ACO GROUP BERHAD

ANNUAL REPORT 2021

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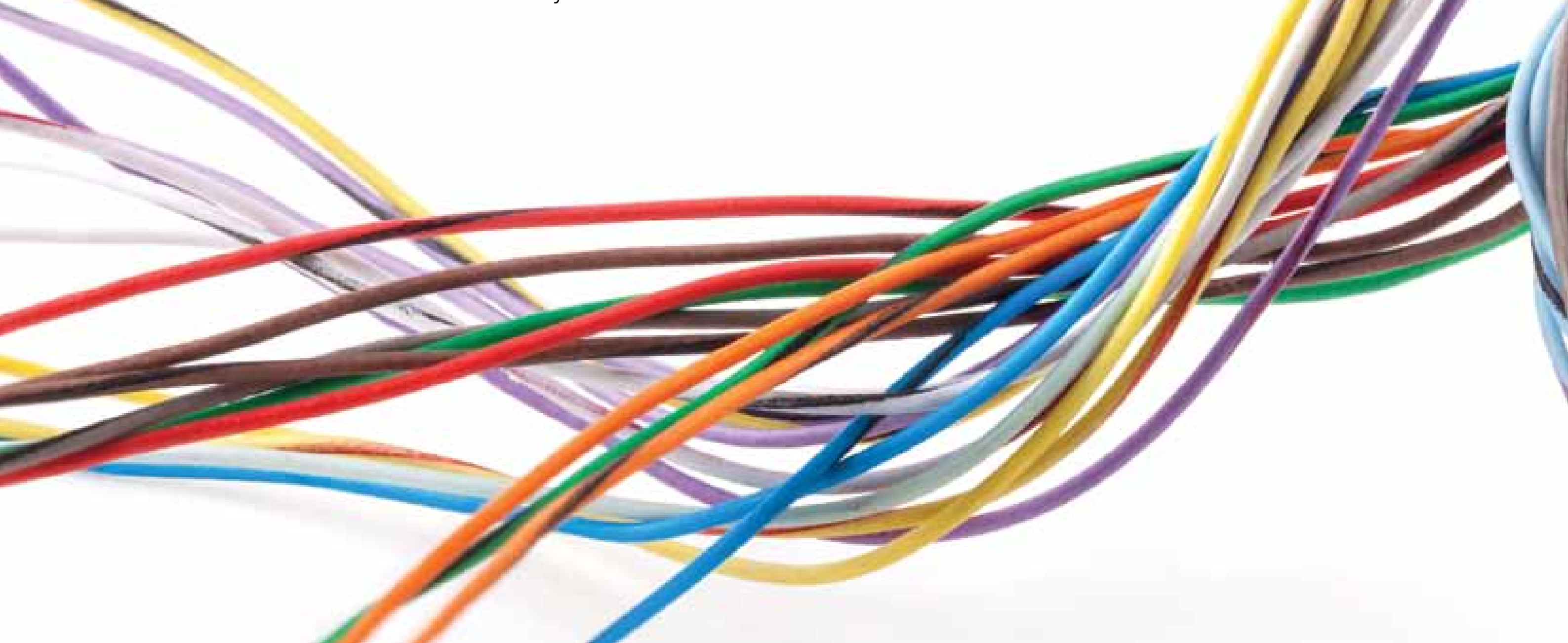


CORPORATE PROFILE

ACO Group Berhad ("ACO" or the "Company") is an investment holding company, and through its subsidiaries ("ACO Group" or "the Group"), is principally involved in the distribution of a wide range of electrical products and accessories, specialising in cables, wires and accessories; electrical distribution, protection and control devices; as well as electrical appliances and accessories.

Other products include water plumbing materials, power tools and accessories, in addition to CCTV and alarm systems.

Operating from our headquarters in Johor Bahru, the Group has sales outlets and distribution centres across Johor, Melaka and Selangor with a a lighting concept store, "UR Home Light", in Johor Bahru. Meanwhile our associate company, Focus Electrical Malaysia Sdn. Bhd. ("FEMSB") has theirs strategically located in Selangor, Pahang and Terengganu.

To meet the diverse needs of our residential, commercial and industrial customers, we distribute a wide range of own brands as well as third party brands, of which we are the authorised distributor for 11 established global brands.

Our customers include:-

- Distributors and retailers
- Electrical contractors
- Electrical product manufacturers
- Factory and business owners
- Architects
- Interior designers; and
- Equipment and machinery repair and maintenance service providers

ACO was listed on the ACE Market of Bursa Malaysia Securities Berhad under the Industrial Products & Services sector on 18 March 2020.

DISTRIBUTION OF **OFFICES**

ACO GROUP OF COMPANIES

JOHOR

- **4** Sales Outlets
- **1** Lighting Concept Centre
- **1** Distribution Centre

MELAKA

- **2** Sales Outlets

SELANGOR

- **2** Sales Outlets
- **1** Distribution Centre

ASSOCIATE COMPANY

SELANGOR

- **1** Sales Outlet

PAHANG

- **4** Sales Outlet
- **1** Distribution Centre

TERENGGANU

- **1** Sales Outlet

BUSINESS **ACTIVITIES**

- Cables, wires and accessories
- Electrical distribution, protection and control devices
- Electrical appliances and accessories
- Others include water plumbing materials, power tools and accessories, CCTV & alarm systems

KEY EVENTS AND MILESTONES

The Group's key milestones are set out below: -

1991

Commenced operations as a distributor of electrical products and accessories in Taman Johor Jaya, Johor Bahru, Johor focusing on electrical distribution, protection and control devices.

1993

Expanded distribution activities in Taman Johor Jaya, Johor Bahru, to serve the Public Works Department ("JKR") related infrastructure projects.

1997

Secured distributorship for Schneider Electric's range of electrical distribution, protection and control devices.

Commenced distribution of electrical products and accessories in Taman Sinn, Semabok, Melaka.

2000

Commenced distribution of electrical products and accessories in Cheras, Kuala Lumpur.

2002

Secured distributorship for Omron's range of electrical distribution, protection and control devices.

2004

Secured distributorship for KDK's range of electrical appliances, namely fans.

2005

Commenced distribution of cables and wires.

2008

Secured distributorship for Hager's range of electrical distribution, protection and control devices, and electrical accessories namely switches and power outlets.

Secured distributorship for ABB's range of electrical distribution, protection and control devices.

2009

Established a distribution centre in Taman Perindustrian Sri Plentong, Masai, Johor and commenced distribution of electrical products and accessories to resellers including distributors and retailers.

2010

Secured distributorship for Panasonic's range of electrical appliances, namely fans and water heaters.

2012

Established a sales outlet in Jalan Sungai Abong, Muar, Johor.

Key Events and Milestones (Cont'd)

2014

Secured distributorship for Maxguard's range of electrical distribution, protection and control devices.

Launched its own brand of control and instrumentation, and communications cables under Multi5 brand.

Secured distributorship for Yaskawa's and Siemen's range of electrical distribution, protection and control devices.

Launched own brand of low voltage ("LV") transformer for metering devices under Sonico brand (later rebranded to Sonko).

Started providing cut-to-length cables and wires for selected types of power and communication cables. Additionally, we established an online ordering system namely Accura focusing on cables and wires to enable customers to check availability of cable length and pricing.

2015

Launched own brand of lightings and fittings under Hikari (later rebranded to Afg).

2016

Secured distributorship for Ledvance range of electrical accessories, namely lightings and fittings, as well as Schneider Electric range of electrical wiring devices (refers to switches and power outlets) and final distribution products (refers to electrical distribution, protection and control devices).

Established sales outlet in Taman Industri Pandan Indah, Selangor.

2017

Established an online ordering system namely Maydenki-mart focusing on electrical distribution, protection and control devices to enhance customer service and convenience.

Established sales outlet (Semenyih Sentral) and distribution centre (Kawasan Perindustrian Lekas) in Semenyih, Selangor.

2019

Opened first lighting concept store in Eco Business Park 1, Johor Bahru, Johor.

2020

Listed on the ACE Market of Bursa Malaysia Securities Berhad

Secured distributorship for SYLVANIA'S light-emitting diode ("LED") lighting products within Malaysia.

Entered into a business collaboration agreement with Prima Nexus Sdn. Bhd. (health technology solutions provider) to promote and sell rapid test kits, diagnosis materials and personal protective equipment required to conduct health screening amidst the COVID-19 pandemic.

Acquired 49% equity interest in Focus Electrical Malaysia Sdn. Bhd. ("FEMSB"), one of the major distributor of electrical products and accessories in the East Coast region.

VISION, MISSION & **BUSINESS MODEL**

VISION

To be the leading distributor of electrical products and accessories in Malaysia, by constantly evolving to the demands of the market and offering quality solutions and high value to our suppliers, dealers and customers.

CORE VALUES

- Creating customer value through better energy management
- Respect for the environment and health and safety of employees
- Adding value through innovation and continuous improvement
- Creating sustainable shareholder value through quality operations

BUSINESS MODEL

Distribution of Electrical Products and Accessories

- Cables, wires and accessories
- Electrical distribution, pretection and control devices
- Electrical appliances and accessories
- Others include water plumbing materials, power tools and accessories, CCTV and alarm systems

CORPORATE INFORMATION

BOARD OF DIRECTORS

Yap Koon Roy
(Independent Non-Executive Chairman)

Ir. Tang Pee Tee @ Tan Chang Kim
(Group Managing Director)

Tan Yushan
(Non-Independent Executive Director)

Chai Poh Choo
(Non-Independent Executive Director)

Dr. Teh Chee Ghee
(Independent Non-Executive Director)

Ir. Dr. Ng Kok Chiang
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Dr. Teh Chee Ghee (Chairman)
Yap Koon Ray
Ir. Dr. Ng Kok Chiang

REMUNERATION COMMITTEE

Ir. Dr. Ng Kok Chiang (Chairman)
Yap Koon Ray
Dr. Teh Chee Ghee

NOMINATION COMMITTEE

Yap Koon Roy (Chairman)
Dr. Teh Chee Ghee
Ir. Dr. Ng Kok Chiang

COMPANY SECRETARIES

Wong Wai Foong (MAICSA 7001358)
(SSM PC NO. 202008001472)
Fong Seah Lih (MAICSA 7062297)
(SSM PC NO. 202008000973)

PRINCIPAL BANKERS

HSBC Amanah Malaysia Berhad
Hong Leong Islamic Bank Berhad
Alliance Bank Malaysia Berhad

SPONSOR

Alliance Investment Bank Berhad
Level 3, Menara Multi-Purpose
Capital Square
8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

Tel : 03-2604 3333
Fax : 03-2697 2929

HEAD OFFICE

108 & 110, Jalan Seroja 39
Taman Johor Jaya
81100 Johor Bahru
Johor Darul Takzim

Tel : 07-355 9898
Email : ir@acogroup.com.my
Website : www.acogroup.com.my

REGISTERED OFFICE

Unit 30-01, Level 30
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No.8 Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

Tel : 03-2783 9191
Fax : 03-2783 9111

AUDITORS

RSM Malaysia
5th Floor, Penthouse, Wisma RKT,
Block A,
No. 2, Jalan Raja Abdullah
Off Jalan Sultan Ismail,
50300 Kuala Lumpur,
Wilayah Persekutuan Kuala Lumpur

Tel : (03) 2610 2888
Fax : (03) 2698 6600

SHARE REGISTRAR

Tricor Investor & Issuing House
Services Sdn Bhd
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No.8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

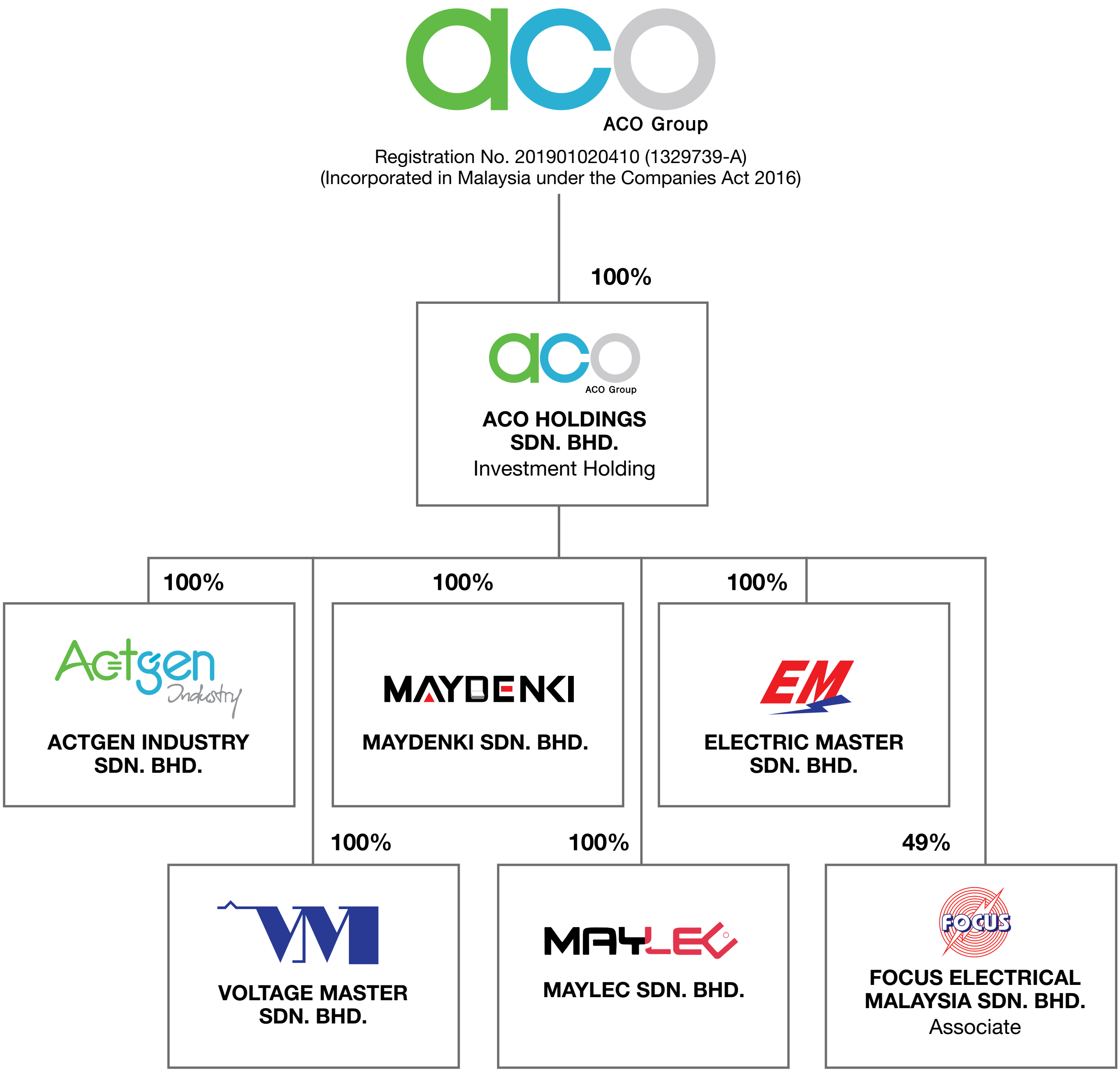
Tel : (03)-2783 9299
Fax : (03) 2783 9222

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name: ACO
Stock Code : 0218
Listed on 18 March 2020
Shariah-compliant counter

GROUP
CORPORATE STRUCTURE

ACO Group Berhad was incorporated in Malaysia under the Companies Act, 2016 on 11 June 2019 as a private limited company under the name of ACO Group Sdn. Bhd. and was subsequently converted to a public limited company on 8 August 2019.



FINANCIAL HIGHLIGHTS

Financial Year Ended	28 February 2018	28 February 2019	29 February 2020	28 February 2021
Revenue (RM'000)	124,193	134,373	134,288	**110,590**
Gross Profit (RM'000)	19,676	22,218	25,966	**18,751**
Profit from Operations (RM'000)	7,352	10,195	11,286	**5,545**
Net Profit (RM'000)	5,003	7,416	7,835	**2,846**
Total Equity (RM'000)	31,327	36,293	44,129	**72,642**
Net Assets Per Share (Sen)*	11.49	14.59	18.24	**21.96**
Basic Earnings Per Share (Sen)**	1.79	2.84	3.17	**0.86**

* *For FYE 29 February 2020, this is based on net assets attributable to owners of the Group divided by 242,000,000 shares being the number of shares after the completion of the pre-listing Internal Reorganistion Exercise.*

* *For FYE 28 February 2021, this is based on net assets attributable to owners of the Group divided by 330,793,000 shares.*

** *For FYE 29 February 2020, this is based on the net profit attributable to owners of the Group divided by 242,000,000 shares being the number of shares after the completion of the pre-listing Internal Reorganistion Exercise.*

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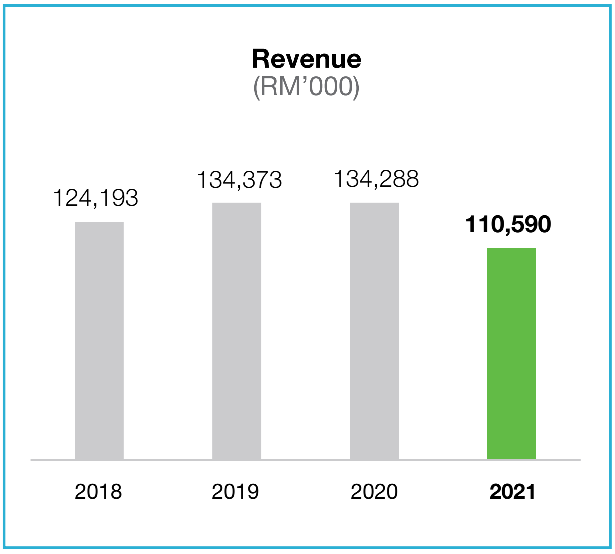
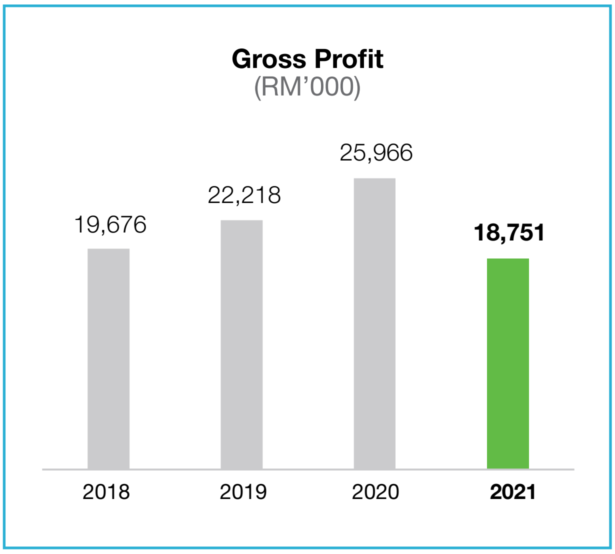
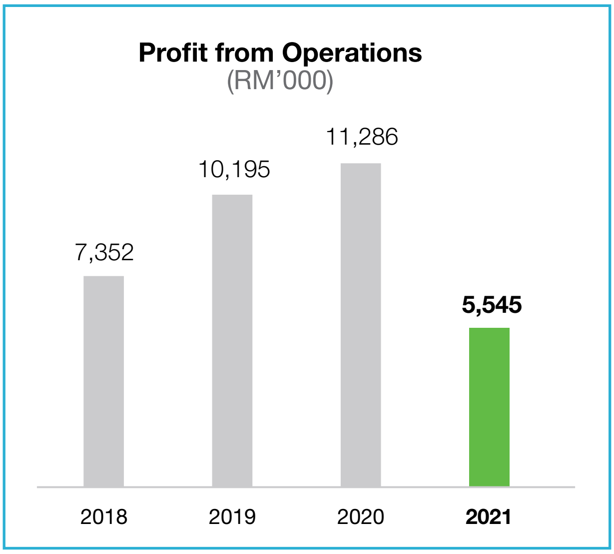
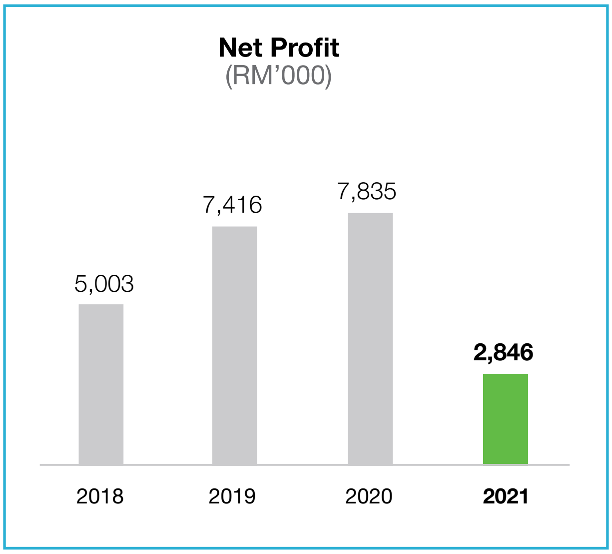





