scheme Options to Encik Wan Zalizan bin Wan Jusoh

"THAT pursuant to the Employees' Share Option Scheme ("ESOS") of the Company approved by the shareholders of the Company at the Extraordinary General Meeting held on 20 February 2020, approval be and is hereby given to the ESOS Committee from time to time throughout the duration of the ESOS, to offer and grant ESOS Options to Encik Wan Zalizan bin Wan Jusoh, being the Managing Director of the Company, provided that not more than 10% of the ESOS Options shall be allocated to him if he is a Director of the Company and/or he, either singly or collectively through persons connected to him, holds 20% or more of the total number of issued ordinary shares of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws."

(Please refer to Explanatory Note G)

Ordinary Resolution 16

14. Ordinary Resolution

Proposed allocation of Employees' Share Option Scheme Options to Mr Chia Kok Khuang

THAT pursuant to the Employees' Share Option Scheme ("ESOS") of the Company approved by the shareholders of the Company at the Extraordinary General Meeting held on 20 February 2020, approval be and is hereby given to the ESOS Committee from time to time throughout the duration of the ESOS, to offer and grant ESOS Options to Mr Chia Kok Khuang, being the Deputy Managing Director of the Company, provided that not more than 10% of the ESOS Options shall be allocated to him if he is a Director of the Company and/or he, either singly or collectively through persons connected to him, holds 20% or more of the total number of issued ordinary shares of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws."

(Please refer to Explanatory Note G)

Ordinary Resolution 17

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (CONT'D)

15. **Ordinary Resolution**

Proposed allocation of Employees' Share Option Scheme Options to Encik Safian bin Mohd Yunus

THAT pursuant to the Employees' Share Option Scheme ("ESOS") of the Company approved by the shareholders of the Company at the Extraordinary General Meeting held on 20 February 2020, approval be and is hereby given to the ESOS Committee from time to time throughout the duration of the ESOS, to offer and grant ESOS Options to Encik Safian bin Mohd Yunus, being the Executive Director of the Company, provided that not more than 10% of the ESOS Options shall be allocated to him if he is a Director of the Company and/or he, either singly or collectively through persons connected to him, holds 20% or more of the total number of issued ordinary shares of the Company (excluding treasury shares, if any), subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws."

(Please refer to Explanatory Note G)

Ordinary Resolution 18

16. To transact any other business of which due notice has been given in accordance with the Companies Act, 2016.

By Order of the Board

NIU CHEW WEI (MAICSA 7022900)
SSM Practising Certificate Registration No.: 202008001346
Company Secretary

Kuala Lumpur
16 August 2021

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (CONT'D)

NOTES:

- (1) As part of the initiatives to curb the spread of COVID-19, the Thirteenth AGM will be conducted on a fully virtual basis through live streaming and online remote voting via the RPV Facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at <https://sshsb.net.my/> which are available at SS e-Portal website at <https://sshsb.net.my>. Please follow the procedures provided in the Administrative Guide for the Thirteenth AGM in order to register, participate and vote remotely via the RPV Facilities. With the RPV facilities, members and proxies are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the Meeting.
- (2) The Meeting Venue of the Thirteenth AGM via Securities Services e-Portal's platform at <https://sshsb.net.my/> in Malaysia provided by SS E Solutions Sdn Bhd is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the Meeting to be at the main venue in Malaysia. No Shareholders/Proxy(ies)/Corporate Representative(s) from the public will be allowed to be physically present on the day of the Thirteenth AGM.
- (3) A member of the Company entitled to attend, participate and vote at the meeting is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his stead. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. Since the Thirteenth AGM will be conducted fully virtual, a member who is unable to attend, participate and vote at the Meeting may appoint the Chairman of the Meeting as his/ her proxy and indicate the voting instruction in the Form of Proxy. For Corporate Shareholder, Authorised Nominee and Exempt Authorised Nominee, you may also appoint a Proxy who is not the Chairman of the Meeting.
- (4) Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (5) Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") as defined under the Securities Industries (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- (6) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of its attorney or duly authorised officer.
- (7) The instrument appointing a proxy or proxies and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited not less than 48 hours before the time set for holding the meeting or at any adjournment thereof through either one of the following avenues:-
 - (a) In Hardcopy Form of Proxy
 - (i) To be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn Bhd (Registration No. 197701005827 (36869T)) at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur; or
 - (ii) To be submitted via fax at +603 2094 9940 or +603 2095 0292 or emailed to info@sshsb.com.my.
 - (b) By Electronic Form of Proxy
 - (i) To be submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/>. Please refer to the Administrative Guide available for download at <http://www.datasonic.com.my> for further details.
- (8) For the purpose of determining members who shall be entitled to attend, participate and vote at the Thirteenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 8 September 2021. Only depositors whose names appear on the Record of Depositors as at 8 September 2021 shall be entitled to attend, participate and vote at the said meeting or appoint proxy(ies) to attend, participate, speak and vote on their behalf.