Profit from Operations
(RM'000)
7,352
10,195
11,286
5,545
2018
2019
2020
2021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2018
2019
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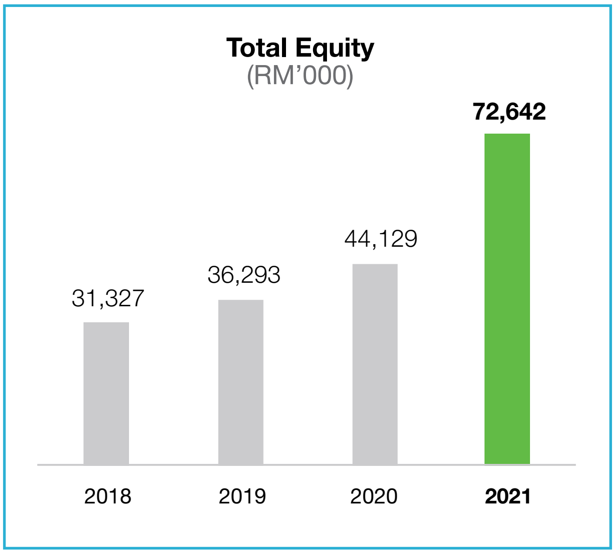
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(RM'000)
31,327
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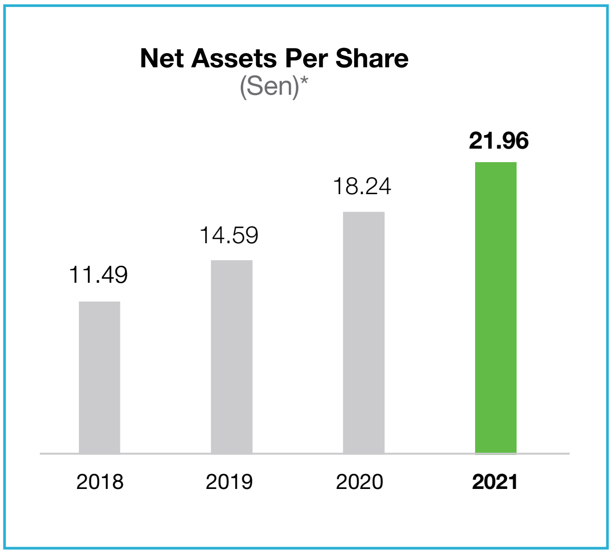
2020
2021


Net Assets Per Share
(Sen)*
11.49
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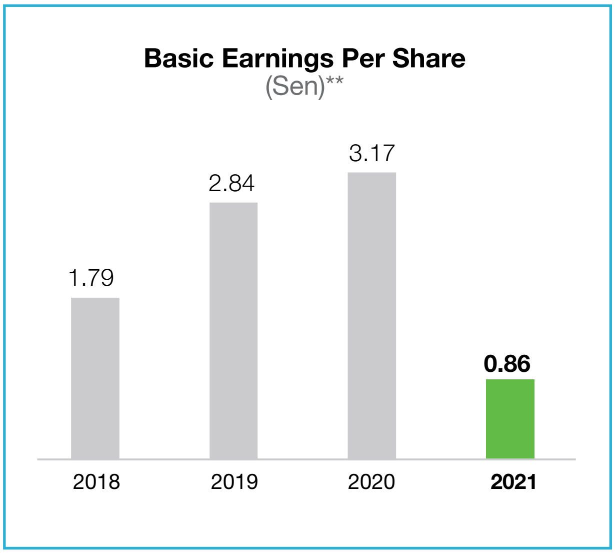
2018
2019
2020
2021


Basic Earnings Per Share
(Sen)**
1.79
2.84
3.17
0.86
2018
2019
2020
2021

BOARD OF DIRECTORS' PROFILE

YAP KOON ROY

Independent Non-Executive Chairman

Nationality	**: Malaysian**
Age/Gender	**: 59/Male**
Date of Appointment	**: 5 August 2019**

MEMBERSHIP OF OUR BOARD COMMITTEES

- Chairman of the Nomination Committee
- Member of Audit and Risk Management Committee
- Member of the Remuneration Committee

EXPERIENCE

Yap Koon Roy obtained his Bachelor of Laws Honours from the University of Malaya, Malaysia in 1986. He also holds an Associate Qualification in Islamic Finance from the Islamic Banking & Finance Institute of Malaysia.

Mr. Yap started his career in 1987 when he joined the legal firm Messrs. Nordin & Phua and was made partner of the firm in 1991. He then left the firm in 1997 to set up his own practice, Messrs. Yap Koon Roy & Associates in the same year.

He has more than 31 years of experience in legal practice, mainly advising on commercial, estate, property and banking matters.

Mr. Yap has been appointed since 2009 as an Independent Non-Executive Director of DFCITY Group Berhad (formerly known as Hock Heng Stone Industries Berhad), a company listed on the Main Market of Bursa Securities and he still holds its position to date. He had also served as an Independent Non-Executive Director of Perfect Food Industries Berhad (presently known as MK Land Holdings Berhad) from 1994 to 1999 and Golsta Synergy Berhad (presently known as HCK Capital Group Berhad) from 1999 to 2004.

Mr. Yap does not have any family relationships with any Director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

IR. TANG PEE TEE @ TAN CHANG KIM

Group Managing Director

Nationality	**: Malaysian**
Age/Gender	**: 74/Male**
Date of Appointment	**: 5 August 2019**

MEMBERSHIP OF OUR BOARD COMMITTEES

Nil

EXPERIENCE

Ir. Tang Pee Tee@Tan Chang Kim graduated from University of Malaya, Malaysia with a Bachelor of Electrical Engineering in 1972. He is a registered member of the Board of Engineers Malaysia as a Professional Engineer since 1974 and Professional Engineer with Practicing Certificate (Electrical) since 2016.

Ir. Tang has extensive experience in electrical products industry with a career that started in 1972 as an Electrical Engineer with the Public Works Department in Johor. In 1979, he left the Public Works Department as a Senior Electrical Engineer and went into the business of distribution of electrical products.

In 1990, he founded ACO Group with the establishment of its first sales outlet in Johor. Over the years, he has been instrumental in expanding the Group's overall operations within Peninsular Malaysia with the opening of multiple stores across Johor, Selangor and Melaka.

As Group Managing Director, he is responsible for the overall strategic direction of ACO Group and development of the Group's business strategy.

Ir. Tang is the father of Tan Yushan and spouse of Jin Siew Yen, who is a substantial shareholder. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

TAN YUSHAN
Executive Director

Nationality	**: Malaysian**
Age/Gender	**: 36/Male**
Date of Appointment	**: 5 August 2019**

MEMBERSHIP OF OUR BOARD COMMITTEES

Nil

EXPERIENCE

Tan Yushan obtained a Bachelor of Commerce from The University of Western Australia in 2007. He also serves as a full member of Certified Practising Accountant ("CPA") Australia and Chartered Accountant of the Malaysian Institute of Accountants.

As Executive Director, Mr. Tan is responsible for managing the overall day-to-day operations and business development of the Group, as well as implementation of the Group's business strategy. He is also currently the Acting Chief Financial Officer.

Mr. Tan started his career in KPMG Malaysia in 2007 as an Audit Associate where he was involved in various statutory and special audits of companies in a wide spectrum of industries.

In 2010, he left KPMG Malaysia and joined the Group as Finance Manager in one of the Group's subsidiaries, where he was mainly responsible for finance related matters as well as budget planning and supporting the executive management team. He was also involved in assisting the management to review and assess potential business opportunities.

Over the years, he was involved in various functions, holding senior leadership roles in finance and accounting, marketing and business development as well as operations management across the Group.

Mr. Tan is the son of Ir. Tang Pee Tee @ Tan Chang Kim and Jin Siew Yen, who is a substantial shareholder. He does not have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

Board of Directors' Profile (Cont'd)

CHAI POH CHOO
Executive Director

Nationality	**: Malaysian**
Age/Gender	**: 49/Female**
Date of Appointment	**: 5 August 2019**

MEMBERSHIP OF OUR BOARD COMMITTEES

Nil

EXPERIENCE

Chai Poh Choo has accumulated more than 25 years of experience in the electrical products distribution industry.

Ms. Chai began her career in 1991 as a Production Clerk at Pacific Peninsula Textiles Sdn. Bhd. before joining Bee Bee Garment Sdn. Bhd. as a Merchandiser in 1992.

Between 1993 and 2000, she worked for a distributor of electrical products, gaining strong industry knowledge in sales of electrical products and accessories.

She has been with the Group since 2000, joining as an Assistant Branch Manager before she was promoted to Branch Manager in 2002. She was then responsible for managing the operations of the sales outlet in Selangor. In 2010, she was promoted as General Manager in one of the Group's subsidiaries and has since been responsible in overseeing the day-to-day business operations of the industrial user division of our Group.

She has played a significant role in the operations and sales growth of our Group, particularly in the setting up of our branch sales outlet in Semenyih, Selangor. Her contributions are important to the Group, particularly in the growth of the business in the Central region of Peninsular Malaysia and the expansion of the Group's product range.

Ms Chai does not have any family relationships with any director or major shareholders of the Company, nor does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years.

Board of Directors' Profile (Cont'd)

DR. TEH CHEE GHEE

Independent Non-Executive Director

Nationality	**: Malaysian**
Age/Gender	**: 55/Male**
Date of Appointment	**: 5 August 2019**

MEMBERSHIP OF OUR BOARD COMMITTEES

- Chairman of Audit and Risk Management Committee
- Member of Nomination Committee
- Member of the Remuneration Committee

EXPERIENCE

Dr. Teh Chee Ghee obtained his Doctor of Philosophy degree in Credit Management, Master of Business Administration degree and a Bachelor of Accounting (Honours) degree from University of Malaya. He is currently a Council Member of the Malaysian Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and the Chartered Tax Institute of Malaysia and also a member of the Malaysian Institute of Accountants. He is currently a Senior Lecturer in Accounting and Finance in the School of Business, Monash University Malaysia.

Dr. Teh commenced his career in 1990 in Arthur Andersen-HRM (Management Services) Sdn. Bhd. as an Associate Consultant. He then served in the audit and business advisory division of Arthur Andersen & Co. from 1990 to 1994. He then joined CWS Hygiene Sdn. Bhd. ("CWS") as the Finance & Administration Manager in 1994 and when the Zuellig Group acquired CWS in 1995, he was appointed as the Regional Financial Controller of Gold Coin Feedmills (M) Sdn. Bhd. In 1996, he joined Engtex Sdn. Bhd. as the Group Financial Controller and also was appointed as the Personal Assistant ("PA") to the Group Managing Director and Company Secretary of Engtex Group Berhad ("Engtex") between January 2000 and May 2006.

After leaving Engtex, he served TH Group Berhad from June 2006 to October 2010 as the PA to the Group Managing Director. He was also the Acting Chief Operating Officer of Nilai Medical Centre (formerly known as NCI Hospital owned by Asiaprise Biotech Sdn. Bhd., a wholly owned subsidiary of TH Group Berhad) from February 2010 to October 2010. He was the General Manager - Strategic Planning and Operations of TSH Resources Berhad from October 2010 to October 2012.

Subsequently, he joined Monash University Malaysia in October 2012. He was also the Deputy Director of Research of the School of Business in Monash University Malaysia from January 2013 to January 2014, the Deputy Director of MBA Program from 2017 to 2018, and the Deputy Director- Development & External Engagement of the Entrepreneurship and Innovation Hub (eiHub) of the School of Business since 2018 to July 2019.

Dr Teh has been appointed as the Head of Research of the Socio-Economic Research Centre, operating under SERC Sdn. Bhd., an independent think tank initiated by the Associated Chinese Chambers of Commerce and Industry of Malaysia under a paid outside work retainer arrangement with Monash University Malaysia from January 2014 to February 2016.

He has also held directorships in various public listed companies such as being an Independent Non-Executive Director of Fiamma Holdings Berhad from the year 2001 until 2018, Cybertowers Berhad (now known as Parlo Berhad) from the year 2015 until 2018, Engtex Group Berhad from the year 2009 and later as Engtex's Chairman – Senior Independent Non-Executive Director from the year 2018 to 2021.

In January 2021, Dr. Teh joined K. Seng Seng Corporation Berhad as an Independent Non-Executive. Subsequent to the financial year ended 28 February 2021, Dr. Teh was appointed as the Independent Non-Executive Chairman of Orgabio Holdings Berhad.

Dr. Teh does not have any family relationships with any director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

Board of Directors' Profile (Cont'd)

IR. DR. NG KOK CHIANG
Independent Non-Executive Director

Nationality : **Malaysian**
Age/Gender : **40/Male**
Date of Appointment : **5 August 2019**

MEMBERSHIP OF OUR BOARD COMMITTEES

- Chairman of Remuneration Committee
- Member of Audit and Risk Management Committee
- Member of Nomination Committee

EXPERIENCE

Ir. Dr. Ng Kok Chiang obtained his Bachelor of Engineering (Electrical and Electronic Engineering) with first class honours and Bachelor of Commerce majoring in Accounting, Finance (Investment), and Managerial Accounting from The University of Western Australia, Australia. He also holds a Doctorate of Philosophy in Engineering (Research) from The University of Nottingham, United Kingdom.

Ir. Dr. Ng is a Professional Engineer with Practicing Certificate (Electrical) registered with the Board of Engineers Malaysia since 2011, a Corporate Member (Electrical) of The Institution of Engineers Malaysia since 2011. He is also a Chartered Engineer registered with the Engineering Council of United Kingdom since 2014, and a Chartered Engineer with The Institution of Engineering and Technology, United Kingdom since 2014. Since 2012, he has been a Professional Member of the Malaysia Green Building Confederation (now known as the Malaysia Green Building Council) and registered as a Green Building Index Facilitator with the Green Building Index Accreditation Panel of Malaysia.

He has extensive experience in research and project management of properties and projects in a wide range of areas which include electrical engineering and implementation of new innovations. He took up the role of Consulting Engineer in ZED-G&P Sdn. Bhd., an engineering consultancy company involved in green technology and building consultancy from 2010 to 2011. Thereafter, he joined Sdn. Bhd., an engineering services company. As Chief Technology Officer of MyBig Sdn. Bhd., a position he still holds to-date, he is responsible for the management of research projects, creation and protection of the company's intellectual properties, implementation of new innovations in the development of prototypes, and supervision of engineers and researchers under his care.

He is also a director of two engineering consultancy companies, Wee Engineers (registered with the Board of Engineers Malaysia) and Wee Consulting Engineers Sdn. Bhd., where he oversees and manages electrical engineering projects for new and existing housing and high-rise developments.

From 2017 to 2018, he was the Chairman of the Consulting Engineers Special Interest Group in the Institution of Engineers, Malaysia and the Honorary Auditor of the Institution of Engineering and Technology United Kingdom from 2016 to 2018. He is also an Industrial Advisory Board Member of the Heriot Watt University, Malaysia Campus, and the University of Nottingham, Malaysia Campus as well as the Assistant Honorary Secretary of the Electrical and Electronics Association of Malaysia for the term 2019 to 2021.

Dr. Ng does not have any family relationships with any director or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

KEY SENIOR MANAGEMENT'S PROFILE

CHONG SU YEE

Head of Human Resource

Age 36, Female
Malaysian

Date of appointment:
1 July 2019

Chong Su Yee is responsible for overseeing and managing the overall human resource and administration functions of our Group.

After obtaining a Diploma in Accounting (LCCI) in 2005, Ms. Chong started her career at an audit firm providing audit and tax computation services. In 2011, she joined our Group as an Account Executive and in 2014, was re-designated to join the Human Resource Department as a Senior Human Resource Executive where she assisted in implementation of human resource functions, documentation of records, implementing payroll systems, and recruitment planning.

In 2016, Ms Chong was promoted to Assistant Human Resource Manager and subsequently in 2019, she was promoted to Head of Human Resource of the Group.

Ms. Chong does not have any family relationships with any Director or major shareholders of the Company, not does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years.

LIM LEE HUA

Head of Procurement

Age 56, Female
Malaysian

Date of appointment:
1 April 2015

Lim Lee Hua is responsible for establishing, maintaining and negotiating with suppliers, item sourcing, bulk ordering and also provides procurement services to the Industrial User Division and Distribution Division of the Group.

Ms. Lim has accumulated approximately 30 years of experience in purchase and procurement in the electrical industry.

Ms Lim joined the Group in 2001, starting as a Purchasing Executive and rose through the ranks to become Senior Purchasing Executive in 2007 and subsequently to Purchasing Manager in 2011. In 2015, she assumed her current role as Head of Procurement.

Prior to joining the Group, Ms Lim was a Purchasing Coordinator and Purchasing Executive for an electrical product distributor for 10 years.

Ms. Lim does not have any family relationships with any Director or major shareholders of the Company, not does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years.

Key Senior Management's Profile (Cont'd)

LOW SWEE CHING

Head of Operations

Age 51 , Female
Malaysian

Date of appointment:
1 January 2019

Low Swee Ching is responsible for overseeing the day-to-day operations of our Group's Distribution Division, the key function which include operating of our distributorship functions, servicing our Group's customers who are resellers, processing customers' orders and planning and monitoring sales growth.

Ms. Low has over 22 years of working experience in the electrical appliances industry with the Group. She joined the Group as a Sales Coordinator in 1999. In 2004, she was promoted to the position of Sales Executive before she was promoted to Senior Sales Executive in 2007 and subsequently to Unit Manager in 2012 where she was then responsible for identifying potential customers, and sales growth opportunities, as well as managing business relationships with customers. In 2019, she assumed her current role as Head of Operations.

Ms. Low does not have any family relationships with any Director or major shareholders of the Company, not does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years.

FOONG KAH HONG

Head of Business Development

Age 41, Male
Malaysian

Date of appointment:
1 November 2018

Foong Kah Hong leads the Industrial Products Division, which is dedicated to providing sales, services and solutions for electrical distribution, protection and control devices range of products. He is responsible for securing new customers as well as maintaining good working relationship with key customers in respect of such product range.

Mr. Foong holds a Diploma in Electronic Engineering from Minghsin Institution of Technology in Taiwan. He has diverse experience in industrial product which involves technical knowledge in machinery and equipment, air circulation products as well as sales and marketing. Mr. Foong started his career in 2003 as an Electrical Technician with Epson Precision Johor Sdn. Bhd. Thereafter, he joined KVC Industrial Supplies Sdn. Bhd. as Product Technical Support and Avermax International Sdn. Bhd. as Project Manager. Prior to joining the Group, he was a Sales Engineer involved in sales development and planning for ABB Malaysia Sdn. Bhd. for 6 years.

Mr. Foong joined our Group in 2016 as a Marketing Executive where he was responsible for conducting market research to address new opportunities for potential markets and customers. In 2018, he assumed his current role as Head of Business Development.

Mr. Foong does not have any family relationships with any Director or major shareholders of the Company, not does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

On behalf of our Board of Directors ("Board"), I am pleased to present to you the Annual Report of ACO Group Berhad ("ACO Group" or the "Group") for the financial year ended 28 February 2021 ("FY2021")

YAP KOON ROY

Independent Non-Executive Chairman

Chairman's Statement (Cont'd)

The year in review

Undoubtedly, the year 2020 was filled with unprecedented challenges. With the outbreak of the Coronavirus Disease 2019 ("COVID-19") pandemic, global business and trade activities were thrown into disarray which caused economic turmoil and uncertainties. The predicament was further aggravated by the uncertainties surrounding the trade disputes between the two largest economies – United States and China.

On the local front, the Malaysian Government implemented various Movement Control Orders ("MCOs") throughout 2020 in an effort to curb the spread of the pandemic, which led to a plunge in business activities and subdued consumer sentiment. Overall, the economic climate was tenuous as Malaysia's Gross Domestic Product ("GDP") contracted 5.6% in 2020 against a growth of 4.3% in 2019 according to Bank Negara Malaysia ("BNM").

Suffice to say, it was a taxing year for us at ACO Group as we were not spared from the difficult business environment arising from the factors aforementioned. In adherence to the MCOs, we were required to shut our businesses temporarily from 18 March 2020 to 3 May 2020. This had impeded our income flows during the period. On a positive note, our Group resumed its operations on 4 May 2020, and we continued to operate even during the subsequent MCOs declared by our Government during the financial year under review. In fact, our business activities recovered to pre-MCO levels by second half of 2020.

Despite facing an ongoing volatile and uncertain business landscape, we managed to manoeuvre through these hurdles by tapping into our robust fundamentals and sturdy balance sheet. Against this backdrop, ACO Group remains resilient in generating value to shareholders. The Group registered satisfactory financial results and remained profitable in FY2021.

Notable milestone during the year

As the Group was navigating through these trying times, ACO Group remained proactive in exploring business opportunities that are aligned with our long-term strategic goals to expedite our expansion plans. As opportunities lie in every crisis, the demanding environment during the year also presented ample opportunities to us at ACO Group to capitalise on.

In our Group's endeavour to expand its geographical footprint across Malaysia, ACO Group acquired a 49% stake in an industry peer, Focus Electrical Malaysia Sdn. Bhd. ("FEMSB"). This marks one of the milestones achieved in 2020 for us at ACO Group in the journey to becoming a formidable player in the electrical supplies industry in Malaysia. The investment is a testament to our determination in expanding our geographical presence.

In addition, the Group has always taken cognisant of the rapid increase in the adoption of solar energy in Malaysia. With that in mind, our team in ACO Group has channelled immense efforts to expand our products portfolio to ride on the fast-growing solar photovoltaic ("PV") industry. By leveraging on our established track record and broad product offerings, ACO Group has set its sight on being a one-stop center for prospective clients to have access to our range of solar related products and a myriad of electrical equipment and accessories. We are extremely excited to ride on the strong growth trajectory of the solar PV industry.

What lies ahead

Marching into the new financial year, the business environment remains uncertain and challenging, given the implementation of a Full MCO ("FMCO") starting from June 1, 2021 due to the resurgence of COVID-19 cases. Nevertheless, the prospect of electrical products distribution industry remains healthy despite the near-term headwinds brought upon by a stream of unprecedented events occurred in 2020. On a macro perspective, Malaysia's economy is projected to grow by 4.5% in 2021, lower than initial projections of 6.0% signalling a slower pace of growth in the current year.

Premised on our strong sales network and backed by decades of industry experience, the Group is confident to bounce back along with the industry-wide recovery. Looking ahead, the Group will fortify its predominant position in the industry by further expanding its geographical presence and reinforcing our distribution channels across Malaysia.

All in all, we are cautiously optimistic for the year ahead, buoyed by the gradual economic recovery from the prior year as well as the mass COVID-19 vaccine deployment worldwide.

Dividend

Despite not having a formal dividend policy, ACO Group has paid a dividend of 0.30 sen per ordinary share in FY2021, amounting to RM942,180. This translates into a dividend payout ratio of 33% and demonstrates our appreciation in rewarding our valued shareholders for their relentless support and confidence in ACO Group through this difficult time.

Corporate Governance

At ACO Group, we firmly believe an excellence of a corporate is closely tied-up to its business practises and internal control system. Hence, our teams across every department are inculcated with high standards of corporate governance and ethical behaviour in order to deliver sustainable value to our stakeholders.

As a public listed entity, we strive to ensure our business conducts are in adherence to the Malaysian Code on Corporate Governance ("MCCG"). Besides, we place great emphasis on integrity, transparency and accountability by enforcing policies and procedures at ACO Group as embedded in the Group's Code of Ethics and Conduct.

A more detailed undertakings by the Group are laid out in the Corporate Governance Overview Statement on pages 42 to 56 of this FY2021 Annual Report.

Sustainability Matters

As a responsible corporate citizen, ACO Group takes careful consideration of the impact of our business activities on our key stakeholders, the environment as well as the community at large. Operating our business in sustainable manner has always been one of the core focuses of ACO Group. Therefore, we are committed to adhering to the best sustainability practices as we pursue our strategic goals with minimal environmental footprint. To this end, we have attached a comprehensive elaboration of our undertakings in the Sustainability Statement from pages 35 to 41 of this FY2021 Annual Report.

Appreciation

On behalf of the Board, I would like to extend my utmost gratitude to our management and staff at ACO Group for their unwavering commitment and hard work in steering the company in the midst of trying times while being able to seize the opportunities that emerge along the way to pave the way for our future growth.

My heartfelt gratitude also goes to our stakeholders including our valued shareholders and suppliers, business partners, bankers and suppliers for their continued support and confidence in ACO Group.

Finally, I would like to extend deepest appreciation to my fellow Board members for your dedication, valuable advice, and service to the Board. I trust that the stewardship of our Board will lead the Group towards greater heights.

Yap Koon Roy

Chairman

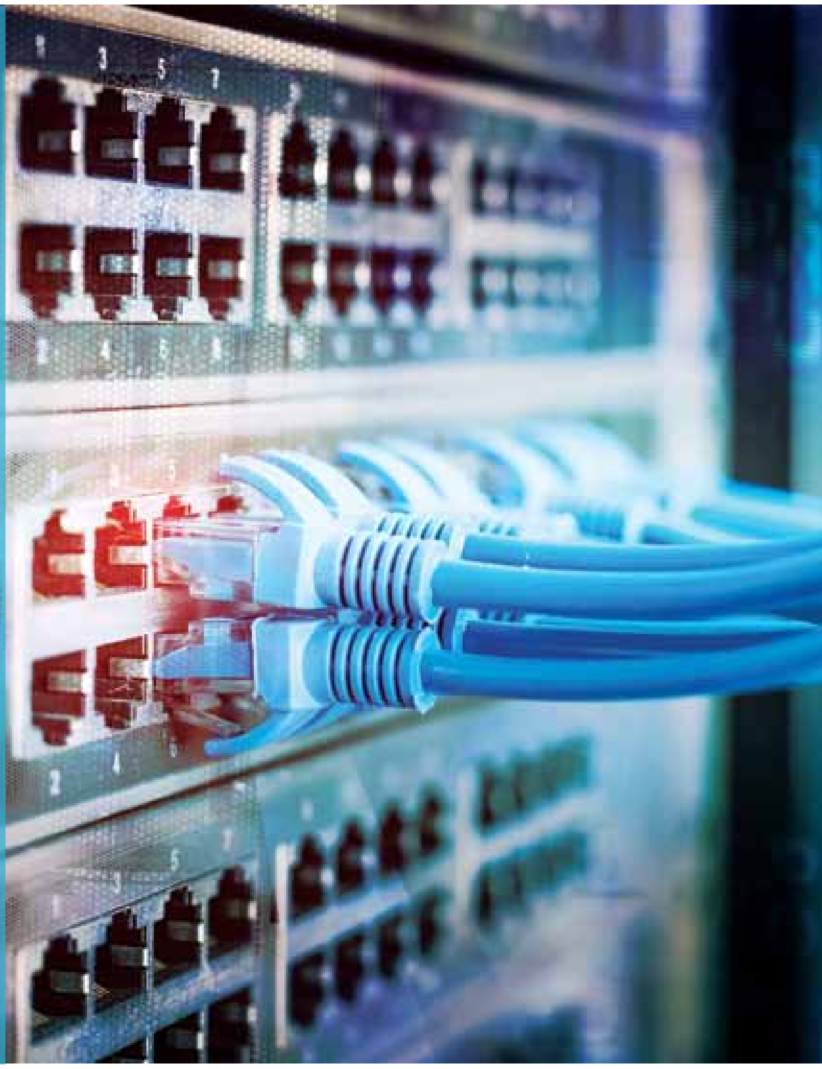
IR. TANG PEE TEE @ TAN CHANG KIM

GROUP MANAGING DIRECTOR

MANAGEMENT DISCUSSION AND ANALYSIS

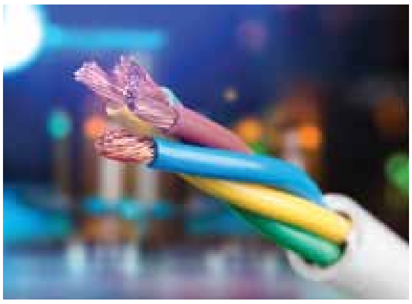
OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Established in 1991, ACO Group is a distinguished distributor of electrical products and accessories, specialising in cables, wires and accessories; electrical distribution, protection and control devices; and electrical appliances and accessories. We also distribute other products including water plumbing materials, power tools and accessories, as well as closed-circuit television ("CCTV") and alarm systems. We provide our customers with a wide selection of third-party brands as well as our own brands to meet their diverse requirements as well as to attract new customers.



OVERVIEW OF PRODUCTS

CABLES, WIRES & ACCESSORIES



ELECTRICAL DISTRIBUTION, PROTECTION & DEVICES CONTROL

ELECTRICAL APPLIANCES & ACCESSORIES

WATER PLUMBING MATERIALS, POWER TOOLS & ACCESSORIES, CCTV & ALARM SYSTEMS

AUTHORISED DISTRIBUTORSHIPS

We are also the authorised distributor for 11 international brands, namely Schneider, Omron, KDK, ABB, Hager, Panasonic, Siemens, Yaskawa, Maxguard, Ledvance and SYLVANIA.

Being an authorised distributor, the Group is able to benefit from volume purchase discount as well as gain access to product training and seminars for product applications and installation techniques, as well as technical assistance. In addition, we also enjoy incentives, rebates and payment discounts upon achieving certain key performance targets.

OWN BRANDS

AUTHORISED DISTRIBUTOR FOR INTERNATIONAL BRANDS

WIDE CUSTOMER NETWORK

Our products are mainly marketed and distributed across Peninsular Malaysia to industrial users, which comprise commercial, institutional, government and professional customers, among others. Some of these industrial users are electrical contractors, electrical product manufacturers, and factory and business owners.

We also sell our products to resellers who are distributors and retailers, who in turn, would resell our products to their respective network of customers.

We mainly serve the construction and power infrastructure industry. Our clientele in the construction sector consists of residential, retail, commercial and industrial users for purposes such as new construction, renovation and interior fit out modifications. Meanwhile, our customers in the power infrastructure industry mainly purchase medium to low voltage power cables as well as wires in power distribution networks, which are used to deliver power from primary to secondary substations and to premises directly.

EMPLOYEES AND FACILITIES

We currently have a workforce of approximately 170 employees and the Group operates from its headquarters in Johor Bahru. Notwithstanding our associate company, we have 2 distribution centres and 9 sales outlets located across the states of Johor, Melaka and Selangor.

To ensure timely delivery of goods to customers, we have a fleet of 17 trucks, of which 10 trucks are stationed in Johor, 5 trucks in Melaka, and 2 trucks in Selangor. We supplement our logistics services by using external logistics service provider for delivery of goods to customers located in the Northern regions of Peninsular Malaysia.

To expand our distribution platform, we introduced a lighting concept store, "UR Home Light", located in Johor Bahru in July 2019. The concept store is designed with a theme-based interior to display decorative light fixtures, lighting controls, switches and fans. The main target markets for the concept store are interior designers, architects, builders as well as home and business owners.

2
Distribution Centres

1
Lighting Concept Store

8
Sales Outlets

17
Trucks

EMPHASIS ON CUSTOMER CONVENIENCE

Our sales and marketing efforts are further supported by the Group's online presence through our 2 online ordering systems - Accura for selected cables and wires; and Maydenki-mart for our range of electrical distribution, protection and control devices.

Customers can check prices of our product offerings and submit online orders through these online systems. These online systems are part of our initiatives to provide added convenience to our customers and act as a complementary platform to boost sales.

We also provide 'cut-to-length' service for the power cables and communications cable. This service enables our customers to purchase odd lengths instead of standard lengths which may result in wastage.

OPERATIONAL OVERVIEW

FY2021 was an eventful yet challenging period for us at ACO Group. The fiscal year started on a positive note as the Group successfully transformed into a public listed company on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 18 March 2020. The listing exercise has opened a new chapter for the Group as it elevated our reputation and the proceeds raised has set the stage for our next phase of growth.

We have in place an expansion plan that is focused on growing ACO Group's market presence in Peninsular Malaysia. We intend to broaden our network of sales touchpoints by setting up new outlets, distribution facilities, as well as a new head office with distribution centre.

However, 18 March 2020 was also the start of the nationwide movement control order ("MCO") in Malaysia where only essential sectors were allowed to operate. At the time, our business was deemed non-essential hence operations were halted till May 2020. The sudden change in operating landscape was taxing as we grappled with the unprecedented challenges brought upon by the COVID-19 pandemic.

The key priorities were shifted towards the safety of our employees as well as to ensure business continuity. Upon the commencement of operations in May 2020, the Group embarked on various measures such as setting up temperature screening, regular cleaning, as well as maintaining physical distancing to ensure a safe working environment for our team and clients. ACO has also carried out complementary workplace screenings for all employees through the use of the COVID-19 Antibody Rapid Test Kit. Regular screenings are also administered to employees with higher exposure risk to the virus while carrying out their job duties.

The Group's business remained operational during the second MCO ("MCO 2.0") while fully adhering to the stringent Standard Operating Procedures ("SOPs") imposed by the Government of Malaysia.

The impact from the pandemic has inevitably affected our performance and delayed the execution of our expansion plans. Overall, the Group's business remains intact, supported by our healthy financial footing. Despite the disruption to global trade and movement of goods, we were faced with minimal disruptions due to our efficient inventory management which enabled us to adequately supply the goods to our clients as soon as business resumed.

Upon resumption of our business operations, the Group's sales activities were normalised by second quarter of FY2021 and returned to pre-MCO levels by third quarter onwards. The impetus was underpinned by the gradual recovery in the construction activities and the power sector, which serve as the major user industries of electrical products.

OPPORTUNITY AMIDST ADVERSITY

While the operating landscape has brought upon several challenges, it also presented us opportunities to fast-track our expansion plans as valuations of certain assets were attractive.

We seized the opportunities and accelerated our geographical footprint through the acquisition of an industry peer, Focus Electrical Malaysia Sdn. Bhd. ("FEMSB") for RM7.35 million of its 49% equity interests. The acquisition was completed on 30 November 2020.

Investment in FEMSB is a strategic call and significantly enhances our market reach as it expedites our expansion plans into new states across Peninsular Malaysia. FEMSB has a strong presence in the East Coast region in Malaysia, thus, enabling us to leverage on the additional sales outlets and distribution centre to enlarge our customers' base without needing to go through the gestation period of setting up new facilities. FEMSB also serves the states of Selangor, Kuala Lumpur, Terengganu, Kelantan and Pahang. This is in line with our market expansion plans and complements the Group's established presence in the Southern and Central region.

Distribution of FEMSB's offices in Peninsular Malaysia.

On top of increased geographical coverage, ACO Group and FEMSB share distributorships with some same brand principals. Hence, the enlarged Group will be able to collectively negotiate for better incentives, rebates, payment discounts and payment period terms through bulk purchases. These could potentially lead to cost savings and increased competitiveness via lower selling prices.

The acquisition of FEMSB is supported by a profit guarantee amounting to RM4 million and RM6 million for its financial year ended/ending 30 April 2021 and 2022, respectively. The additional income generated will enhance ACO Group's future profitability and returns on shareholders' funds. Moreover, ACO Group will benefit from the future prospects and earnings potential of FEMSB.

ACO Group and the shareholders of FEMSB collectively injected new capital amounting to RM13.0 million by way of subscribing for new ordinary shares in FEMSB to fuel its expansion plans to increase the number of sales outlets in the East Coast region. Since the acquisition, FEMSB has established two new outlets in Pahang in December 2020 and February 2021, respectively. The capital injection was contributed in proportion of the respective shareholdings and as a result, ACO Group injected new capital worth RM6.37 million.

In addition to the geographical expansion, our Group had acquired a lease for a property in Johor Bahru with warehouse and office facilities for RM10.6 million. This property serves as the main distribution hub as well as the corporate head office, enhancing operational efficiency and economies of scale. A new sales outlet and a new distribution centre will be established within its vicinity. Both the setting-up and renovation works for the head office have already commenced and is expected to complete in the third quarter of the financial year ending 28 February 2022.

EXPANDING THE ONE-STOP ECOSYSTEM

Meeting the demand trend

ACO Group strives to be the one-stop solutions provider to our customers and from time to time, we are always on the lookout to include new products that are in demand to our range of products. Many business owners were looking for protective equipment to comply with the SOPs set by the Government after the relaxation of the MCO and gradual reopening of businesses from 4 May 2020 onwards. Hence, ACO Group has started distributing hand sanitizers and personal protective equipment such as masks and gloves that were in high demand.

We took a step forward and entered into a business collaboration agreement with health technology solutions provider, Prima Nexus Sdn. Bhd. ("Prima Nexus") to distribute, amongst others, rapid test kits for the detection of COVID-19 which have been approved by the Ministry of Health Malaysia ("MOH").

By working with Prima Nexus, the COVID-19 tests can be carried out on-site at the organisations' respective premises by trained medical professionals. This makes it convenient for the customer and large-scale testing can be conducted within a short period of time. This was a strategic collaboration for us to meet the rising demand for COVID-19 testing and detecting products, amongst our large base of industrial customers such as factory owners and construction companies.

Expanding our distributorship

The year also saw us welcoming another authorised distributorship to our offerings. ACO Group, via its wholly owned subsidiary, Actgen Industry Sdn. Bhd. ("Actgen"), entered into a distribution agreement with Sylvania Electrical & Electronics Sdn. Bhd., a leading global lighting solutions provider for the consumer, professional and architectural markets. The European brand's history roots can be traced back to 1901 and it has accumulated over a century of manufacturing expertise in lamps and luminaires.

Under the distribution agreement, Actgen is granted the distribution rights for the promotion and sale of SYLVANIA light emitting diode ("LED") lighting products in Malaysia. The agreement came into effect from 1 June 2020. The benefits of LED lighting products which include higher energy efficiency and longer lifespan have driven demand among customers who are moving towards a more environmentally friendly workspace. Additionally, there is a growing trend amongst homes, offices, factories, buildings as well as streetlights that are converting to LED lighting products to reduce power consumption and promote long-term sustainability.

With the addition of SYLVANIA, the Group now carries approximately 90 brands of electrical products and accessories. This further strengthens our value proposition as it gives our customers the access to a broader range of product selections.

CORPORATE DEVELOPMENT

On the corporate front, ACO Group successfully raised RM16.2 million from our IPO exercise to accelerate our future plans. The details of the utilisation of proceeds are disclosed below:

Utilisation of Proceeds from IPO

Details	Proposed Utilisation (RM'000)		Actual Utilisation (RM'000) as of 28 February 2021	Estimated Timeframe For Utilisation
Setting up new sales outlets and lighting concept store	4,200	26%	-	Within 24 months
Setting up works for the new property (1)	2,500	15%	350	Within 30 months
Purchasing of new trucks and upgrading of IT systems (2)	2,000	12%	322	Within 24 months
Working capital	4,240	26%	4,240	Within 12 months
Estimated listing expenses	3,300	21%	3,300	Within 3 months
Total	**16,240**	**100%**	**8,212**	

Notes:

(1) *The Company had made an announcement to Bursa Securities on 28 October 2020 to vary the use of proceeds which was earmarked for the setting up of new head office and distribution centre in Johor amounting to RM2.50 million works in relation to the purchase of new property on 23 July 2020.*

(2) *The Company had made an announcement to Bursa Securities on 20 May 2021 to extend the timeframe for the purchasing of new trucks and upgrading of IT system amounting to RM2.00 million for an additional 12 months.*

Our Group also undertook a private placement in the financial year under review. The objective of this exercise is primarily to part finance the acquisition of FEMSB and the subsequent working capital injection. The private placement offers up to 56.5 million new ordinary shares, representing 18.83% of its total number of issued shares.

As at 28 February 2021, a total of 27.2 million shares had been issued through 5 tranches of the private placement, at issue prices ranging RM0.300 to RM0.365 per share, with total funds raised of approximately RM9.7 million. The details of the utilisation of proceeds for the private placement are as follows:

Utilisation of Proceeds from Private Placement

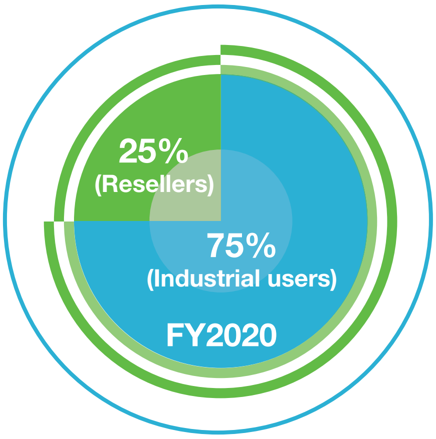
Details	Proposed Utilisation (RM'000)		Actual Utilisation (RM'000) as of 28 February 2021	Estimated Timeframe For Utilisation
Acquisition of FEMSB	5,145	23%	1,470	Within 30 months
Capital Injection in FEMSB	6,370	28%	3,663	Within 12 months
Repayment of bank borrowings	2,435	11%	-	Within 6 months
Investment in new business	5,000	22%	-	Within 24 months
Working capital	3,000	13%	1,000	Within 12 months
Estimated expenses in relation to the Proposals	650	3%	330	Upon completion of the Proposal
Total	**22,600**	**100%**	**6,463**	

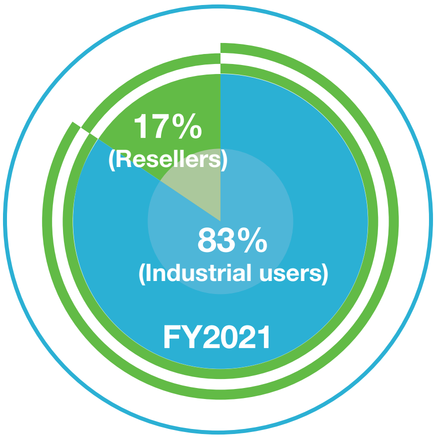
FINANCIAL REVIEW

The Group's overall revenue performance was impacted by the disruption in operations due to the MCO implemented to curb the COVID-19 pandemic. The lower sales activities resulted in lower revenue of RM110.6 million in FY2021 versus RM134.3 million in the preceding year ("FY2020").

Revenue from the industrial users segment rebounded towards the second half of 2020, in line with the resumption of economic activities, and registered revenue of RM91.6 million or 82.8% in FY2021. This represents a slight decrease against last year's record of RM100.6 million. Meanwhile, the recovery momentum for the reseller segment was slower than expected. Revenue from reseller segment was at RM19.0 million or 17.2% of total revenue, as compared to RM33.7 million in FY2020.