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES:

A) To receive the Audited Financial Statements

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

B) Ordinary Resolutions 1 and 2 – Directors' Fees and Benefits Payable To Non-Executive Directors

Section 230(1) of the Companies Act, 2016, provides amongst others, that the fees of the Directors and any benefits payable to the Directors of the Company shall be approved at a general meeting.

The proposed Ordinary Resolutions 1 and 2, if passed, will allow payment of Directors' fees and benefits to Non-Executive Directors of the Company on a monthly basis and/or as and when incurred within the stipulated period.

The proposed Directors' benefits payable comprises of meeting allowance and other benefits.

The estimated amount of Directors' benefits payable is based on the size of the Board and Board Committees and the number of scheduled Board and Board Committees meetings for the period commencing from the day after the Thirteenth AGM until the next AGM of the Company.

C) Annual Assessment of the Independence of the Independent Directors

The Board through the Nomination and Remuneration Committee has undertaken an annual assessment of the independence of all its Independent Directors, including Dato' Wan Mohd Safiain bin Wan Hasan and Mr Yee Kim Shing @ Yew Kim Sing who are seeking for re-election as Directors of the Company at the Thirteenth AGM of the Company.

The Board is satisfied that they meet the criteria prescribed by the Main Market Listing Requirements of Bursa Malaysia.

D) Special Business

Ordinary Resolution 10 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The existing general mandate for the authority to issue and allot shares was approved by the shareholders of the Company at the Twelfth AGM held on 17 September 2020.

The Company had on 6 April 2021 issued and allotted 262,000,000 new ordinary shares in the share capital of the Company at an issue price of RM0.4820 per share under a private placement exercise in accordance with the general mandate obtained from the shareholders of the Company at the Twelfth AGM. A gross proceeds of RM126,284,000 was raised from the private placement exercise, to be utilised for repayment of bank borrowings and to finance the Company's existing and future projects.

The proposed Ordinary Resolution 10, if passed, will empower the Directors pursuant to Sections 75 and 76 of the Companies Act, 2016, from the conclusion of this AGM, to issue and allot shares in the Company provided that the aggregate number of shares issued does not exceed 10% of the total number of issued share capital of the Company at the time of issue for such purposes as they consider would be in the best interest of the Company.

This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The renewal of this general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (CONT'D)

E) Special Business

Ordinary Resolution 11 – Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 11, if passed, will empower the Company to purchase up to 10% of the total number of issued shares of the Company.

The details on the Proposed Renewal of Share Buy-Back Authority are set out in the Share Buy-Back Statement dated 16 August 2021.

F) Special Business

Ordinary Resolutions 12, 13, 14 and 15 – Retention of General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Dato' Wan Mohd Safiain bin Wan Hasan, Dato' Wan Ibrahim bin Wan Ahmad and Mr Yee Kim Shing @ Yew Kim Sing as Independent Non-Executive Directors of the Company

General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Dato' Wan Mohd Safiain bin Wan Hasan, Dato' Wan Ibrahim bin Wan Ahmad and Mr Yee Kim Shing @ Yew Kim Sing were appointed as Independent Non-Executive Directors on 27 June 2011 and have therefore served for a cumulative term of more than nine (9) years.

The Board through the Nomination and Remuneration Committee had assessed the performance and independence of General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Dato' Wan Mohd Safiain bin Wan Hasan, Dato' Wan Ibrahim bin Wan Ahmad and Mr Yee Kim Shing @ Yew Kim Sing and recommended them to be retained as Independent Non-Executive Directors of the Company based on the following justifications:-

- a) They have met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia and are therefore able to give independent opinion to the Board;
- b) Being Directors for more than nine (9) years have enabled them to contribute positively during deliberations/discussions at meetings as they are familiar with the operations of the Company and possess sound knowledge of the Company's operations;
- c) They have contributed sufficient time and exercised due care during their tenure as Independent Non-Executive Directors;
- d) They have discharged their professional duties in good faith and also in the best interest of the Company and shareholders;
- e) They have the calibre, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner;
- f) They have never compromised on their independent judgement; and
- g) They have ensured that there were effective checks and balances in Board proceedings.

The proposed Ordinary Resolutions 12, 13, 14 and 15, if passed, will allow General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Dato' Wan Mohd Safiain bin Wan Hasan, Dato' Wan Ibrahim bin Wan Ahmad and Mr Yee Kim Shing @ Yew Kim Sing to be retained as Independent Non-Executive Directors of the Company until the conclusion of the next AGM in accordance with the MCGG.

G) Special Business

Ordinary Resolutions 16, 17 and 18 – Proposed allocation of ESOS Options to Encik Wan Zalizan bin Wan Jusoh, Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus

The establishment of the ESOS of up to 7.5% of the total number of issued ordinary shares in the Company (excluding treasury shares, if any) at any point in time during the duration of the ESOS for the eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) was approved by the shareholders of the Company at the Extraordinary General Meeting held on 20 February 2020.

Encik Wan Zalizan bin Wan Jusoh, Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus ("Interested Directors") who were appointed to the Board of Directors on 24 February 2021, 29 March 2021 and 29 March 2021 respectively have not been allocated the ESOS Options.

The Interested Directors will abstain from voting in respect of their shareholdings (if any) in the Company on the respective resolutions pertaining to the proposed allocation of ESOS Options to them at the AGM.

NOTICE OF THIRTEENTH

ANNUAL GENERAL MEETING (CONT'D)

The proposed Ordinary Resolutions 16, 17 and 18, if passed, will empower the ESOS Committee from time to time throughout the duration of the ESOS, to offer and grant ESOS Options to Encik Wan Zalizan bin Wan Jusoh, Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus being the Director of the Company, subject always to such terms and conditions of the By-Laws and/or any adjustment which may be made in accordance with the provisions of the By-Laws.”

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Details of individuals who are standing for election as Directors

No individual is standing for election as Director at the Thirteenth AGM of the Company.

**2. Statement relating to general mandate for issue of securities in accordance with –
Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

Details of the general mandate for the Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in Explanatory Note D of the Notice of Thirteenth AGM.

FORM OF PROXY

No. of Shares Held	CDS Account No.

*I/We.....

*NRIC No./Passport No./Company Registration No.

of

being a *member/members of DATASONIC GROUP BERHAD ("the Company"), hereby appoint

.....*NRIC No./Passport No.

of

*and/or failing *him/her,

.....*NRIC No./Passport No.

of

or failing *him/her, #the Chairman of the Meeting as *my/our proxy to attend, participate and vote for *me/us on *my/our behalf at the Thirteenth Annual General Meeting of the Company to be held and conducted on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn Bhd via Securities Services e-Portal's platform at <https://sshsb.net.my> in Malaysia on Wednesday, 15 September 2021 at 10:00 a.m. or at any adjournment thereof.

Please indicate your voting instructions with an "X" in the appropriate space. Unless voting instructions are specified herein, the proxy/proxies will vote or abstain from voting as he/she thinks fit.

No.	Resolutions	For	Against
1.	To approve the payment of Directors' fees to the Non-Executive Directors of the Company up to an amount of RM1,100,000 from the day after the Thirteenth AGM until the next AGM of the Company, to be payable a monthly basis in arrears		
2.	To approve the payment Directors' benefits to the Non-Executive Directors of the Company up to an amount of RM200,000 from the day after the Thirteenth AGM until the next AGM of the Company		
3.	To re-elect Dato' Wan Mohd Safiain bin Wan Hasan as Director of the Company		
4.	To re-elect Mr Yee Kim Shing @ Yew Kim Sing as Director of the Company		
5.	To re-elect Encik Wan Zalizan bin Wan Jusoh as Director of the Company		
6.	To re-elect Mr Chia Kok Khuang as Director of the Company		
7.	To re-elect Encik Safian bin Mohd Yunus as Director of the Company		
8.	To re-elect Encik Azrul bin Yahaya as Director of the Company		
9.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration		
10.	Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
11.	Proposed Renewal of Share Buy-Back Authority		
12.	To retain General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) as Independent Non-Executive Director of the Company		
13.	To retain Dato' Wan Mohd Safiain bin Wan Hasan as Independent Non-Executive Director of the Company		
14.	To retain Dato' Wan Ibrahim bin Wan Ahmad as Independent Non-Executive Director of the Company		
15.	To retain Mr Yee Kim Shing @ Yew Kim Sing as Independent Non-Executive Director of the Company		
16.	Proposed allocation of Employees' Share Option Scheme Options to Encik Wan Zalizan bin Wan Jusoh		
17.	Proposed allocation of Employees' Share Option Scheme Options to Mr Chia Kok Khuang		
18.	Proposed allocation of Employees' Share Option Scheme Options to Encik Safian bin Mohd Yunus		