Revenue Breakdown by Customer Segment

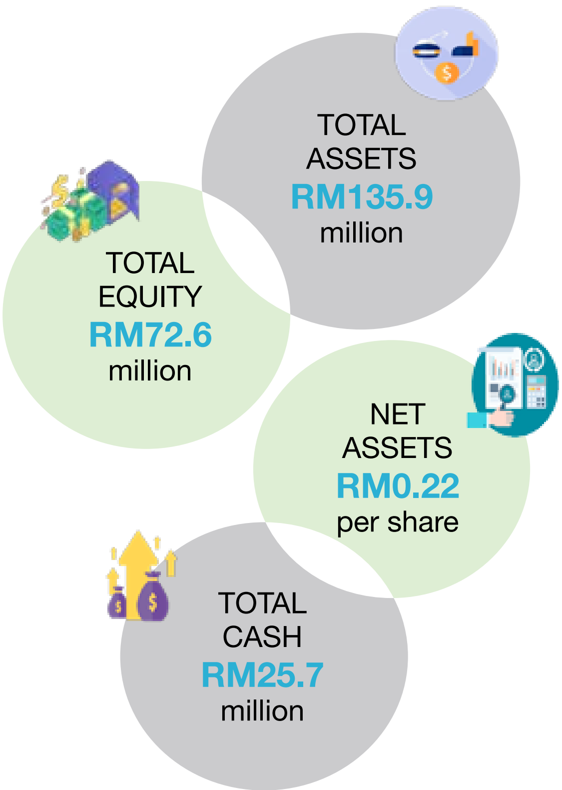




In addition, our Group was also impacted by the higher prices of global commodities such as metals and resin, the main raw materials in electronic products which caused price hikes in electronic products during the fourth quarter of FY2021.

Despite the increase in product price, we retained our selling prices to maintain our competitiveness within the industry. These developments have affected our gross profit margin performance. Gross profit in FY2021 decreased to RM18.8 million from RM26.0 million in FY2020.

During the year under review, the Group recorded a maiden contribution of RM0.60 million from the newly acquired associate, FEMSB. However, it was offset by a one-off listing expenses amounting to RM0.97 million and higher effective tax rate of 44.5% due to an under-provision of tax of RM0.46 million on non-deductible listing expenses. Consequently, profit after tax stood lower at RM2.8 million in FY2021 compared to RM7.7 million in FY2020.



Our financial position remained solid and in net cash position as at 28 February 2021. The Group's total assets increased by 29.6.% to RM135.9 million from RM104.9 million a year ago. The increase was mainly attributed to the increase in total cash and short-term deposits arising from the corporate exercises.

Total liabilities were marginally higher at RM63.3 million as at 28 February 2021 versus RM60.8 million in previous year, mainly due to higher trade payables. Total equity increased to RM72.6 million resulting from a larger share capital base.

During the year, we pared down our total borrowings to RM24.2 million while gross cash increased to RM25.7 million, and resulted in a net cash of RM1.5 million as at 28 February 2021. Gearing ratio stood at 0.3 times, providing us the flexibility and capability to swiftly seize any good business opportunities that arise. Net assets per share stood at RM0.22.

Our average inventories turnover period increased to 148 days mainly due to lower sales activities during the first half of 2020. The credit period granted to our customers ranges from 30 days to 120 days. During the financial year under review, the average trade receivables period is within the acceptable range.

The average trade payables turnover period increased to 127 days due to additional credit period granted by our suppliers. The extension has enabled us to better navigate through the operating challenges we faced in the first half of 2020.

The Group managed to generate a positive net operating cash flow of RM4.4 million.

The details of our business cycle ratios are shown below:

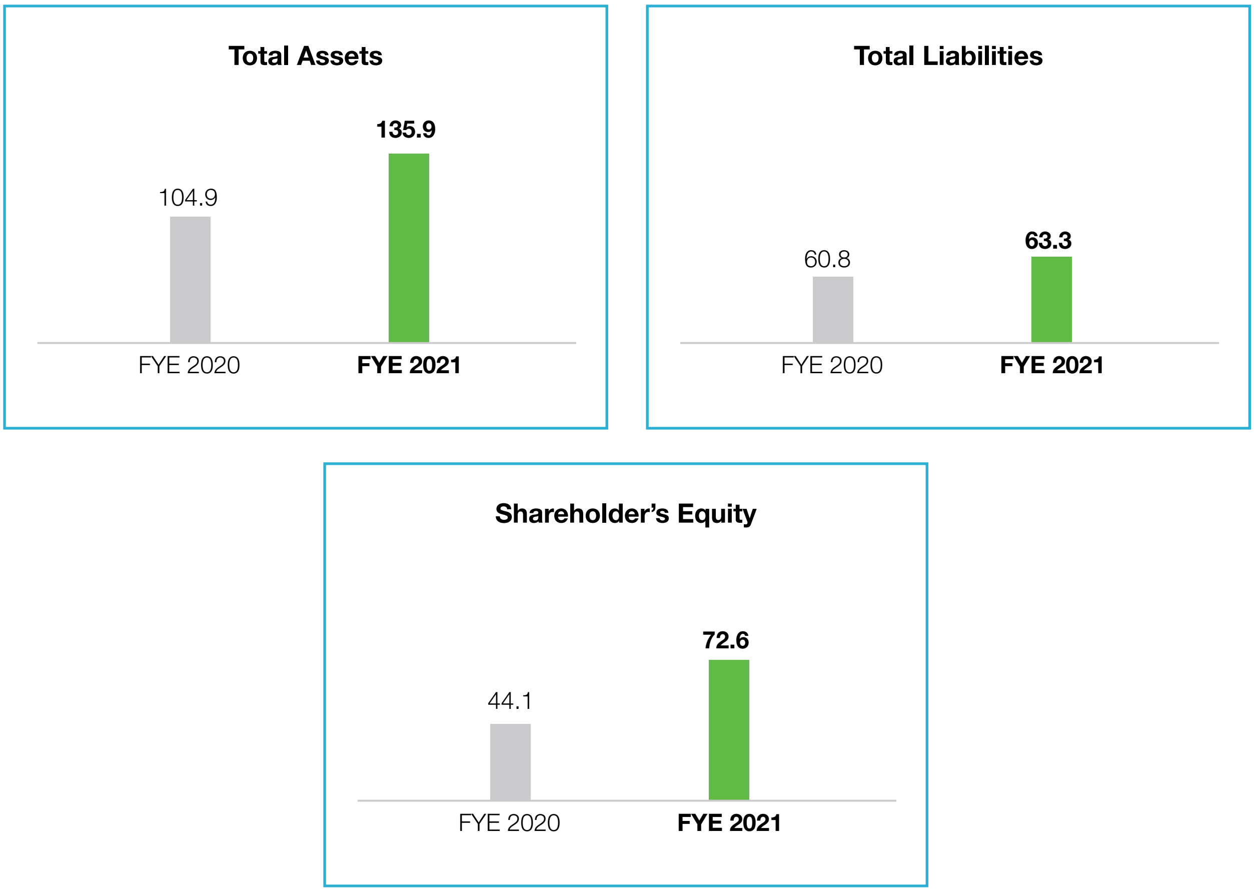
RM million	As at 29 February 2020	As at 28 February 2021
Average inventories turnover period (days)	110	148
Average trade receivables turnover period (days)	85	111
Average trade payables turnover period (days)	98	127

OUTLOOK AND PROSECTS

The near-term outlook remains challenging with the implementation of MCO 3.0 in June 2021 where ACO Group's operations are put on hold once again. Granted it will be a tough period, but it is a necessary measure to curb the pandemic.

Nevertheless, we view this as short-term headwinds and we are confident we shall emerge stronger, backed by our healthy balance sheet and the support from our dedicated team who has decades of experience in the business. Since our establishment in 1991, ACO Group has been through several business cycles and including the current pandemic, we will sail through the rough waters.

Healthy Balance Sheet
(RM million)



Going green

The Group remained steadfast in our growth plans while manoeuvring the challenging operating landscape. We are expanding our consumer portfolio to also include the green energy sectors. There are pockets of opportunities for us to supply electrical and electronic products ("E&E") to the booming industry. Being in the E&E supply chain for more than three decades, we have established a strong sales network and track record which cemented our leading position in the local electrical supplies industry and enabled us to fulfil high volume of orders within a short span of time.

Our speed-to-market strength is instrumental for us to enter the rapidly expanding and fast-paced industries such as the green energy sector. With our established network of brand partners, we believe our expansion in this new target market will be fairly smooth.

For a start, the Group aims to grow our presence in the solar industry. We have started supplying electrical products such as switchboards and power cables to solar players although in small quantity. We are in talks with more brand owners to expand our inventories to include more solar related supplies such as solar panels, inverters, etc. Together with our existing offerings, ACO Group will be providing our prospective clients the access to an extensive selection of electrical products and accessories all at once. This would encourage bulk purchase and potentially grow the size of our sales orders.

Notably, the Group bagged a maiden solar PV project order from EV Connection Sdn. Bhd. ("EVC"), amounting to RM5.8 million. By securing this project, it reflects our capability to venture into the emerging solar PV industry. EVC is a provider of solar engineering, procurement, construction and commissioning ("EPCC") solutions. EVC is also a leading one-stop electric mobility service provider specialising in electric vehicle ("EV") charging solutions and EV charging stations. The green technology specialist has a market presence spanning across Malaysia and Singapore.

Our Group will work hard to continue broadening and enhancing our product range and offerings in order to play a major role in the supply chain.

In the long run, the construction and E&E industries remain promising, underpinned by the various Government initiatives and the rollout of vaccination programs nationwide. While we expect the operating landscape to be challenging in the near term, our Group is committed to unlock further value for our shareholders by delivering sustainable growth and earnings performance.

ANTICIPATED KNOWN RISKS

As a distributor of electrical products, ACO Group remains both cognisant and vigilant of the known and anticipated risks that may have material effects on our operations, financial performance and liquidity. Below are some of the risks that may ultimately disrupt the value creation process for our stakeholders if not managed proactively.

Political, Economic and Regulatory Risks

External risks are beyond our control such as natural disasters, riots and general strikes, as well as measures by authorities to curb the spread of COVID-19 pandemic nationwide, to name a few. These developments may negatively impact our operations and financial performance. Any changes in government policies, import and export restrictions, duty and tariffs may derail the industry's business prospects as a whole.

Our Group is constantly looking for new way of operating to future proof the business. We are investing in IT systems to digitalise our internal processes and expand our sales platform as part of the Group's business continuity efforts. In terms of safety, we ensure our operations comply with all applicable regulations and policies including the SOPs imposed by the Government to curb the spread of COVID-19 pandemic.

Management is also actively engaging with authorities and relevant business associations to provide feedback and to gain understanding on any changes in regulations and policies.

Competition risk

The electrical product distribution industry in Malaysia is wide and fragmented. We are faced with competition from large number of sole proprietors and family-owned businesses operating one or a few outlets to large local and international distributors with a chain of outlets in Malaysia. The budding e-commerce platforms are also increasing its exposure in E&E supply chain, which may adversely impact distributors that rely on physical sales outlets and distribution centres.

Our Group will continuously focus on retaining existing customers, securing new customers based on the quality, range of products, price competitiveness of products, timeliness in delivery, accessibility of sales outlets and the ability to meet customers' specifications.

Online ordering system is another key strategy in fending off competition and providing convenience to our customers. Our Group is planning to include electrical appliances and accessories such as lightings and fittings, fans, air-conditioners, water heaters, and switches and power outlets into Accura's system.

Inventory risk

Inventory risk relates to our ability to procure sufficient inventory to meet our customers' demands at competitive costs and in a timely manner. In case of delay or other problems in receiving the supply of products, shortages may occur or procurement costs may increase.

As part of the on-going improvement process, our Group monitors closely and maintains tight control over inventory. Our Group also strives to upgrade the Enterprise Resource Planning system in order to anticipate future demands by using historical data; to monitor the quantity and sufficiency of the products stocked; to monitor the movement of supplies; as well as to minimise slow-moving inventory.

Dependence on key personnel

Our success is dependent, to a significant extent, upon the abilities and effects of our management team. The loss of key personnel may adversely affect the Group's operations and business, if we are not able to find a successor in a timely manner.

We aim to mitigate this risk by taking a proactive approach by having a management succession plan in place. Apart from that, our middle management is constantly being exposed to various aspects of the business to ensure they are fully-equipped to carry out their duties effectively while instilling a sense of leadership.

Ir. Tang Pee Tee @ Tan Chang Kim
Group Managing Director

SUSTAINABILITY STATEMENT

ACO's primary focus is to be the leading distributor of electrical products and accessories in Malaysia. We strive to meet market demand and offer quality and high-value solutions continuously to our suppliers, dealers and customers.

We understand our choices today have an impact on our stakeholders i.e. customers and suppliers, and the success of their businesses in the future. We are also mindful of the need to be a responsible corporate organisation and that we have a role to play in contributing to the welfare of the society and communities in the environment we operate. We are committed to carry out our business activities responsibly and with integrity. We recognize that for long-term sustainability, our strategic orientation will need to look beyond the financial parameters.

As such, we ensure continuous sustainability efforts alongside our pursuit for business growth and creating long-term value for our stakeholders in the areas of Environment, Economic and Social ("EES").

SCOPE

ACO's Sustainability Statement 2021 remains its focus on the material areas defined in the prior year. This statement contains policies, programmes and initiatives organised and applied towards achieving these goals. Information and figures provided in this report covered the period from 1 March 2020 to 28 February 2021.

GOVERNANCE

Our Board leads the responsibility in overseeing the sustainability of the Company's strategy, supported by the Management team in ensuring adequate measures such as systems and processes are put in place for managing the sustainability matters. This is in line with the expectations outlined in the Malaysian Code on Corporate Governance ("MCCG").

Within this context we have defined our commitment to corporate sustainability across three material areas:

Environmental Initiatives

ACO Value: Create customer value through better energy management

Through our customers, we emphasise on service quality by providing various professional solutions and the latest technology for cost savings, while preserving the environment via better energy management. To ensure the level of quality and safety of our offerings, the products are tested and certified with SIRIM requirements.

At ACO, we also place importance on resources conservation in our day-to-day business activities by creating environmental awareness among the employees in their business functions by proactively encouraging them to support the following measurements:

Energy consumption

ACO's business is not a high energy-consuming operation. Nevertheless, we are always looking for efficiency gains, no matter how small.

- We switched to Light Emitting Diode ("LED") lighting tubes, in most of our premises. LED lighting offers benefits such as a higher energy efficiency than Compact Fluorescent Lamps ("CFLs") and fluorescents, lower power consumption, lower maintenance costs, longer lifetime (50,000 hours compared to less than 10,000), durability and brighter light output than CFL.
- The last employee who leaves the office premises is to ensure all electrical equipment and fixtures are switched off or that the energy-saving mode is turned on.

Reducing Paper waste

The Company continues to encourage and remind employees on the prudent use of papers. Apart from the reuse and recycling of waste paper, we challenge our employees to reconsider ways to reduce unnecessary paper consumption. These includes:

- Emailing meeting materials, handouts or presentations in advance so these can be referred to from individuals' laptops or showcased on the TV screens in meeting rooms instead of paper printing them.
- If it is unnecessary to print and keep physical copies, employees should opt for online or cloud storage for documents keeping and archives. These documents can then be easily retrieved and referred to whenever and wherever.
- Keeping recycle bins or trays handy to minimise recyclables being thrown into the garbage.

ACO also embraces technology to help reduce paper waste by going paperless in its billing process. Most of its companies have implemented electronic distribution of documents such as invoices, statements and official receipts. Employees are able to generate the documents through remote system access and customers in return can easily retrieve these via emails, thus minimising potential disruption to our business operations.

It does require a collective effort from the Company, our employees and business partners to promote a working culture who is mindful of unnecessary paper consumption. We believe our initiatives will cumulatively bring positive impact to the surrounding environment in the long run.

Bring-Your-Own

The Company is also concerned about the issue of increase waste from single-use food packaging, which become very apparent when food delivery or take-outs are widely opted for largely due to the COVID-19 outbreak. Office staffs are encouraged to bring their own containers when taking away food and use their own cutleries instead of opting for disposables.

Economic Initiatives

ACO Value: Creating sustainable shareholder value through quality operation.

At ACO, we strive to continuously improve our relationships, trust, mutual respect, and understanding with our stakeholders who have an effect on, or are affected by our businesses. We recognise that our stakeholders are important to our Group's long-term growth and success. Thus, we will continue to engage with our stakeholders, through various channels such as meetings and briefings, to better understand and respond to their expectations and interests with regard to our services and operations.

Engagement channels with stakeholders

Business Development

Given our reach in distributing electrical products and accessories, we are dedicated to maintain the affordability and accessibility to the latest technology while upholding our standards of safety, quality and efficacy. We are able to ensure this through our commitment to offer high quality and cost-competitive products by distributing renowned brands from reputable suppliers. As a brand owner, we provide product warranty ranging between one (1) and two (2) years for any product defects or claims relating to our own brands of products.

Supply Chain Management

All potential suppliers are treated equally through vendor selection. There are guidelines in our procurement process whereby suppliers are selected based on specified criteria, including the extent of vendors' product, quality, price and services. Furthermore, our procurement process is governed by internal controls, based on pre-set limits of authority and approval to ensure fair practices.

Distribution Network and Customers

At ACO, we are customer-centric and aim to provide products and services which meet our customers' satisfaction. Hence, the Group's distribution channel strategy is through direct channels, using our own internal sales and marketing force by setting up various distribution centres at prime locations in Johor, Melaka, and Selangor with a plan to expand across Peninsular Malaysia. We also use indirect distribution channels, where we sell our products to resellers who are distributors and retailers. They, in turn, would resell our products to their respective network of customers. At the same time, we have online ordering systems, which allow customers to view the availability of products and pricing, enabling them to make quick and informed decisions when placing orders.

For an enhanced customer experience, we value our customers' feedback and input. These are then reviewed with relevant follow-up actions to improve customer satisfaction.

Social Initiatives

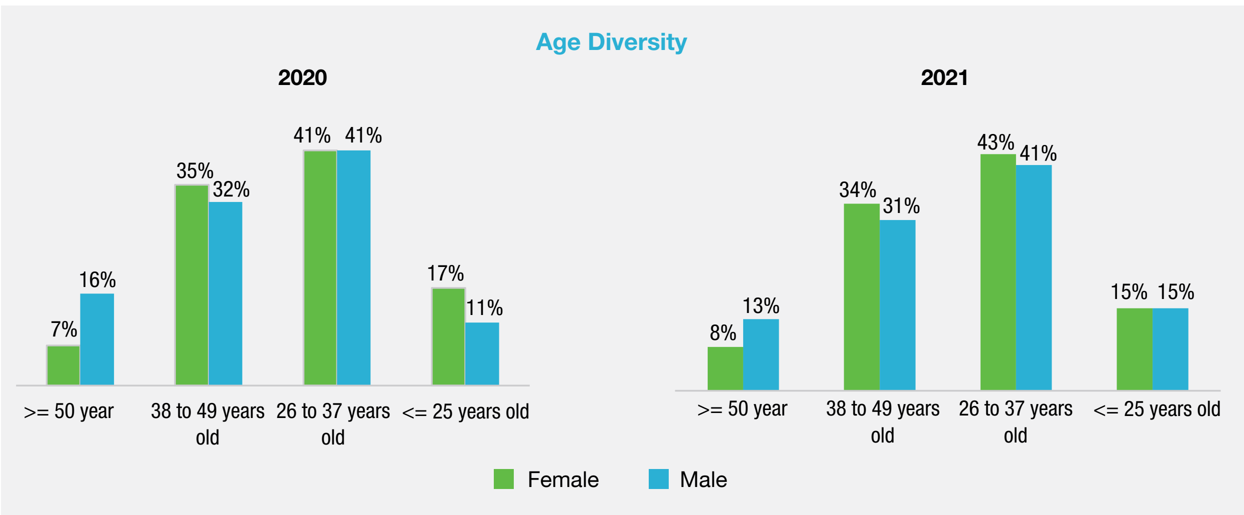
ACO Value: Respect for the environment and health and safety of employees

Our People

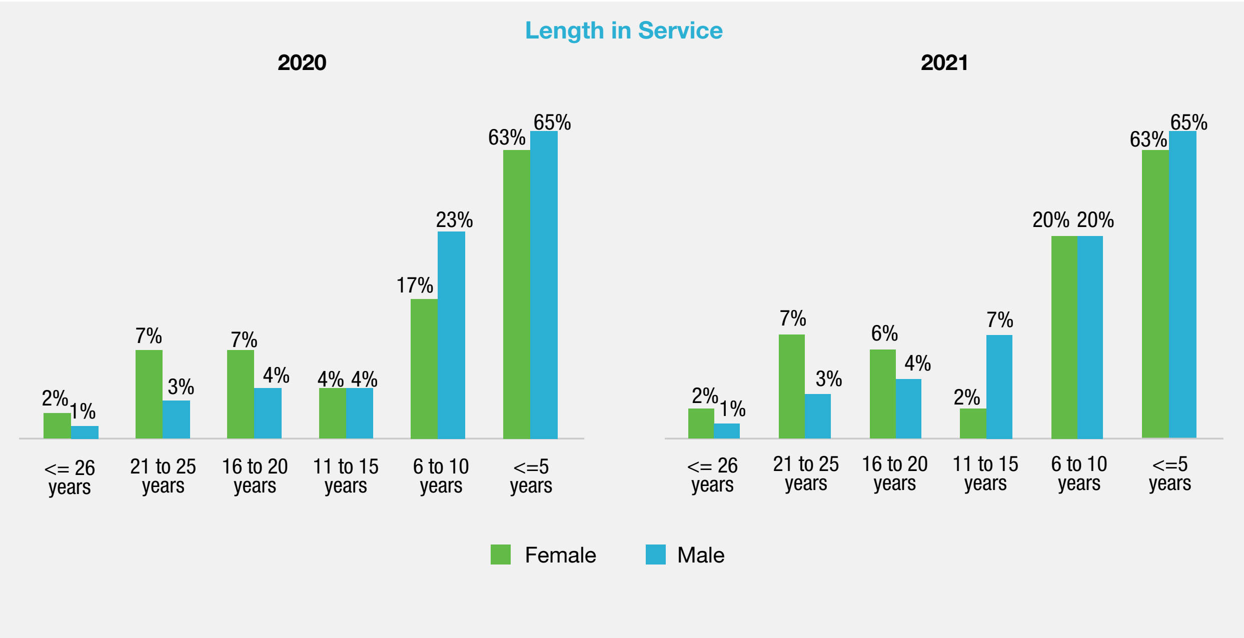
Our employees play an integral role in the sustainability and success of the Group. As such, we are focused on attracting and retaining a highly-skilled workforce while prioritising the well-being of our people.

We believe in the inherent strength of a diversified workforce. Furthermore, we value equal opportunity by ensuring non-bias during recruitment process. ACO's diversify existing workforce is shown as below.

ACO's workforce – diversity in age



ACO's workforce – by length of service



Training and Development

Our Group promotes career development and progression opportunities for the employees through inhouse training, seminar, workshops and video conferencing. In addition, as an authorised distributor, we are able to gain access to various product trainings for product applications and installation techniques. This provides us with the platform to increase our employees' knowledge on their respective electrical products and accessories, equipping them with the latest job-related updates and knowledge/know-how.

Unfortunately due to the COVID-19 outbreaks and the safety measures which ensue, the number of trainings offered has been limited or significantly reduced. However, more webinars will be made available in response to the training needs and demands.

The total training hour as below:

Category of training	Hours
External	55.5
Internal	0

Festive Celebrations & Annual Trips

Due to the restrictions and standard operating procedures that has been introduced by the Government in an effort to curb the spread of COVID-19, the Group has put on hold all celebration events and annual trip during the financial year. Compliance to the requirements of authorities and the safety of our employees are the Company's top priority.

Occupational Safety and Health

The safety and health of our employees, contractors, service providers and visitors to our distribution centre and warehouse is of top priority. We have put in place a Safety and Security Policy to minimise potential accidents or unfortunate events at our workplace.

Since the outbreak of the COVID-19 pandemic, ACO has been abiding by the Standard Operating Procedures ("SOP") issued by the Ministry of Health Malaysia ("MOH") to contain the spread of the virus. We have also set in motion our own workplace infection control guidelines and procedures. Below are some of the measures taken:

- All employees are required to record body temperature three (3) times per day;
- Cleaning process are carried out three (3) times a day at common areas;
- Free disposable face masks are provided to all employees;
- Hand sanitizers can be found at all strategic locations within the workplace;
- Work-from-home rotation schedule is introduced; and
- Technical assistance and support is given to enable employees to work remotely without any difficulty.

Complimentary workplace screenings for employees.

ACO has also carried out complimentary workplace screenings for all employees. The screenings, through the use of the COVID-19 Antibody Rapid Test Kit ("ARTK"), which are approved by the MOH, can potentially identify positive cases earlier and helps with quick isolation of positive COVID-19 cases to keep the rest of the workplace safe. The tests have been carried out on-site at our business premises by trained medical professionals. Regular screenings are also administered to employees with higher exposure risk to the virus while carrying out their job duties.

Moving Forward

With a better understanding of the impact and importance of ACO's sustainability initiatives, our Board will progressively refine and improve on the disclosure of our Group's sustainability issues and matters. ACO will further embed sustainable practices within our businesses to improve our overall sustainability performance.

This Sustainability Statement is prepared in accordance with the resolution of our Board dated 25 June 2021.

CORPORATE GOVERNANCE OVERVIEW **STATEMENT**

The Board of Directors ("Board") of ACO Group Berhad ("ACO" or "the Company") recognises the importance of corporate governance towards promoting business prosperity and corporate accountability to protect and enhance shareholders' value as well as the interest of the Company. The Board is also committed in ensuring that the Company and its subsidiaries ("the Group") carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG").

The Board is pleased to provide an overview of the corporate governance ("CG") practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout the financial year ended 28 February 2021 ("FYE 2021") unless otherwise stated, which are as follows:-

(a) Principle A : Board Leadership and Effectiveness;
(b) Principle B : Effective Audit and Risk Management; and
(c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Overview Statement, which was approved by the Board, shall be read together with the Corporate Governance Report 2021 ("CG Report") of the Company which provides the details on how the Company has applied each CG practice. The CG report is available on the Company's website at www.acogroup.com.my, as well as via an announcement on the website of Bursa Malaysia Securities Berhad ("Bursa Securities").

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is responsible for the overall performance and business affairs of the Group. The Board provides necessary leadership including practicing a high level of good governance to ensure long-term success of the Group and the delivery of sustainable value of its stakeholders.

The Board adopted its Board Charter on 22 August 2019 which outlines the duties and responsibilities of the Board, to provide guidance and clarity for the Board in overseeing the progression of strategic plans and overall performance of the Group while fulfilling its fiduciary duties and leadership functions.

The Board has delegated the day-to-day affairs of the Group's business to the Group Managing Director ("GMD") of the Company, Ir. Tang Pee Tee @ Tan Chang Kim, supported by the Executive Directors ("EDs"), who will focus on the business and leads the Key Senior Management ("KSM") of the Company in making and implementing the day-to-day decisions of the Group's business operations, and managing resources and risks in pursuing the corporate objectives of the Group. The GMD may delegate appropriate functions to any member of the KSM reporting to the GMD.

The EDs and the KSM meet regularly to review and monitor the performance of the Group's operating divisions. The GMD briefs the Board on the Group's business operations and management's initiatives during the quarterly Board meetings.

The Board Charter clearly spells out the following principal roles and responsibilities of the Board in enhancing effectiveness in the pursuits of corporate goals and objectives:-

(a) review and adopt a strategic plan for the Group;
(b) oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed;
(c) ensure that the Group's strategies promote sustainability;
(d) identify principal business risks and ensure the implementation of appropriate systems to manage these risks;
(e) succession planning including the implementation of appropriate systems for recruitment, training and replacement of KSM;
(f) overseeing the development and implement an investor relations programme or shareholder communication policy for the Company;
(g) review the adequacy and the integrity of the Group's internal control systems and management information;
(h) determine the remuneration of EDs and Non-Executive Directors of the Company; and
(i) ensure that the Group adheres to high standards of ethics and corporate behaviour.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. BOARD RESPONSIBILITIES (Continued)

Division of roles and responsibilities between the Chairperson and GMD

The Board is led by Mr. Yap Koon Roy as the Independent Non-Executive Chairman and Ir. Tang Pee Tee @ Tan Chang Kim as the GMD.

There is a clear separation between the Chairman's role and the GMD to ensure a division of responsibilities and a balance of control, power and authority.

The Chairman leads and manages the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective terms of reference, to ensure its own effectiveness while the GMD manages the businesses and operations of the Group, and implements and develops the Board's decisions, policies and strategies.

Non-Executive Directors

The Non-Executive Directors of the Company are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience, and provide views from a different perspective in the development of the Group's overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

The Independent Non-Executive Directors are essential in providing unbiased and impartial opinion, advice and judgement to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account. The significant contributions of the Independent Non-Executive Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

Board Committees

The Board has established and is supported by the following Board Committees to assist the Board in the discharge of its oversight function:-

(i) Audit and Risk Management Committee;
(ii) Nomination Committee; and
(iii) Remuneration Committee.

The Board Committees have their roles and functions, written terms of reference and authorities defined. The Board reviews the terms of reference of the Board Committees periodically to ensure their relevance. At each Board meeting, the Chairmen of the respective Committee report to the Board on the key issues deliberated and outcome of the Committee meetings. Minutes of the Committee meetings will also be presented to the Board for notification and endorsement. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. BOARD RESPONSIBILITIES (Continued)

Company Secretaries

The Board is supported by two (2) suitably qualified, experienced and competent Company Secretaries in discharging its duties and responsibilities. They are the members of The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). The Company Secretaries advise the Board on issues relating to compliance with laws, rules, procedures and regulations affecting the Company and the Group.

The Company Secretaries or the representative of the Company Secretaries attend and ensure that all Board and Board Committee meetings are properly convened, and all deliberations and decisions are properly minuted and kept. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

Board Meeting

Regular Board and Board Committee meetings are scheduled throughout the year to enable the Directors to plan ahead and fit the meetings into their own schedules.

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Additional or special Board meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decisions to be made.

To facilitate productive and meaningful deliberations, the proceedings of the Board meetings are conducted in accordance with a structured agenda with the supply of complete and timely information to enable the Board to discharge their responsibilities effectively and for them to make informed decisions. The Board reviews and deliberates on the Group's financial performance and results, business operations, reports of the various Board Committees, corporate exercises and strategic financials and investments decisions.

In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approvals will be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

Access to Information and Advice

All Directors have unrestricted access to the advice and services of the Company Secretaries and Management to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

Board Charter

The Board is guided by a Board Charter which provides reference for Directors in relation to the roles, powers, duties and functions of the Board. The Board Charter also outlines the processes and procedures to ensure the Board's and Board Committees' effectiveness and efficiency. The Board Charter comprises, amongst others, the well-defined terms of reference for the Board and its Committees.

The Board Charter is available on the Company's website at www.acogroup.com.my. The Board Charter will be reviewed by the Board annually in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

I. BOARD RESPONSIBILITIES (Continued)

Code of Ethics and Conduct

The Code of Ethics and Conduct is incorporated in the Board Charter of the Company (which is available on the Company's website at www.acogroup.com.my) to enhance the standard of corporate governance and promote ethical conduct of the Directors and the same is adhered to at all times.

The Code of Ethics and Conduct is to be observed by all directors of the Group and will be reviewed by the Board regularly to ensure that it continues to remain relevant and appropriate.

Whistleblowing Policy

A Whistleblowing Policy was adopted by the Board on 22 August 2019 with the intention to promote the highest standard of corporate governance and business integrity. The Whistleblowing Policy provides an avenue for its employees to raise genuine concerns or report any misconduct, breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner.

The Whistleblowing Policy, underlining its protection and reporting channels, is available on the Company's website at www.acogroup.com.my.

Sustainability Strategies

The Board views the commitment to promote sustainability strategies in the environment, economy, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a sustainable balance between meeting its business goals, preserving the environment to sustain the ecosystem and the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainable initiatives for the communities in which it operates, the environment and the employees are set out in the Sustainability Statement in this Annual Report.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION

As at the date of this statement, the Board has six (6) members comprising three (3) EDs and three (3) Independent Non-Executive Directors (including the Chairman).

The current Directors of the Company as at the date of this statement are as follows:-

Name of Director	Designation
Yap Koon Roy	Independent Non-Executive Chairman
Ir. Tang Pee Tee @ Tan Chang Kim	Group Managing Director
Tan Yushan	Executive Director
Chai Poh Choo	Executive Director
Dr. Teh Chee Ghee	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Independent Non-Executive Director

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

The present composition of the Board is in compliance with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements") which require at least two (2) directors or one-third (1/3) of the Board, whichever is higher, to be independent directors and the MCCG where at least half of the Board comprises independent directors.

The Directors are of the opinion that the current Board size and composition is appropriate for the scope and nature of the Group's business and operations and for facilitating effective discussions and decision making. No individual or group dominates the Board's decision making. The Board maintains an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diverse backgrounds and competencies of the Directors.

All the Directors of the Company do not hold more than five (5) directorships in listed issuers as required under Rule 15.06 of the Listing Requirements. A brief profile of each Director is presented in the Directors' Profile section of this Annual Report.

Independence of the Board

Having listed on the ACE Market since 18 March 2020, none of the Independent Directors has exceeded a cumulative term of more than nine (9) years in the Company as at 28 February 2021.

Notwithstanding that, the Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon the completion of the nine (9) years term, an Independent Director may continue to serve on the Board subject to the said Director's re-designation as a Non-Independent Director.

The Board undertakes an annual assessment of the independence of its Independent Directors. The affirmation of independence was provided through the external auditors' confirmation. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

Board Diversity Policy

Currently, the Board has one (1) female Director and five (5) male Directors that constitutes 16.7% female representation on the Board. The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity. The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will actively work towards achieving the appropriate boardroom diversity.

The Company takes diversity not only in the boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Attendance of Board and Board Committees' Meetings

The Board schedules at least four (4) meetings in a financial year with additional meetings to be convened as and when necessary. During the FYE 2021 and up to the date of this statement, the Board conducted six (6) Board Meetings where they deliberated and approved various reports and matters, including the quarterly financial results of the Group.

The attendance record of Directors at the Board Meetings held during the FYE 2021 is as follows:-

Name of Director	Attendance
Yap Koon Roy	6/6
Ir. Tang Pee Tee @ Tan Chang Kim	6/6
Tan Yushan	6/6
Chai Poh Choo	6/6
Dr. Teh Chee Ghee	6/6
Ir. Dr. Ng Kok Chiang	6/6

Directors' Trainings

All members of the Board have attended the Mandatory Accreditation Programme as prescribed by the Listing Requirements.

The Directors are mindful that they shall receive appropriate training from time to time to equip and keep themselves abreast of the latest developments in order to discharge their duties and responsibilities more effectively.

The Directors are also encouraged to evaluate their own training needs on a continuous basis and to determine the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

Below are the training programmes and seminars attended by the Directors during the FYE 2021 and up to the date of this statement:-

Name of Director	Training Programmes/ Seminars	Date Attended
Yap Koon Roy	Mandatory Accreditation Programme	30 March – 1 April 2020
Ir. Tang Pee Tee @ Tan Chang Kim	Mandatory Accreditation Programme	30 March – 1 April 2020
Tan Yushan	Mandatory Accreditation Programme	30 March – 1 April 2020
	Tricor – Tax Impact of COVID-19	24 April 2020
	Beneficial Ownership Reporting	12 October 2020
Chai Poh Choo	Mandatory Accreditation Programme	30 March – 1 April 2020
	Tricor – Tax Impact of COVID-19	24 April 2020

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Director's Training (Continued)

Below are the training programmes and seminars attended by the Directors during the FYE 2021 and up to the date of this statement:- (Continued)

Name of Director	Training Programmes/ Seminars	Date Attended
Dr. Teh Chee Ghee	Building Relationships in an Online Environment	19 March 2020
	Managing Fear: How to be Confident in the Face of Rapid Change	21 March 2020
	Best Practices: Accounts Payable Continuity in a Remote Setting	1 April 2020
	The Profound Impact of Accounts Payable Automation on Cash, Productivity and Risk, in the "New Normal" World	30 April 2020
	Corporate Rescue Mechanisms	30 April 2020
	Ways Technology is Transforming Accounting & Auditing – MICPA BDO Webinar	5 May 2020
	Audit Committee Institute Virtual Roundtable 2020 – KPMG	12 May 2020
	Groundwater: Your Goal and Your Geology Determines Your Strategy	2 June 2020
	Local Compliance in a Shared Centre Environment	23 June 2020
	Preparation for Corporate Liability on Corruption	25 July 2020
	Restructuring and Corporate Rescue: Flattening the Insolvency Curve	13 August 2020
	Tips for Managing Your Business' Cash Flow During COVID-19	26 August 2020
	Deloitte Corporate Social Responsibility Workshop	2 September 2020
	What's next for the digital economy?	2 September 2020
	Introduction to Forensic Accounting	2 September 2020
	Section 17A - Protecting you and your business with T.R.U.S.T	8 September 2020
	Roadmap To Initial Public Offering: In Times of Crises	22 September 2020
	The Group Treasurer: an ACT guide to the first 100 days	29 September 2020

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Director's Training (Continued)

Below are the training programmes and seminars attended by the Directors during the FYE 2021 and up to the date of this statement:- (Continued)

Name of Director	Training Programmes/ Seminars	Date Attended
Dr. Teh Chee Ghee (Continued)	Empowering Environmental, Social & Governance Disclosures and Journeys webinar on Integrated Reporting and Assurance	6 December 2020
	Preparing for Virtual Meetings in 2021 and beyond	8 December 2020
	Automated Controls Monitoring for Finance Teams	8 December 2020
	America First, Biden Next: The US Economy, China and Global Supply Chain-Asia Session	9 December 2020
	What New Business Opportunities Can Regional Comprehensive Economic Partnership Bring To Your Company & Malaysia	9 December 2020
	2021 Business Credit Outlook: Are You Prepared to Navigate the Rough Road Ahead?	10 December 2020
	CoDE ASIA 2020 – Is Digital Transformation COVID-19's Real Panacea?	10 December 2020
	The Value Reporting Foundation – A game changing merger to simplify the corporate reporting landscape	17 December 2020
	Applying Ethics During the Pandemic and Beyond	22 December 2020
Ir. Dr. Ng Kok Chiang	Advances in Geotechnical and Pavement Engineering for Transport infrastructure	27th July 2020
	Overview of Biogas Capture and Conversion into Bio-CNG in The Palm Oil Sector	28th July 2020
	Health, Safety & Environment on Plastic Waste Management	29th July 2020
	Introduction To Electrical Design In Building Services - Part 1	23rd January 2021
	Introduction To Electrical Design In Building Services - Part 2	30th January 2021

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Nomination Committee

The Nomination Committee ("NC") was established on 22 August 2019 to assist the Board in ensuring the continuity of an effective Board. The NC consists of wholly Independent Non-Executive Directors and its composition is as follows:-

Name of NC members	Designation	Directorship
Yap Koon Roy	Chairman	Independent Non-Executive Chairman
Dr. Teh Chee Ghee	Member	Independent Non-Executive Director
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director

The NC meets as and when necessary, but at least once a year. Its duties comprise amongst others, recommending new appointment to the Board for their approval. The other responsibilities of the NC include making recommendations to the Board on the appointment of members of Board Committees, annual review of the Board structure, size and composition, and assessment of the effectiveness of the Board, its Committees and the contribution of each Director. The Terms of Reference of the NC is available on the Company's website at www.acogroup.com.my.

The summary of the Terms and Reference of the NC is as follows:-

(i) to nominate and recommend to the Board, candidates to be appointed as Directors of the Company after considering the required mix, skills, knowledge, experience and other core competencies, expertise, professionalism and integrity which the Directors should bring to the Board;
(ii) to consider in making its recommendations, candidates for directorships proposed by the GMD and within the bounds of practicability, by the existing Directors, KSM, major shareholders, independent search firms and/or other independent sources;
(iii) to recommend to the Board, Directors to fill the seats on Board committees;
(iv) to assist the Board in its annual review of its required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board;
(v) to review the succession plans of the Board, its Committees, EDs and KSM;
(vi) to assist the Board in implementing an assessment programme to assess the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director on an annual basis;
(vii) to recommend to the Board for the continuation or discontinuation in service of Directors as EDs or Non-Executive Directors;
(viii) to recommend Directors who are retiring by rotation to be put forward for re-election; and
(ix) to determine the independence of each Director annually and whether each Independent Director can bring independence and objective judgement to Board deliberations.

Appointment to the Board

The Board delegates to the NC the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The NC is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

II. BOARD COMPOSITION (Continued)

Appointment to the Board (Continued)

The process for the appointment of a new Director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, management, major shareholders, independent search firms and/or other independent sources;
2. In evaluating the suitability of candidates for appointment to the Board, the NC considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidates' independence;
3. Recommendation shall then be made by NC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.

Annual Assessment and Re-election of Directors

The Board through its NC, reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Director. The Director who is subject to re-election and/or re-appointment at the next Annual General Meeting ("AGM") shall be assessed by the NC before recommendation is made to the Board and shareholders for the re-election and/or re-appointment.

During the FYE 2021, the NC conducted the annual assessment of the Board and its Committees using a set of self-assessment questionnaires, completed by the Directors. From the performance assessment, it was concluded that the Board as a whole, Board Committees and individual Director have discharged their respective roles and responsibilities in a commendable manner.

III. REMUNERATION

The Remuneration Committee ("RC") was established on 22 August 2019 and its members are appointed by the Board. The RC comprises exclusively of Independent Non-Executive Directors.

The RC consists of three (3) Independent Non-Executive Directors and its composition is as follows:-

Name of RC members	Designation	Directorship
Ir. Dr. Ng Kok Chiang	Chairman	Independent Non-Executive Director
Yap Koon Roy	Member	Independent Non-Executive Chairman
Dr. Teh Chee Ghee	Member	Independent Non-Executive Director

The Terms of Reference of the RC is available on the Company's website at www.acogroup.com.my.