The proportion of *my/our shareholdings to be represented by *my/our proxies are as follows:-

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

* If you wish to appoint other person(s) to be your proxy/proxies, kindly strike out the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.

* Delete if not applicable

Dated thisday of2021

.....
Signature of Shareholder or Common Seal

Contact No./Email address:



NOTES:

- (1) As part of the initiatives to curb the spread of COVID-19, the Thirteenth AGM will be conducted on a fully virtual basis through live streaming and online remote voting via the RPV Facilities to be provided by SS E Solutions Sdn Bhd via Securities Services e-Portal's platform at <https://sshsb.net.my/> which are available at SS e-Portal website at <https://sshsb.net.my/>. Please follow the procedures provided in the Administrative Guide for the Thirteenth AGM in order to register, participate and vote remotely via the RPV Facilities. With the RPV facilities, members and proxies are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the Meeting.
- (2) The Meeting Venue of the Thirteenth AGM via Securities Services e-Portal's platform at <https://sshsb.net.my/> in Malaysia provided by SS E Solutions Sdn Bhd is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the Meeting to be at the main venue in Malaysia. No Shareholders/Proxy(ies)/Corporate Representative(s) from the public will be allowed to be physically present on the day of the Thirteenth AGM.
- (3) A member of the Company entitled to attend, participate and vote at the meeting is entitled to appoint a proxy or proxies to attend, participate, speak and vote in his stead. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. Since the Thirteenth AGM will be conducted fully virtual, a member who is unable to attend, participate and vote at the Meeting may appoint the Chairman of the Meeting as his/ her proxy and indicate the voting instruction in the Form of Proxy. For Corporate Shareholder, Authorised Nominee and Exempt Authorised Nominee, you may also appoint a Proxy who is not the Chairman of the Meeting.
- (4) Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- (5) Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account") as defined under the Securities Industries (Central Depositories) Act, 1991, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- (6) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of its attorney or duly authorised officer.
- (7) The instrument appointing a proxy or proxies and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited not less than 48 hours before the time set for holding the meeting or at any adjournment thereof through either one of the following avenues:-
 - (a) In Hardcopy Form of Proxy
 - (i) To be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn Bhd (Registration No. 197701005827 (36869T)) at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur; or
 - (ii) To be submitted via fax at +603 2094 9940 or +603 2095 0292 or emailed to info@sshsb.com.my.
 - (b) By Electronic Form of Proxy
 - (i) To be submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/>. Please refer to the Administrative Guide available for download at <http://www.datasonic.com.my> for further details.
- (8) For the purpose of determining members who shall be entitled to attend, participate and vote at the Thirteenth AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 8 September 2021. Only depositors whose names appear on the Record of Depositors as at 8 September 2021 shall be entitled to attend, participate and vote at the said meeting or appoint proxy(ies) to attend, participate, speak and vote on their behalf.

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AFFIX
STAMP

DATASONIC GROUP BERHAD
(Registration No. 200801008472 (809759-X))

c/o Securities Services (Holdings) Sdn. Bhd.
(Registration No. 199701005827 (36869T))
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Malaysia.

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PERSONAL DATA

PROTECTION NOTICE

The Personal Data Protection Act, 2010 which regulates the processing of personal data in commercial transactions, applies to Datasonic Group Berhad ("the Company").

A member of the Company entitled to attend, speak and vote at the Annual General Meeting or at any adjournment thereof, is entitled to appoint a proxy(ies) and/or representative(s) to attend, speak and vote in his/her stead.