The RC will review and assess the remuneration packages, reward structure and benefits applicable to the EDs and KSM on an annual basis and makes recommendations to the Board. The Board as a whole will determine the remuneration of the EDs and KSM with each individual Director abstaining from the deliberation and decision of their own remuneration. The RC may obtain independent advice in establishing the level of remuneration for the EDs and KSM. The remuneration packages of EDs and KSM comprise a fixed salary and allowances as well as bonus approved by the Board whilst the remuneration of the Non-Executive Directors comprises annual fees, meeting allowance and reimbursement of expenses for their services in connection with Board and Board Committee meetings.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

III. REMUNERATION (Continued)

The details of the remuneration and benefits paid/payable to the Directors on the Company and the Group basis for services rendered in all capacities for the FYE 2021 are tabulated as follows:-

The Company

	Fees RM'000	Salary RM'000	Bonus RM'000	Allowances RM'000	Statutory Contributions (EPF, SOCSO and EIS) RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors							
Ir. Tang Pee Tee @ Tan Chang Kim	–	–	–	–	–	–	**-**
Tan Yushan	–	–	–	–	–	–	**-**
Chai Poh Choo	–	–	–	–	–	–	**-**
Non-Executive Directors							
Yap Koon Roy	60	–	–	5	–	–	**65**
Dr. Teh Chee Ghee	60	–	–	5	–	–	**65**
Ir. Dr. Ng Kok Chiang	48	–	–	5	–	–	**53**

The Group

	Fees(1) RM'000	Salary RM'000	Bonus RM'000	Allowances RM'000	Statutory Contributions (EPF, SOCSO and EIS) RM'000	Benefits-in-kind RM'000	Total RM'000
Executive Directors							
Ir. Tang Pee Tee @ Tan Chang Kim(2)	–	120	–	–	5	–	**125**
Tan Yushan(2)	–	102	18	25	25	9	**179**
Chai Poh Choo	–	68	6	7	11	3	**95**
Non-Executive Directors							
Yap Koon Roy	60	–	–	5	–	–	**65**
Dr. Teh Chee Ghee	60	–	–	5	–	–	**65**
Ir. Dr. Ng Kok Chiang	48	–	–	5	–	–	**53**

Notes:

(1) Subject to shareholders' approval at the AGM of the Company.

(2) The two Directors had voluntarily waived their monthly basic salary of 6 months from April 2021 to September 2021.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

III. REMUNERATION (Continued)

The Directors who are also shareholders of the Company will abstain from voting at general meetings in respect of the resolutions pertaining to the approval of their own remuneration.

Key Senior Management's Remuneration and Benefits

The aggregate remuneration and benefits paid to the KSM for services rendered to the Group in all capacities for the FYE 2021 is as follows:-

Remuneration Band	No. of KSM
RM100,001 to RM150,000	4
Total	**4**

Although the MCCG recommends full disclosure by the Company of the remuneration of its KSM on named basis, the Company is of the view that it is not in its best interest to disclose confidential details of remuneration due to the confidentiality and sensitive nature of such information. The Company does not intend to adopt the recommendation to disclose the detailed remuneration of each member of KSM in the bands of RM50,000 on a named basis.

In setting the remuneration packages for KSM, the Company keeps in mind the remuneration and employment conditions within the industry and in comparable companies. The level and structure of the KSM's remuneration is aligned with the Company's long-term interest and desire to attract, retain and motivate the right talent to achieve superior performance and continued growth and development of the Company.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee ("ARMC") was established on 22 August 2019 and its members are appointed by the Board. The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors and its composition is as follows:-

Name of ARMC members	Designation	Directorship
Dr. Teh Chee Ghee	Chairman	Independent Non-Executive Director
Yap Koon Roy	Member	Independent Non-Executive Chairman
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director

The Board is responsible for ensuring that the quarterly and annual audited financial statements of the Company present a balanced and clear view and assessment of the Company's financial position, performance and prospects and in compliance with the applicable financial reporting standards.

The ARMC assists the Board in reviewing the Group's financial reporting process and accuracy of its financial results and scrutinising information for disclosure to ensure reliability and compliance with the applicable financial reporting standards. The ARMC reviewed the unaudited quarterly financial reports and year-end financial statements of the Group prior to recommendation of the same to the Board for approval and submission to Bursa Securities.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

I. AUDIT AND RISK MANAGEMENT COMMITTEE (Continued)

The ARMC is chaired by an Independent Non-Executive Director who is distinct from the Chairman of the Board. All members of the ARMC are financially literate, with one (1) of the member of the ARMC is a member of the Malaysian Institute of Accountants ("MIA"). The ARMC has incorporated in its terms of reference a requirement for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the ARMC.

The membership of the ARMC, meeting and attendance, summary of work of ARMC and the internal audit function are set out in the ARMC Report section of this Annual Report.

The functions and duties of the ARMC are set out in the Terms of Reference which is available on the Company's website at www.acogroup.com.my.

Assessment of Suitability and Independence of External Auditors

The Board on its own and through the ARMC established a transparent and appropriate relationship with its external auditors. Regular and unrestricted communication exists between the ARMC and the external auditors.

The ARMC undertakes an annual assessment on the suitability, objectivity and independence of the external auditors. Having assessed their performance, the ARMC will recommend their re-appointment to the Board, upon which shareholders' approval will be sought at the AGM. The ARMC had obtained assurance from the external auditors, confirming that they are and have been, independent throughout the conduct of the audit engagement with the Company in accordance to the terms of relevant professional and regulatory requirements.

The Company has established an External Auditors' Assessment Policy which outlines the policies and procedures for the ARMC to govern the assessment and to monitor the external auditors. The said policy also sets out the process to assess the suitability, objectivity and independence of the external auditors. In addition, the audit partner is regulated by the MIA guidelines in which the audit partner is subject to a seven-year rotation to ensure independence of external auditors.

Further information on the ARMC is disclosed in the ARMC Report as contained in this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board regards risk management and internal control as an integral part of the overall management processes in the Group to safeguard shareholders' interests. The ARMC assists the Board in discharging its roles and responsibilities to oversee the effectiveness and adequacy of the risk management and internal control system of the Group.

To maintain total independence in the management of the Group's internal control environment and ensure compliance with the Listing Requirements, the internal audit function is outsourced to an independent professional service firm, GovernanceAdvisory.com Sdn Bhd ("GA"), and they are free from any relationships or conflict of interest that could impair their objectivity and independence.

GA reports directly to the ARMC and assists the ARMC in managing the risks and establishment of the internal control system and processes of the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes.

Recognising the importance of risk management processes and practices, the Board has formalised a risk management and internal control framework to enable management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks.

Further details pertaining to the review on the Group's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board values the importance of the dissemination of information on major developments of the Group to the shareholders, potential investors and the general public in a timely and equitable manner and hence, a Corporate Disclosure Policy has been adopted.

This policy provides a framework for the Board and the management to communicate effectively with the Company's shareholders, investors, stakeholders, external parties and the general public.

The Board is committed to achieve timely and high-quality disclosure in accordance with the spirit, intention and purpose of the applicable regulatory requirements.

The Board has adopted the following measures with regard to communication with the Company's stakeholders:-

(i) Announcements to Bursa Securities

Material information, updates and periodic financial reports are published on a timely basis through announcements to Bursa Securities. Shareholders and investors can obtain the Company's latest announcements such as quarterly financial results and the distribution of annual reports and circulars in the website of Bursa Securities at www.bursamalaysia.com.

(ii) Corporate Website

A corporate website at www.acogroup.com.my is maintained and the said website contains timely and relevant information on the Group's activities, financial results, major strategic development and other matters affecting stakeholders' interests for the shareholders, potential investors, suppliers and the general public.

(iii) Annual Reports

The Company's Annual Reports to shareholders remain the central means of communicating to the shareholders, amongst others, the Company's operations, activities and performance for the past financial year end as well as the status of compliance with applicable rules and regulations.

(iv) AGMs

The AGM is the principal forum for dialogue and communication with shareholders. Shareholders are encouraged to attend the general meetings as it remains an interactive platform for shareholders to engage directly with the Group's Directors. They are given sufficient time and opportunity to participate in the proceedings, raise possible concerns on the proposed resolutions and communicate on various aspects of the business. All Directors will attend and participate at the Group's general meetings to answer queries.

In the event where the AGM shall be held virtually, technology will be leveraged to facilitate effective and transparent communication and engagement with shareholders.

(v) Investor Relations

The Company's investor engagements initiatives are focused on maintaining transparent and strong relationships with the investing community. Shareholders and other interested parties are welcome to provide feedback and raise queries to the Company's Investor Relations representative, whose contact details are available on the Company's website, under the "Investor Relations" section.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS (Continued)

II. CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for dialogue and interaction with shareholders. The forthcoming AGM will be the second AGM of the Company. The Board will provide a platform to shareholders to raise questions pertaining to the business activities of the Group at the AGM. The Chairman together with other Directors and external auditors are expected to be present at the forthcoming AGM to respond to any enquiries from the shareholders as well as to have discussion with shareholders, if required. Shareholders who are unable to attend, are allowed to appoint proxies to attend and vote on their behalf.

Due to the COVID-19 outbreak and the movement restrictions which ensue, the AGM will be conducted virtually in its entirety by using Remote Participation and Voting facilities which allow the shareholders to participate, view live webcast, submit questions and vote remotely without being physically present at the venue. The Notice of AGM and related circular/statement to shareholders will be issued at least 28 days before the AGM in order to provide sufficient time for shareholders to understand and evaluate the subject matter. A summary of key matters discussed at the AGM will be made accessible through the Company's website at www.acogroup.com.my as soon as practicable upon being reviewed and approved by the Board.

Pursuant to Rule 8.31A(1) of the Listing Requirements, all resolutions set out in the notice of AGM will be put to vote by way of poll. The Board will make an announcement on the detailed results showing the number of votes cast for and against each resolution at the AGM to facilitate greater shareholder participation.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated this statement. Pursuant to Rule 15.25 of the Listing Requirements, the Board considers and is satisfied that to the best of its knowledge, the Company has fulfilled its obligations in accordance with the applicable laws and regulations throughout the FYE 2021. Save as disclosed in our Corporate Governance Report for FYE 2021, which is available on our Company's website www.acogroup.com.my/en/, the Company has applied and adopted the main practices of the MCCG.

This CG Overview Statement was approved by the Board on 25 June 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM THE LISTING EXERCISE

The Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 18 March 2020 ("Listing"). In conjunction with the Listing, the Company undertook a public issue of 58,000,000 new ordinary shares at an issue price of RM0.28 per share, raising gross proceeds of RM16,240,000 ("IPO Proceeds").

The status of the utilisation of the IPO Proceeds as at 28 February 2021 is as follows:

Purposes	Revised Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Estimated timeframe for use of proceeds from the listing date
Setting up of new sales outlets and lighting concept store	4,200	–	4,200	Within 24 months
Setting up works for the new property(1)	2,500	(350)	2,150	Within 30 months
Purchasing of new trucks and upgrading of IT system(2)	2,000	(322)	1,678	Within 24 months
Working capital	4,240	(4,240)	–	Within 12 months
Estimated listing expenses	3,300	(3,300)	–	Within 3 months
Total	**16,240**	**(8,212)**	**8,028**	

Notes:

(1) *The Company had made an announcement to Bursa Securities on 28 October 2020 to vary the use of proceeds which was earmarked for the setting up of new head office and distribution centre in Johor amounting to RM2.50 million works in relation to the purchase of new property on 23 July 2020.*

(2) *The Company had made an announcement to Bursa Securities on 20 May 2021 to extend the timeframe for the purchasing of new trucks and upgrading of IT system amounting to RM2.00 million for an additional 12 months.*

The utilisation of proceeds as disclosed above should be read together with the prospectus of the Company dated 27 February 2020 as well as the Company's announcements dated 28 October 2020 and 20 May 2021 pertaining to the variation of proceeds and extension of time for the use of proceeds, respectively.

2. UTILISATION OF PROCEEDS RAISED FROM THE PRIVATE PLACEMENT

On 17 September 2020, the Company proposed to undertake a private placement of up to 56.500 million new ordinary shares ("Placement Shares"), representing approximately 18.83% of its existing total number of issued shares ("Private Placement").

As at the 28 February 2021, a total of five tranches comprising 27.293 million Placement Shares had been issued pursuant to the Private Placement. The total fund raised was approximately RM9.756 million.

2. UTILISATION OF PROCEEDS RAISED FROM THE PRIVATE PLACEMENT (Continued)

The status of utilisation of proceeds based on funds raised from the Private Placement to-date is as follows:-

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Estimated timeframe for use of proceeds from the listing date
Acquisition of FEMSB	5,145	(1,470)	Within 30 months
Capital injection in FEMSB	6,370	(3,663)	Within 12 months
Repayment of bank borrowings	2,435	–	Within 6 months
Investment in new business	5,000	–	Within 24 months
Working capital	3,000	(1,000)	Within 12 months
Estimated expenses in relation to the proposals	650	(330)	Upon completion of the proposals
Total	**22,600**	**(6,463)**	

The utlisation of the proceeds as disclosed above should be read together with the announcement made by the Company dated 17 September 2020 in relation to the proposals.

To date, a total of eight tranches comprising 41.788 million Placement Shares had been issued pursuant to the Private Placement, making the total fund raised at approximately RM14.105 million.

3. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors, RSM Malaysia in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 28 February 2021 are as follows:

	Company RM'000	Group RM'000
Audit fees	26	110
Non-audit fees	5	5
	31	115

4. MATERIAL CONTRACTS INVOLVING DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS' INTEREST

Save as disclosed in the audited financial statements for the year ended 28 February 2021, there were no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of the directors, chief executive or major shareholders, either still subsisting at the end of the financial year ended 28 February 2021 or entered into since the end of the previous period.

5. RECURRENT RELATED PARTY TRANSACTIONS

There were no recurrent related party transactions entered by the Company and its subsidiaries during the financial year ended 28 February 2021.

6. EMPLOYEES SHARE SCHEME

The Company did not issue any Employees Share Scheme during the financial year ended 28 February 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTRODUCTION

The Audit and Risk Management Committee ("ARMC") was established by the Board of Directors ("the Board") of ACO Group Berhad ("ACO" or "the Company") on 22 August 2019 to assist the Board to carry out its responsibilities. The ARMC is guided by its Terms of Reference ("TOR") which sets out the authority, functions and duties of the ARMC. The TOR of the ARMC is available for reference at the Company's website at www.acogroup.com.my.

The ARMC is pleased to present its report for the financial year ended 28 February 2021 ("FYE 2021") ("ARMC Report").

COMPOSITION

The ARMC consists of three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the ARMC is a member of the Malaysian Institute of Accountants ("MIA") and the Council Member of the Malaysian Institute of Certified Public Accountants ("MICPA"). These meet the requirements of Rule 15.09(1)(c)(i) of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Practice 8.4 under Principle B of the Malaysian Code on Corporate Governance ("MCCG").

The Chairman of the ARMC is not the Chairman of the Board. This is in line with Practice 8.1 under the Malaysian Code on Corporate Governance.

The composition of the ARMC is as follows:

Name of ARMC members	Designation	Directorship
Dr. Teh Chee Ghee	Chairman	Independent Non-Executive Director
Yap Koon Roy	Member	Independent Non-Executive Chairman
Ir. Dr. Ng Kok Chiang	Member	Independent Non-Executive Director

ATTENDANCE OF MEETINGS

The Audit Committee met five (5) times during the FYE 2021. The attendance details of the members at these meetings are as follows:-

Name of ARMC members	Attendance
Dr. Teh Chee Ghee	5/5
Yap Koon Roy	5/5
Ir. Dr. Ng Kok Chiang	5/5

The relevant responsible management members, representative(s) of the internal and/or external auditors were invited to brief the ARMC on specific issues arising from the audit reports or on any matters of specific interest.

Minutes of each ARMC meeting were recorded and tabled for confirmation at the next following ARMC meeting and subsequently presented to the Board for notation.

SUMMARY OF ACTIVITIES OF ARMC

The summary of activities carried out by ARMC for financial year/period under review and up to date of approval of this statement by the Board is as follows:

Financial Reporting

Reviewed the quarterly results and the annual audited financial statements of the Group and of the Company for the FYE 2021 before recommending to the Board for their approval, focusing particularly on:-

- any changes in, or implementation of, major accounting policies and practices;
- any significant adjustments arising from the audit;
- any major judgmental areas, significant and unusual events;
- the going concern assumptions; and
- compliance with accounting standards and other legal requirements;

External Audit

- Reviewed and recommended to the Board on the appointment and remuneration of RSM Malaysia as the external auditors of the Group;
- Reviewed with the external auditors on their audit review memorandum on the statutory audit of the Group's for the FYE 2021;
- Reviewed and discussed with the external auditors on audit report of the financial statements and key audit matters for FYE 2021;
- Conducted private meetings with the external auditors, without the presence of the management; and
- Evaluated the performance of the external auditors for the FYE 2021 covering areas such as quality, audit team resources and experience, audit scope, audit communication, audit governance and independence of the audit team and thereafter considered and make recommendation on the re-appointment of the external auditors.

Internal Audit

- Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function to ensure its effectiveness and efficiency;
- Reviewed and approved the Internal Audit Plan for the FYE 2021 to ensure high-risk areas and key processes were adequately identified and covered in the audit plan; and
- Reviewed the internal audit reports and considered the major findings and management's responses on each of the issues arising from the internal audit as to improve and enhance the systems of internal control of the Group.

Others

- Reported to and updated the Board on significant issues and concerns discussed during the ARMC meetings and where appropriate, made the necessary recommendation to the Board;
- Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to their inclusion in the Annual Report; and
- Conducted a self-assessment exercise to evaluate their own effectiveness in discharging duties and responsibilities for the FYE 2021.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is assumed by the internal auditors to assist the ARMC in discharging its duties and responsibilities. The role of internal auditors is to provide the ARMC with independent assessment for an adequate, efficient and effective Internal Control System to ensure compliance with policies and procedures. The internal audit function is also involved in risk management, risk evaluation and recommendation of control activities to manage such identified risks.

The internal auditors report directly to the ARMC. The primary responsibility of the internal auditors is to assist the Board and the ARMC in reviewing and assessing management systems of internal control and procedures. The ARMC reviews and approves the internal audit engagement and fees to ensure the independence and objectivity of the internal auditors. The Group appointed GovernanceAdvisory.com Sdn Bhd ("GA") as its outsourced internal auditors to carry out the internal audit on the Group.

During the financial year/period under review and up to date of approval of this statement by the Board, the internal audit plan for the Group was presented to the ARMC by GA for discussion and approval.

The total cost incurred for the outsourced internal audit function of the Group for the FYE 2021 was RM39,000.00 (2020: RM75,000.00)

This ARMC Report is made in accordance with the resolution of the Board of Directors dated 25 June 2021.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

INTRODUCTION

The Board of Directors ("the Board") of ACO Group Berhad ("ACO" or "the Company") is pleased to present its Statement on Risk Management and Internal Control ("Statement") of the Company and its subsidiaries ("the Group") for the financial year ended 28 February 2021, which has been prepared pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("the Guidelines").

BOARD'S RESPONSIBILITIES

The Board acknowledges its overall responsibility in establishing a sound framework of risk management and internal control system which is fundamental for good corporate governance. The Board focuses on effective risk oversight which is critical in setting the tone and culture towards effective risk management and internal control.

The Board and the Management team are responsible and accountable for the establishment of risk management and internal control system for the Group. The risk management and internal control system processes are subject to regular review on the adequacy and effectiveness by the Management team and the Audit and Risk Management Committee ("ARMC").

The system of risk management and internal control covers not only financial controls but operational, risk management and compliance with all relevant regulations as well. In view of the limitations inherent in any system of risk management and internal control, the systems are designed to manage and control, rather than eliminate the risk of failure to achieve the Group's objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss or the occurrence of unforeseeable circumstances.

RISK MANAGEMENT FRAMEWORK

The Board recognises the need for an effective risk management framework and to maintain a sound system of internal control. The Group has established a structured and ongoing risk management process to identify, evaluate and manage risks that may significantly impact the Group. This includes identifying principal risks in critical areas, assessing the likelihood and the impact of material exposures and determining the corresponding risk mitigation and treatment measure.

The Board recognises that risk management shall be an integral part of the Group's culture and embedded into the day-to-day management of operations, processes and structures. Thus, it should be extensively applied in all decision-making and strategic planning. The Management team is responsible for managing risks related to their functions or departments. The Group's ARMC relies on the Management team to support in terms of:

(i) managing inherent risk of business processes under risk owner's control;
(ii) identifying risks, evaluating and executing risk control measures;
(iii) reporting significant risk to the ARMC and the Board at scheduled meetings in a proactive, responsible and accountable manner; and
(iv) providing oversight on the establishment, implementation and review of the effectiveness of the risk management framework and internal control systems of the Group to the ARMC and the Board.

Management meetings are held to ensure that the risks faced by the Group are monitored and properly addressed. It is at these meetings that key risks and corresponding controls implemented are deliberated, reviewed, communicated and agreed upon.

This risk management process has been in place for the financial year under review and up to date of approval of this Statement by the Board.

INTERNAL AUDIT FUNCTION

The Board appointed an external independent professional consulting firm, which reports to the ARMC on a regular basis, as internal auditors and risk management consultants of the Company. Their primary responsibility is to provide independent and objective assurance in assisting the Group to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness and efficiency of the risk management, control and governance.

INTERNAL AUDIT FUNCTION (Continued)

The ARMC reviewed and evaluated the performance of the outsourced internal audit function on their qualifications and experience, resources availability and competency, independence, scope and functions. The ARMC and the Board are satisfied that:

- The outsourced internal audit function is free from any relationships or conflict of interest which could impair their objectivity and independence.
- The outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively; obtained sufficient resources and has unrestricted access to employees and information for the internal audit activity.

The risk-based internal audit plan in respect of financial year ended 28 February 2021 was proposed by the outsourced internal audit function after taking into consideration existing and emergent key business risks identified by the Management. The audit plan was reviewed and approved by the ARMC prior to execution. Each internal audit cycle is specific with regard to audit scopes and objectives to be assessed.

Any high-impact audit findings with regards to risk, control and governance coupled with recommendations for further improvement will be escalated to the attention and scrutiny of the Management team and subsequently tabled to the ARMC. Follow-up reviews are conducted to ensure proper and effective remedial actions are taken to close the control gaps highlighted.

The professional fee incurred by the Group for internal audit review during the financial year ended 28 February 2021 amounted to RM39,000.00.

ASSURANCE

The Board regularly reviews the effectiveness of the Group's risk management and internal control system, and is of the view that it is adequate to safeguard the shareholders' interests and the Group's assets.

The Board has received assurances from the Group Managing Director and the Executive Directors that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects during the financial year ended 28 February 2021. There are no significant areas of concern that may affect the financial, operational and compliance controls.

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

As required by Rule 15.23 of the AMLR, the external auditors have reviewed this Statement. The review of the Statement by the external auditors is guided by the Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate. AAPG3 does not require the external auditors to consider whether the Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Company's risk management and internal control system including 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.

CONCLUSION

The Board is of the view that the Group's risk management and internal control system for the financial year ended 28 February 2021, and up to the date of approval of this Statement, is adequate and effective to safeguard the shareholders' investments and the Group's assets.

This Statement is made in accordance with the resolution of the Board of Directors dated 25 June 2021.

DIRECTORS' RESPONSIBILITY STATEMENT
FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("CA") to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the CA in Malaysia.

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

In preparing the financial statements, the Directors have:-

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company maintain proper accounting records that 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 CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

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DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 28 February 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of its subsidiaries are as stated in Note 9 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year	2,845,932	1,825,454

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

Since the end of the previous financial year, the Company paid an interim single tier dividend of 0.30 sen per ordinary share amounting to RM942,180 in respect of the financial year ended 28 February 2021 on 30 November 2020.

The directors do not recommend any final dividend in respect of the financial year ended 28 February 2021.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued: -

(i) 58,000,000 new ordinary shares at an issue price of RM0.28 per share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM16,240,000;

(ii) 27,293,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM9,756,450 for working capital purposes; and

(iii) 3,500,000 new ordinary shares at an issue price of RM0.42 per share for a total consideration of RM1,470,000 for ACO Holdings Sdn. Bhd.'s acquisition of 49% equity interest in Focus Electrical Malaysia Sdn. Bhd.

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

The Company did not issue any new debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS OF THE COMPANY

The directors of the Company who held office during the financial year until the date of this report are: -

Yap Koon Roy
Tang Pee Tee @ Tan Chang Kim
Tan Yushan
Chai Poh Choo
Dr. Teh Chee Ghee
Ir. Dr. Ng Kok Chiang

DIRECTORS OF SUBSIDIARIES

The directors of the Company's subsidiaries who held office during the financial year until the date of this report, excluding those who are already listed above are: -

Jin Siew Yen
Gan Bee Hong
Goh Bee Tin
Woo Yoong Eng

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 28 February 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Number of ordinary shares			
	At 1.3.2020	**Addition**	**(Disposed)**	**At 28.02.2021**
THE COMPANY				
Direct interest				
Tang Pee Tee @ Tan Chang Kim	188,375,200	–	(188,375,200)	–
Tan Yushan	23,546,900	–	(23,546,900)	–
Chai Poh Choo	–	400,000	(400,000)	–
Dr. Teh Chee Ghee	–	200,000	–	200,000
Ir. Dr. Ng Kok Chiang	–	500,000	(200,000)	300,000
Yap Koon Roy	–	200,000	–	200,000
Deemed interest				
Tang Pee Tee @ Tan Chang Kim	47,094,800 *	210,470,000 #	(47,094,800)	210,470,000
Tan Yushan	211,923,100 **	210,470,000 #	(211,923,100)	210,470,000

DIRECTORS' INTERESTS (Continued)

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 28 February 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows (Continued):

	Number of ordinary shares			
	At 1.3.2020	**Addition**	**(Disposed)**	**At 28.02.2021**
HOLDING COMPANY				
Kompas Realty Sdn. Bhd.				
Direct interest				
Tang Pee Tee @ Tan Chang Kim	400,000	–	–	400,000
Tan Yushan	50,000	–	–	50,000

* Deemed interest by virtue of his direct interest in Kompas Realty Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and shares held by his spouse and son, pursuant to Section 59(11)(c) of the Companies Act 2016.

** Deemed interest by virtue of his direct interest in Kompas Realty Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and shares held by his parents, pursuant to Section 59(11)(c) of the Companies Act 2016.

\# Deemed interest by virtue of their interests in Kompas Realty Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

By virtue of Tang Pee Tee @ Tan Chang Kim and Tan Yushan's deemed interest in the Company, they are also deemed to have an interest in shares of all subsidiaries of the Company, to the extent that the Company has an interest pursuant to Section 8(4) of the Companies Act 2016.

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 remuneration received or due and receivable by directors shown in the notes to the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest.

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in Note 35 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Group and of the Company.

HOLDING COMPANY

The directors of the Company regard Kompas Realty Sdn. Bhd., a company incorporated in Malaysia, as the holding company.

SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 23 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 37 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

 (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances:

 (i) which would render the amount written off for bad debts and the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

 (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

 (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

 (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.

OTHER STATUTORY INFORMATION (Continued)

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

AUDITORS

The auditors, Messrs RSM Malaysia, have expressed their willingness to continue in office.

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

TANG PEE TEE @ TAN CHANG KIM

TAN YUSHAN

Johor Bahru

28 June 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	17,554,197	18,127,355	–	–
Right-of-use assets	7	4,572,351	5,309,587	–	–
Investment properties	8	4,600,000	6,450,000	–	–
Investment in a subsidiary	9	–	–	35,320,350	35,320,350
Investment in an associate	10	8,032,105	–	–	–
		34,758,653	29,886,942	35,320,350	35,320,350
CURRENT ASSETS					
Inventories	11	38,869,286	35,381,293	–	–
Trade and other receivables	12	36,051,220	32,877,375	17,444,565	811,588
Current tax assets		141,573	21,976	–	–
Prepayments	13	414,692	920,875	–	123,487
Cash and cash equivalents	14	25,708,116	5,854,794	11,021,916	19,128
		101,184,887	75,056,313	28,466,481	954,203
TOTAL ASSETS		135,943,540	104,943,255	63,786,831	36,274,553
EQUITY AND LIABILITIES					
Share capital	15	62,909,338	36,300,850	62,909,338	36,300,850
Reorganisation reserve	16	(27,860,647)	(27,860,647)	–	–
Retained earnings/(Accumulated losses)		37,592,829	35,689,077	794,977	(88,297)
TOTAL EQUITY		72,641,520	44,129,280	63,704,315	36,212,553

Statements of Financial Position (Cont'd)
as at 28 February 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
NON-CURRENT LIABILITIES					
Loans and borrowings	17	7,304,110	8,860,400	–	–
Lease liabilities	18	257,044	520,195	–	–
Deferred tax liabilities	19	362,178	362,178	–	–
Trade and other payables	20	747,000	–	–	–
		8,670,332	9,742,773	–	–
CURRENT LIABILITIES					
Loans and borrowings	17	16,891,909	18,812,074	–	–
Lease liabilities	18	224,049	240,142	–	–
Current tax liabilities		1,097,562	955,542	–	–
Trade and other payables	20	36,418,168	31,063,444	82,516	62,000
		54,631,688	51,071,202	82,516	62,000
TOTAL LIABILITIES		63,302,020	60,813,975	82,516	62,000
TOTAL EQUITY AND LIABILITIES		135,943,540	104,943,255	63,786,831	36,274,553

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

		Group		Company	
	Note	1.3.2020 to 28.2.2021 RM	1.3.2019 to 29.2.2020 RM	1.3.2020 to 28.2.2021 RM	11.6.2019 to 29.2.2020 RM
REVENUE	21	110,590,449	134,287,863	2,650,000	–
COST OF SALES		(91,839,190)	(108,321,534)	–	–
GROSS PROFIT		18,751,259	25,966,329	2,650,000	–
OTHER INCOME		1,165,450	1,401,380	137,216	–
ADMINISTRATIVE EXPENSES		(14,371,216)	(16,081,654)	(961,762)	(88,297)
OPERATING PROFIT/(LOSS)		5,545,493	11,286,055	1,825,454	(88,297)
FINANCE COSTS	22	(1,013,440)	(1,339,161)	–	–
SHARE OF RESULTS OF ASSOCIATE		600,041	–	–	–
PROFIT/(LOSS) BEFORE TAXATION	23	5,132,094	9,946,894	1,825,454	(88,297)
TAXATION	24	(2,286,162)	(2,111,790)	–	–
PROFIT/(LOSS) FOR THE FINANCIAL YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL YEAR		2,845,932	7,835,104	1,825,454	(88,297)
PROFIT/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company		2,845,932	7,667,283	1,825,454	(88,297)
Non-controlling interests		–	167,821	–	–
		2,845,932	7,835,104	1,825,454	(88,297)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:					
Owners of the Company		2,845,932	7,667,283	1,825,454	(88,297)
Non-controlling interests		–	167,821	–	–
		2,845,932	7,835,104	1,825,454	(88,297)
EARNINGS PER SHARE (RM)					
- Basic and diluted	26	0.01	0.03		

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

STATEMENTS OF
CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

		Attributable to owners of the Company						
		Non-distributable			*Distributable*			
	Note	Share capital RM	Capital contribution RM	Reorganisation reserve RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group								
At 1 March 2019		2,500,000	5,000,000	–	27,818,885	35,318,885	974,291	36,293,176
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	7,667,283	7,667,283	167,821	7,835,104
Transactions with owners of the Company								
- Share issued upon incorporation	15	2	–	–	–	2	–	2
- Issue of shares	15	998	–	–	–	998	–	998
- Issue of shares for acquisition of a subsidiary	15	35,320,350	–	(35,360,647)	40,297	–	–	–
- Issue of shares for acquisition of non-controlling interests	15	979,500	–	–	162,612	1,142,112	(1,142,112)	–
- Reorganisation reserve	15	(2,500,000)	(5,000,000)	7,500,000	–	–	–	–
		33,800,850	(5,000,000)	(27,860,647)	202,909	1,143,112	(1,142,112)	1,000
At 29 February 2020/1 March 2020		36,300,850	–	(27,860,647)	35,689,077	44,129,280	–	44,129,280
Profit for the financial year, representing total comprehensive income for the financial year		–	–	–	2,845,932	2,845,932	–	2,845,932
Transactions with owners of the Company								
- Issue of shares	15	25,996,450	–	–	–	25,996,450	–	25,996,450
- Issue of shares for investment in an associate	15	1,470,000	–	–	–	1,470,000	–	1,470,000
- Share issuance expenses	15	(857,962)	–	–	–	(857,962)	–	(857,962)
- Dividend	27	–	–	–	(942,180)	(942,180)	–	(942,180)
		26,608,488	–	–	(942,180)	25,666,308	–	25,666,308
At 28 February 2021		62,909,338	–	(27,860,647)	37,592,829	72,641,520	–	72,641,520

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

Statements of Changes In Equity (Cont'd)
for the financial year ended 28 February 2021

		Attributable to owners of the Company		
		Non-distributable	*Distributable*	
	Note	**Share capital RM**	**(Accumulated losses)/ Retained Earnings RM**	**Total RM**
Company				
At 11 June 2019 (Date of incorporation)		2	–	2
Loss for the financial period, representing total comprehensive loss for the financial period		–	(88,297)	(88,297)
Transactions with owners of the Company				
- Issue of shares	15	998	–	998
- Issue of shares for acquisition of a subsidiary	15	35,320,350	–	35,320,350
- Issue of shares for acquisition of non-controlling interests	15	979,500	–	979,500
		36,300,848	–	36,300,848
At 29 February 2020/1 March 2020		36,300,850	(88,297)	36,212,553
Profit for the financial year, representing total comprehensive income for the financial year		–	1,825,454	1,825,454
Transactions with owners of the Company				
- Issue of shares	15	25,996,450	–	25,996,450
- Issue of shares for investment in an associate	15	1,470,000	–	1,470,000
- Share issuance expenses	15	(857,962)	–	(857,962)
- Dividend	27	–	(942,180)	(942,180)
		26,608,488	(942,180)	25,666,308
At 28 February 2021		62,909,338	794,977	63,704,315

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 28 FEBRUARY 2021

		Group		Company	
	Note	1.3.2020 to 28.2.2021 RM	1.3.2019 to 29.2.2020 RM	1.3.2020 to 28.2.2021 RM	11.6.2019 to 29.2.2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		5,132,094	9,946,894	1,825,454	(88,297)
Adjustments for:					
Change in fair value of investment properties	8	–	(150,000)	–	–
Depreciation of property, plant and equipment	6	1,011,439	1,072,366	–	–
Depreciation of right-of-use assets	7	671,672	635,113	–	–
Property, plant and equipment written off	23	650	13,807	–	–
Impairment losses on trade receivables	12	676,662	257,225	–	–
Reversal of impairment losses on trade receivables	12	(88,320)	(179,513)	–	–
Bad debts recovered	23	(18,000)	(32,918)	–	–
Finance costs	22	1,013,440	1,339,161	–	–
Gain on disposal of property, plant and equipment	23	–	(32,497)	–	–
Gain on disposal of asset classified as held for sale	23	–	(438,460)	–	–
Loss on disposal of investment property	23	350,000	–	–	–
Interest income	23	(235,034)	(43,110)	(137,216)	–
Share of results of associate	10	(600,041)	–	–	–
Operating profit/(loss) before working capital changes		7,914,562	12,388,068	1,688,238	(88,297)
Increase in inventories		(3,487,993)	(5,758,430)	–	–
Increase in trade and other receivables		(3,744,187)	(2,602,265)	(1,500)	–
Decrease/(Increase) in prepayments		506,183	(642,959)	123,487	(123,487)
Increase/(Decrease) in trade and other payables		5,364,724	(4,375,046)	30,516	52,000
Cash generated from/(used in) operating activities		6,553,289	(990,632)	1,840,741	(159,784)
Income tax paid		(2,363,437)	(2,135,831)	–	–
Income tax refund		99,698	18,939	–	–
Interest received		235,034	43,110	137,216	–
Interest paid		(60,039)	(125,747)	–	–
Net cash generated from/(used in) operating activities		4,464,545	(3,190,161)	1,977,957	(159,784)

Statements of Cash Flows (Cont'd)
for the financial year ended 28 February 2021

	Note	Group 1.3.2020 to 28.2.2021 RM	Group 1.3.2019 to 29.2.2020 RM	Company 1.3.2020 to 28.2.2021 RM	Company 11.6.2019 to 29.2.2020 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in an associate	(a)	(5,215,064)	–	–	–
Proceeds from disposal of property, plant and equipment		–	82,265	–	–
Proceeds from disposal of investment property		381,439	–	–	–
Proceeds from disposal of asset classified as held for sale		–	2,150,000	–	–
Purchase of property, plant and equipment		(410,292)	(1,459,031)	–	–
Purchase of right-of-use assets	(b)	–	(161,089)	–	–
Change in pledge deposits		–	(60,000)	–	–
Net cash (used in)/generated from investing activities		(5,243,917)	552,145	–	–
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid to owners of the Company	27	(942,180)	–	(942,180)	–
Proceeds from issuance of ordinary shares		25,138,488	1,000	25,138,488	998
Repayment of term loans		(163,121)	(691,666)	–	–
Proceeds from finance lease liabilities		-	169,000	–	–
Repayment of finance lease liabilities		(328,411)	(312,888)	–	–
Proceeds from bankers' acceptances		6,871,000	14,923,378	–	–
Repayment of bankers' acceptances		(7,044,565)	(15,821,312)	–	–
Proceeds from trust receipts		26,406,357	32,430,460	–	–
Repayment of trust receipts		(26,951,815)	(30,899,512)	–	–
Payment of lease liabilities		(242,319)	(212,243)	–	–
Repayment of amount owing to a director		(10,000)	(687,778)	(10,000)	–
Advances from a director		–	10,000	–	10,000
Advances (to)/from a subsidiary		–	–	(15,161,477)	167,912
Interest paid		(953,401)	(1,213,414)	–	–
Net cash generated from/(used in) financing activities		21,780,033	(2,304,975)	9,024,831	178,910
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		21,000,661	(4,942,991)	11,002,788	19,126
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR/DATE OF INCORPORATION		2,799,236	7,742,227	19,128	2
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR/PERIOD	(c)	23,799,897	2,799,236	11,021,916	19,128

Statements of Cash Flows (Cont'd)
for the financial year ended 28 February 2021

		Note	Group 1.3.2020 to 28.2.2021 RM	Group 1.3.2019 to 29.2.2020 RM	Company 1.3.2020 to 28.2.2021 RM	Company 11.6.2019 to 29.2.2020 RM
(a)	Investment in an associate					
	Investment in an associate	10	7,432,064	–	–	–
	Issuance of shares		(1,470,000)	–	–	–
	Other payable		(747,000)	–	–	–
	Net cash paid to associate		5,215,064	–	–	–

		Note	Group 1.3.2020 to 28.2.2021 RM	Group 1.3.2019 to 29.2.2020 RM	Company 1.3.2020 to 28.2.2021 RM	Company 11.6.2019 to 29.2.2020 RM
(b)	Purchase of right-of-use assets					
	Addition of right-of-use assets	7	9,072	1,457,126	–	–
	Operating leases recognised as right-of-use assets		(9,072)	(788,037)	–	–
	Financed by way of finance lease arrangements		–	(508,000)	–	–
	Cash payments on purchase of right-of-use assets		–	161,089	–	–

(c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Short-term deposits	14	1,099,921	1,068,625	–	–
Less: Pledged deposits		(1,020,000)	(1,020,000)	–	–
		79,921	48,625	–	–
Cash and bank balances	14	24,608,195	4,786,169	11,021,916	19,128
Bank overdrafts	17	(888,219)	(2,035,558)	–	–
		23,799,897	2,799,236	11,021,916	19,128

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

1. PRINCIPAL ACITIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of its subsidiaries are as stated in Note 9 to the financial statements.

There has been no significant change in the nature of these principal activities during the financial year.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements of the Company as at and for the financial year ended 28 February 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities").

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

3.2 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation (Continued)

(ii) Associates

Associates are entities over which the Group has the power to participate in their financial and operating policy decisions, but which is not control or joint control. Associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of comprehensive income of the associate. On acquisition of the investment, the associate's identifiable assets and liabilities are measured at fair value. Any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill and included in the carrying amount of the investment. Goodwill is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Distributions received from an investee reduce the carrying amount of the investment.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group does not provide for additional losses, unless it has incurred obligations or made payments on behalf of the associate.

Profits or losses on Group transactions with associates are eliminated to the extent of the Group's interest in the relevant associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments excludes transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation (Continued)

(iii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.3 Foreign currency

Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Foreign currency (Continued)

Foreign currency transaction (Continued)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

3.4 Financial instruments

(a) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group and the Company assess whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group and the Company become a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group and the Company do not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial assets, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(b) Derecognition of financial instruments (Continued)

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(c) Regular-way purchases and sales of financial assets

The Group and the Company recognise a regular-way purchase or sale of a quoted equity or debt instrument at trade date, which is the date the purchase or sale transaction is entered into, rather than recognising the forward contract between trade date and settlement date.

(d) Financial assets

For the purpose of subsequent measurement, the Group and the Company classifies financial assets into three measurement categories, namely: (i) financial asset at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follow:

(i) Financial assets at AC

A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial assets at FVOCI

A financial asset is measured at FVOCI if: (a) it is held within the Group's and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(iii) Financial asset at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3.4(h).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(e) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

(i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.

(ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.

(iii) Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of: (a) the amount of the loss allowance; and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 Revenue from Contracts with Customers.

(f) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.21.

(g) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or loss are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(h) Impairment of financial assets

The Group and the Company apply the expected credit loss model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month expected credit loss is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime expected credit loss is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime expected credit losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(h) Impairment of financial assets (Continued)

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month expected credit loss is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 30 days past due if no other borrower-specific information is available without undue cost or effort.

The expected credit loss (ECL) is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

3.5 Property, plant and equipment

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Property, plant and equipment (Continued)

Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follow:

Leasehold lands	88 years
Freehold buildings	33 years
Leasehold buildings	33 years
Computers and software	2 – 5 years
Furniture and fittings	5-10 years
Motor vehicles	5 years
Office equipment	5-10 years
Renovation	5-10 years

Freehold lands are not depreciated.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.6 Leases

(a) Definition of a lease

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Leases (Continued)

(b) Recognition and initial measurement

(i) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Leases (Continued)

(c) Subsequent measurement

(i) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "other income".