In connection with the aforesaid purposes, personal data is or will be collected by the Company or its agents from the information provided or furnished by the member(s) which includes, but is not limited to:-

- Name.
- Shareholding(s).
- Central Depository System account number.
- National Registration Identity Card/Passport number.
- Correspondence address.
- Contact details.
- Any other personal data of the member(s) and/or the member's proxy(ies) and/or representative(s).

In addition to the personal data provided by the member(s) to the Company or its agents directly, the Company or its agents may collect the personal data of the member(s) from a variety of sources, including but not limited to, Bursa Malaysia Depository Sdn Bhd, stockbrokers and remisiers.

The Company or its agents may use and process the personal data of the member(s) and/or the member's proxy(ies) and/or representative(s) for the purposes which include, but not limited to:-

- Processing and administration by the Company or its agents of proxy(ies) and/or representative(s) appointed for the Annual General Meeting or at any adjournment thereof.
- Preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting or at any adjournment thereof.
- Communicate with the member(s).
- Responding to inquiries from the member(s).
- Compliance with any applicable law, listing requirement, guideline and regulation.

(collectively known as "Purposes")

However, if a member(s) fails to supply the Company or its agents with such personal data, the Company or its agents may not be able to process or disclose the personal data for any of the Purposes.

In addition, the personal data may be disclosed or transferred to companies within the Datasonic Group or its agents or any third party or persons for the Purposes and all such other purposes that are related to the Purposes including but not limited to the share registrar, accountants, auditors, consultants, lawyers and financial or professional advisers appointed by the Company.

If so required for any of the Purposes, the personal data may be transferred to locations outside Malaysia.

The member(s) is responsible for ensuring that the personal data provided or furnished to the Company or its agents is accurate, complete, not misleading and up to date.

The Company or its agents may request the member(s) assistance to procure the consent of proxy(ies) and/or representative(s) whose personal data is provided by the member(s) to the Company or its agents and the member(s) agrees to use his/her best endeavours to do so.

The Company or its agents will not keep the personal data for longer than is necessary and will take reasonable steps to destroy and/or delete from the records and system.

PERSONAL DATA

PROTECTION NOTICE (CONT'D)

Member(s) of the Company may access and request for correction of his/her personal data. If the member(s) has any enquiry or complaint in respect of his/her personal data, please contact the Company at:-

Datasonic Group Berhad (Registration No. 200801008472 (809759-X))
Level 6, Bangunan Setia 1,
No. 15, Lorong Dungun,
Damansara Heights,
50490 Kuala Lumpur.

Attention : Company Secretarial Department
Telephone No. : (603) 2087 6000
Fax No. : (603) 2094 3600

By providing the personal data to the Company or its agents, the member(s) expressly agrees, confirms and consents to the processing of the member(s)' personal data by the Company or its agents for the Purposes.

In the event of any inconsistency between the English version and the Bahasa Malaysia version of this Notice, the English version shall prevail.

NOTIS PERLINDUNGAN

DATA PERIBADI

Akta Perlindungan Data Peribadi, 2010 yang mengawal selia pemprosesan data peribadi dalam transaksi komersial, diaplikasikan kepada Datasonic Group Berhad ("Syarikat").

Seorang ahli Syarikat yang layak untuk menghadiri, bercakap dan mengundi di Mesyuarat Agung Tahunan atau pada sebarang penangguhannya, berhak untuk melantik seorang proksi(-proksi) dan/atau wakil(-wakil) untuk hadir, bercakap dan mengundi bagi pihak beliau.

Sehubungan dengan maksud tersebut di atas, data peribadi telah atau akan diambil oleh Syarikat atau ejen-ejennya daripada maklumat yang diberikan atau dikemukakan oleh ahli(-ahli) yang termasuk, tetapi tidak terhad kepada:-

- Nama.
- Pegangan Saham.
- Pusat Sistem Depositori nombor akaun.
- Nombor Kad Pengenalan Pendaftaran Negara/Pasport.
- Alamat surat menyurat.
- Butiran perhubungan.
- Lain-lain data peribadi ahli(-ahli) dan/atau proksi(-proksi) dan/atau wakil(-wakil) ahli.

Selain daripada data peribadi yang diberikan oleh ahli(-ahli) kepada Syarikat atau ejen-ejennya secara langsung, Syarikat atau ejen-ejennya boleh mengumpul data peribadi ahli daripada pelbagai sumber, termasuk tetapi tidak terhad kepada, Bursa Malaysia Depository Sdn Bhd, broker saham dan remisier-remisier.

Syarikat atau ejen-ejennya boleh mengguna dan memproses data peribadi ahli(-ahli) dan/atau proksi(-proksi) dan/atau wakil(-wakil) ahli bagi maksud yang termasuk, tetapi tidak terhad kepada:-

- Pemprosesan dan pentadbiran oleh Syarikat atau ejen-ejennya bagi proksi(-proksi) dan/atau wakil(-wakil) yang dilantik bagi Mesyuarat Agung Tahunan atau pada sebarang penangguhannya.
- Penyediaan dan penyusunan senarai kehadiran, minit dan dokumen lain yang berkaitan dengan Mesyuarat Agung Tahunan atau pada sebarang penangguhannya.
- Berkomunikasi dengan ahli(-ahli).
- Membalas pertanyaan daripada ahli(-ahli).
- Mematuhi mana-mana undang-undang, keperluan penyenaraian, garis panduan dan peraturan.

(Secara kolektif dikenali sebagai "Tujuan-Tujuan")

Walau bagaimanapun, jika ahli(-ahli) tidak membekalkan Syarikat atau ejen-ejennya dengan data peribadi tersebut, Syarikat atau ejen-ejennya mungkin tidak dapat memproses atau menzahirkan data peribadi untuk mana-mana Tujuan-Tujuan tersebut.

Di samping itu, data peribadi boleh dizahirkan atau dipindahkan kepada syarikat-syarikat dalam Kumpulan Datasonic atau ejen-ejennya atau mana-mana pihak ketiga atau orang bagi Tujuan-Tujuan tersebut dan semua maksud lain yang berkaitan dengan Tujuan-Tujuan tersebut termasuk tetapi tidak terhad kepada pendaftar saham, akauntan, juruaudit, perunding, peguam dan penasihat kewangan atau profesional yang dilantik oleh Syarikat.

Jika dikehendaki sedemikian untuk mana-mana Tujuan-Tujuan, data peribadi boleh dipindahkan ke lokasi di luar Malaysia.

Ahli(-ahli) adalah bertanggungjawab untuk memastikan bahawa data peribadi yang diberikan atau dikemukakan kepada Syarikat atau ejen-ejennya adalah tepat, lengkap, tidak mengelirukan dan terkini.

Syarikat atau ejen-ejennya boleh meminta bantuan ahli(-ahli) untuk mendapatkan persetujuan proksi(-proksi) dan/atau wakil(-wakil) yang data peribadinya telah disediakan oleh ahli(-ahli) kepada Syarikat atau ejen-ejennya dan ahli(-ahli) bersetuju untuk berusaha terbaik untuk berbuat demikian.

NOTIS PERLINDUNGAN

DATA PERIBADI (SAMB.)

Syarikat atau ejen-ejennya tidak akan menyimpan data peribadi lebih daripada yang diperlukan dan akan mengambil langkah-langkah munasabah untuk memusnahkan dan/atau menghapuskan dari rekod dan sistem.

Ahli(-ahli) Syarikat boleh mengakses dan meminta pembetulan maklumat peribadi beliau. Jika ahli(-ahli) mempunyai sebarang pertanyaan atau aduan berkenaan dengan data peribadi beliau, sila hubungi Syarikat pada:-

Datasonic Group Berhad (No. Pendaftaran 200801008472 (809759-X))
Tingkat 6, Bangunan Setia 1,
No. 15, Lorong Dungun,
Damansara Heights,
50490 Kuala Lumpur.

Untuk Perhatian : Jabatan Kesetiausahaan Syarikat
No. Telefon : (603) 2087 6000
No. Fax : (603) 2094 3600

Dengan menyediakan data peribadi kepada Syarikat atau ejen-ejennya, ahli(-ahli) secara nyata bersetuju, mengesahkan dan bersetuju dengan pemprosesan peribadi ahli(-ahli) oleh Syarikat atau ejen-ejennya untuk Tujuan-Tujuan tersebut.

Jika berlaku apa-apa percanggahan antara versi Bahasa Inggeris dengan versi Bahasa Malaysia dalam Notis ini, versi Bahasa Inggeris akan diguna pakai.