3.7 Investment properties

Investment properties carried at fair value

Investment properties are properties which are owned to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. The cost comprises the purchase price and any directly attributable expenditure (e.g. professional fees for legal services, property transfer taxes). The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are carried at fair value at the reporting date and, unlike operational properties, they are not depreciated. Fair value is based on active market prices adjusted as necessary to reflect the specific assets' location and condition. In cases where active market prices are not available, the Group engages independent valuers who hold a recognised and relevant professional qualification. Changes in fair value are recognised in the statement of profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.8 Inventories

Inventories are carried in the statement of financial position at the lower of cost and net realisable value. Cost is determined on a weighted average cost formula. The cost of finished goods comprises the original cost of purchase plus the cost of bringing the inventories to their present condition and location.

Write-down is made for obsolete and slow-moving items based on their expected future use and net realisable value.

Net realisable value is the estimated sales price in the ordinary course of business after allowing for all further costs of completion and disposal.

3.9 Impairment of non-financial assets

Impairment of property, plant and equipment

The carrying amounts of such assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through profit or loss to its estimated recoverable amount. Recoverable amount is the higher of value in use and the fair value less costs to sell of the individual asset or the cash-generating unit. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs.

Value in use is the present value of the estimated future cash flows of that unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the unit which impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the unit.

Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

3.10 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand, on 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.

For the purpose of the statements of cash flows only, cash and cash equivalents are presented net of bank overdrafts and pledged deposits. Since the characteristics of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn, they are considered an integral part of the Group's and the Company's cash management.

3.11 Equity

(a) Share capital

Ordinary shares issued that carry no mandatory contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Equity (Continued)

(a) Share capital (Continued)

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at a date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from retained profits in equity, net of any related income tax benefit.

(b) Dividend distribution

The Group and the Company establishes a distribution policy whereby cash dividends can only be paid out of retained earnings. Other distributions, such as stock dividends and distribution in specie, may be paid out of any reserve to the extent that the utilisation is permitted by company laws and regulations.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Group and the Company measure the dividend payable at the fair value of the assets to be distributed.

3.12 Employee benefits

(a) Short-term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absence such as paid annual leave is recognised when services are rendered by employees and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company has no further payment obligations.

3.13 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Provisions (Continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group and the Company have a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

3.14 Revenue and other income

(a) Revenue from contracts with customers

Revenue recognition of the Group is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

Revenue from a sale of goods is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

The Group measures revenue from a sale of goods at the fair value of the consideration received or receivables, which is usually the invoice price, net of returns and allowances, trade discounts and volume rebates given to the customer.

(b) Rental income

Rental income from investment properties are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(c) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

(d) Interest income

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

3.15 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.16 Borrowing costs

Interest on borrowings to finance the purchase and development of a self-constructed qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) is included in the cost of the asset until such time as the assets are substantially ready for use or sale. Such borrowing costs are capitalised net of any investment income earned on the temporary investment of funds that are surplus pending such expenditure.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.17 Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Earnings per ordinary shares

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

3.19 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3.20 Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.21 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. When measuring the fair value of an asset or a liability, the Group and the Company use market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and the Company at the end of the reporting period during which the change occurred.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2020:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Business Combination – Definition of a Business*
- Amendments to MFRS 101 *Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9 *Financial Instruments,* MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The adoption of the above-mentioned accounting standards, amendments and interpretations have no significant impact on the financial statements of the Group and of the Company other than as disclosed in notes to the financial statements.

4.2 New/Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Group and the Company:

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16 *Leases – COVID-19-Related Rent Concessions*

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2021

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

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16 *Leases – COVID-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts– Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (Continued)

4.2 New/Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (Continued)

MFRSs, Amendments to MFRSs and Interpretations effective date yet to be confirmed

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

The directors anticipate that the above-mentioned accounting standards, amendments and interpretations will be adopted by the Group and the Company when they become effective from the annual period beginning on 1 March 2021 for those accounting standards, amendments and interpretations that are effective for annual periods beginning on or after 1 January 2021.

MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Insurance Contracts* have not been taken into consideration because they are not applicable to the Group and the Company.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets, liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

5.1 Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the coronavirus (COVID-19) pandemic has had, or may have, on the Group and the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group and the Company operate. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group and the Company unfavourably as at the reporting date or subsequently as a result of the (COVID-19) pandemic.

5.2 Loss allowances of financial assets

The Group recognises impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's past experience of loss statistics, ageing of past due amounts, current economic trends, the impact of the coronavirus (COVID-19) pandemic and forward-looking information that is available. The actual eventual losses may be different from the allowance made and this may affect the Group's financial positions and results.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

5.3 Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 11).

5.4 Depreciation of property, plant and equipment and right-of-use assets

The cost of an item of property, plant and equipment and right-of-use asset is depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and right-of-use asset may differ from the estimates applied.

5.5 Measurement of lease liabilities and right-of-use assets

The measurement of a lease liability and the corresponding right-of-use asset includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payments under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates. The Group reassesses the lease liability for any change in the estimates and a corresponding adjustment is made to the right-of-use asset.

5.6 Deferred tax estimation

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group and the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

5.7 Fair value measurement

Investment properties of the Group are measured at fair value for financial reporting purposes. In estimating the fair value, the Group use market-observable data to the extent it is available. Where Level 1 inputs are not available (e.g. for unquoted investments), the Group work closely with external qualified valuers who perform the valuation, based on agreed appropriate valuation techniques and inputs to the model (e.g. use of the market comparable approach that reflects recent transaction prices for similar instruments, discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances). Prices determined then by the valuers are used by the Group without adjustment. The carrying amounts of investment properties at the end of the reporting year affected by the assumption are disclosed in the Note 8 to the financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

	Freehold lands RM	Freehold buildings RM	Computers and software RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
Group								
Cost								
At 1.3.2019	7,556,000	6,507,751	2,160,428	638,754	1,300,140	1,356,720	3,855,816	23,375,609
Additions	–	–	73,052	330,825	10,120	233,271	811,763	1,459,031
Disposals	–	–	(2,836)	(942)	(211,176)	(38,048)	(22,032)	(275,034)
Written off	–	–	(9,321)	(4,042)	–	(26,572)	(7,720)	(47,655)
Transfer from/(to) right-of-use assets	–	–	–	–	63,540	(212,000)	–	(148,460)
At 29.2.2020/1.3.2020	7,556,000	6,507,751	2,221,323	964,595	1,162,624	1,313,371	4,637,827	24,363,491
Additions	–	–	88,236	52,100	103,800	106,456	59,700	410,292
Written-off	–	–	–	–	–	(780)	–	(780)
Transfer from right-of-use assets	–	–	88,137	–	–	43,500	–	131,637
At 28.2.2021	7,556,000	6,507,751	2,397,696	1,016,695	1,266,424	1,462,547	4,697,527	24,904,640

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Freehold lands RM	Freehold buildings RM	Computers and software RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Renovation RM	Total RM
Group								
Accumulated depreciation								
At 1.3.2019	–	677,808	1,872,036	272,268	1,213,295	460,639	880,950	5,376,996
Charge for the financial year	–	202,509	252,938	68,540	37,636	111,469	399,274	1,072,366
Disposals	–	–	(1,182)	(141)	(211,173)	(8,364)	(4,406)	(225,266)
Written off	–	–	(9,317)	(1,617)	–	(17,585)	(5,329)	(33,848)
Transfer from/(to) right-of-use assets	–	–	–	–	47,655	(1,767)	–	45,888
At 29.2.2020/1.3.2020	–	880,317	2,114,475	339,050	1,087,413	544,392	1,270,489	6,236,136
Charge for the financial year	–	201,355	93,923	87,515	41,209	130,573	456,864	1,011,439
Written-off	–	–	–	–	–	(130)	–	(130)
Transfer from right-of-use assets	–	–	88,136	–	–	14,862	–	102,998
At 28.2.2021	–	1,081,672	2,296,534	426,565	1,128,622	689,697	1,727,353	7,350,443
Carrying amount								
At 1.3.2019	7,556,000	5,829,943	288,392	366,486	86,845	896,081	2,974,866	17,998,613
At 29.2.2020	7,556,000	5,627,434	106,848	625,545	75,211	768,979	3,367,338	18,127,355
At 28.2.2021	7,556,000	5,426,079	101,162	590,130	137,802	772,850	2,970,174	17,554,197

(a) Assets pledged as security

The freehold lands and buildings of the Group have been pledged as security to secure loans and borrowings of the Group as disclosed in Note 17.

7. RIGHT-OF-USE ASSETS

	Leasehold lands RM	Buildings RM	Computers and software RM	Motor vehicles RM	Office equipment RM	Total RM
Group						
Cost						
At 1.3.2019	1,270,326	2,384,543	88,137	1,023,985	43,500	4,810,491
Additions	–	788,037	–	669,089	–	1,457,126
Transfer (to)/from property, plant and equipment	–	–	–	(63,540)	212,000	148,460
At 29.2.2020/1.3.2020	1,270,326	3,172,580	88,137	1,629,534	255,500	6,416,077
Addition	–	9,072	–	–	–	9,072
Disposal	–	(66,234)	–	–	–	(66,234)
Transfer to property, plant and equipment	–	–	(88,137)	–	(43,500)	(131,637)
At 28.2.2021	1,270,326	3,115,418	–	1,629,534	212,000	6,227,278
Accumulated depreciation						
At 1.3.2019	28,872	132,000	44,068	303,625	8,700	517,265
Charge for the financial year	14,435	278,243	44,068	272,817	25,550	635,113
Transfer (to)/from property, plant and equipment	–	–	–	(47,655)	1,767	(45,888)
At 29.2.2020/1.3.2020	43,307	410,243	88,136	528,787	36,017	1,106,490
Charge for the financial year	14,435	308,321	–	325,904	23,012	671,672
Disposal	–	(20,237)	–	–	–	(20,237)
Transfer to property, plant and equipment	–	–	(88,136)	–	(14,862)	(102,998)
At 28.2.2021	57,742	698,327	–	854,691	44,167	1,654,927
Carrying amount						
At 1.3.2019	1,241,454	2,252,543	44,069	720,360	34,800	4,293,226
At 29.2.2020	1,227,019	2,762,337	1	1,100,747	219,483	5,309,587
At 28.2.2021	1,212,584	2,417,091	–	774,843	167,833	4,572,351

7. RIGHT-OF-USE ASSETS (Continued)

The Group have lease contracts for various items of leasehold lands, buildings, computers and software, motor vehicles and office equipment used for their operations. Leases of lands and buildings have remaining lease terms of between 1 to 85 years (2020: 1 to 86 years), while computers and software, motor vehicles and office equipment generally have lease terms between 1 to 8 years (2020: 3 to 5 years) with the options to purchase the assets at the end of the lease term.

The Group also has certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption for these leases.

(a) Assets under finance lease

The carrying amount of assets under finance lease arrangements are as follows:

	2021 RM	2020 RM
Group		
Computers and software	–	1
Motor vehicles	774,843	1,100,747
Office equipment	167,833	219,483
	942,676	1,320,231

(b) Assets pledged as security

In addition to those assets as disclosed in Note 7(a) above, the leasehold lands and buildings of the Group have been pledged as security to secure loans and borrowings of the Group as disclosed in Note 17.

8. INVESTMENT PROPERTIES

	Freehold lands RM	Freehold buildings RM	Total RM
Group			
At fair value			
At 1.3.2019	3,479,000	2,821,000	6,300,000
Changes in fair value	150,000	–	150,000
At 29.2.2020	3,629,000	2,821,000	6,450,000
Disposal	(700,000)	(1,150,000)	(1,850,000)
At 28.2.2021	2,929,000	1,671,000	4,600,000

The Group leases several of its investment properties which have remaining lease term of 1 year (2020:2 years). Rental charges are revised every 2 years (2020:2 years) to reflect current market conditions.

8. INVESTMENT PROPERTIES (Continued)

The following are recognised in profit or loss in respect of investment properties:

	2021 RM	2020 RM
Group		
Rental income	199,993	230,500
Direct operating expenses:		
- income generating investment properties	44,289	69,169

Investment properties pledged as security

Freehold lands and buildings with a carrying fair value of RM2,900,000 (2020: RM4,750,000) have been pledged as security to secure loan and borrowings granted to the Group as disclosed in Note 17.

Fair value information

The fair value of investment properties of approximately RM4,600,000 (2020: RM6,450,000) is categorised at Level 2 of the fair value hierarchy.

There are no Level 1 and Level 3 investment properties or transfers between Level 1, Level 2 and Level 3 during the financial year under review.

Level 2 fair value

Level 2 fair values of freehold lands and buildings have been derived using the sales comparison approach. Sales prices of comparable property in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable property.

Valuation processes applied by the Group

The fair value of investment properties are determined by an external independent property valuer, who is a member of the Institute of Valuers in Malaysia with appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

9. INVESTMENT IN A SUBSIDIARY

	Company 2021 RM	 2020 RM
At cost		
Unquoted shares		
At beginning of financial year/period	35,320,350	–
Acquisition of a subsidiary	–	35,320,350
At end of financial year/period	35,320,350	35,320,350

9. INVESTMENT IN A SUBSIDIARY (Continued)

Details of the subsidiaries are as follows:

Name of Company	Principal place of business/ Country of incorporation	Ownership interest 2021 %	2020 %	Principal activities
ACO Holdings Sdn. Bhd *	Malaysia	100	100	Investment holding
Actgen Industry Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Electric Master Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Maydenki Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Maylec Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories
Voltage Master Sdn. Bhd. *#	Malaysia	100	100	Distribution of electrical products and accessories

* The subsidiary companies are audited by RSM Malaysia.

\# The entire equity interest is held by the Company's subsidiary, ACO Holdings Sdn. Bhd.

10. INVESTMENT IN AN ASSOCIATE

	Group 2021 RM
Unquoted shares, at cost	
At beginning of financial year	–
Addition	7,432,064
Share of accumulated post-acquisition gains	600,041
At end of financial year	8,032,105

10. INVESTMENT IN AN ASSOCIATE (Continued)

Name of Company	Interest in equity held by the Company 2021 %	Principal activities
Focus Electrical Malaysia Sdn. Bhd. *#	49	Trading of electronic, electrical goods, lighting and lighting accessories

* The associate is audited by RSM Malaysia.

\# The associate was accounted for using the equity method by the Group based on management accounts as at 28 February 2021 as the associate's financial year ends on 30 April.

On 17 September 2020, the Company entered into a share sale agreement with the wholly-owned subsidiary, ACO Holdings Sdn. Bhd. and shareholders of Focus Electrical Malaysia Sdn. Bhd. ("Focus Electrical") to acquire 49% equity interest in Focus Electrical, comprising 1,225,000 ordinary shares in Focus Electrical for a purchase consideration of RM7,350,000 to be satisfied via combination of cash consideration of RM5,880,000 and issuance of 3,500,000 new ordinary shares of the Company at an issue price of RM0.42 per share. Included in the cost of investment in an associate is an amount of RM82,064 being disbursement charges on transfer of shares.

The following table summarises the information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	Focus Electrical RM
2021	
Summarised financial information	
As at 28 February	
Non-current assets	23,900,290
Current assets	34,532,698
Non-current liabilities	(9,635,637)
Current liabilities	(32,130,175)
Net assets	16,667,176
	16.12.2020 to 28.2.2021
Profit from continuing operations	1,224,574
Other comprehensive income	–
Profit and total comprehensive income	1,224,574
Included in the total comprehensive income is:	
Revenue	15,074,543

10. INVESTMENT IN AN ASSOCIATE (Continued)

	Focus Electrical RM
2021	
Summarised financial information (Continued)	
	16.12.2020 to 28.2.2021
Reconciliation of net assets to carrying amount	
Group's share of net assets at the acquisition date	7,788,153
Bargain purchase on acquisition	(438,153)
Disbursement	82,064
Cost of investment	7,432,064
Share of post-acquisition profits	600,041
Carrying amount in the statement of financial position	8,032,105
Group's share of results	
Group's share of profit from continuing operations	600,041
Group's share of other comprehensive income	–
Group's share of profit and total comprehensive income	600,041

11. INVENTORIES

	Group	
	2021 RM	**2020 RM**
At the lower of cost and net realisable value		
Trading goods	38,869,286	35,381,293
Recognised in profit or loss:		
Inventories recognised as cost of sales	91,839,190	108,321,534

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Trade					
Trade receivables					
- third parties		34,792,573	33,324,359	–	–
- related parties		714,587	965	–	–
	(a)	35,507,160	33,325,324	–	–
Less: Impairment loss on trade receivables					
At beginning of financial year		(804,109)	(823,845)	–	–
Impairment loss for the year		(676,662)	(257,225)	–	–
Reversal of impairment losses		88,320	179,513	–	–
Written off previously provided for		420,846	97,448	–	–
At end of financial year		(971,605)	(804,109)	–	–
		34,535,555	32,521,215	–	–
Non-trade					
Other receivables		146,410	244,827	–	–
Amount owing by a subsidiary	(b)	–	–	17,443,065	811,588
Deposits		1,369,255	111,333	1,500	–
		1,515,665	356,160	17,444,565	811,588
Trade and other receivables		36,051,220	32,877,375	17,444,565	811,588

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group are between 30 days to 120 days (2020: 30 days to 120 days). Other credit terms are assessed and approved on case-by-case basis.

12. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

The ageing analysis of the Group's trade receivables are as follows:

	Group	
	2021 RM	**2020 RM**
Neither past due nor impaired	20,926,588	13,485,667
Past due		
1 to 30 days past due	6,095,104	7,236,505
31 to 60 days past due	3,395,256	6,574,371
61 to 90 days past due	1,721,617	2,294,926
More than 91 days past due	3,368,595	3,733,855
	14,580,572	19,839,657
	35,507,160	33,325,324

(b) Amount owing by a subsidiary

Amount owing by a subsidiary was unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

(c) Currency exposure

The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Ringgit Malaysia ("RM")	36,051,220	32,691,833	17,444,565	811,588
Euro Dollar ("EUR")	–	185,542	–	–
	36,051,220	32,877,375	17,444,565	811,588

13. PREPAYMENTS

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Prepayments	414,692	920,875	–	123,487

14. CASH AND CASH EQUIVALENTS

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash and bank balances		24,608,195	4,786,169	11,021,916	19,128
Short-term deposits	(a)	1,099,921	1,068,625	–	–
		25,708,116	5,854,794	11,021,916	19,128

(a) Short-term deposits

The effective rate per annum of short-term deposits that was effective as at reporting date is range from 1.65% to 2.65% (2020: 2.65% to 3.34%).

Included in the deposits placed with licensed bank of the Group is an amount of RM1,020,000 (2020: RM1,020,000) pledged for credit facilities granted to the Group as disclosed in Note 17.

(b) Currency exposure

The currency exposure profile of cash and cash equivalents are as follows:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Ringgit Malaysia ("RM")	25,707,724	5,827,355	11,021,916	19,128
Singapore Dollar ("SGD")	–	15,336	–	–
United States Dollar ("USD")	392	12,103	–	–
	25,708,116	5,854,794	11,021,916	19,128

15. SHARE CAPITAL

	Group and Company			
	2021		2020	
	No. of shares	RM	No. of shares	RM
Issued and fully paid:				
Ordinary shares				
At beginning of financial year	242,000,000	36,300,850	2,500,000	2,500,000
Share issued upon incorporation	–	–	2	2
Issuance of ordinary shares	85,293,000	25,996,450	998	998
Issuance of shares for acquisition of a subsidiary	–	–	235,469,000	35,320,350
Issuance of shares for acquisition of non-controlling interests	–	–	6,530,000	979,500
Issuance of shares for investment in an associate	3,500,000	1,470,000	–	–
Adjustment pursuant to the reorganisation	–	-	(2,500,000)	(2,500,000)
Less: Share issuance expenses	–	(857,962)	–	–
At end of financial year	330,793,000	62,909,338	242,000,000	36,300,850

During the financial year, the Company issued: -

(i) 58,000,000 new ordinary shares at an issue price of RM0.28 per share pursuant to the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad for a total cash consideration of RM16,240,000. The listing expenses arising from the issuance of new ordinary shares amounting to RM638,000 is offset against share capital.

(ii) 27,293,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM9,756,450 to fund the Company's investment and working capital.

(iii) 3,500,000 new ordinary shares at an issue price of RM0.42 per share for a total consideration of RM1,470,000 for ACO Holdings Sdn. Bhd.'s acquisition of 49% equity interest in Focus Electrical Malaysia Sdn. Bhd.

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

16. REORGANISATION RESERVE

The reorganisation reserve arose from the difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries upon consolidation under the merger accounting principles.

17. LOANS AND BORROWINGS

	Note	Group 2021 RM	Group 2020 RM
Non-current			
Term loans		6,932,384	8,182,508
Finance lease liabilities		371,726	677,892
		7,304,110	8,860,400
Current			
Term loans		577,928	609,486
Finance lease liabilities		328,625	350,870
Bankers' acceptances		3,563,000	3,736,565
Trust receipts		11,534,137	12,079,595
Bank overdrafts		888,219	2,035,558
		16,891,909	18,812,074
		24,196,019	27,672,474
Total loans and borrowings			
Term loans	(a)	7,510,312	8,791,994
Finance lease liabilities	(b)	700,351	1,028,762
Bankers' acceptances	(c)	3,563,000	3,736,565
Trust receipts	(d)	11,534,137	12,079,595
Bank overdrafts	(e)	888,219	2,035,558
		24,196,019	27,672,474

(a) Term loans

Term loan 1 of the Group which was fully repaid during the financial year (2020: RM 1,104,885) bears interest at 4.27% (2020: 4.65%) per annum and is repayable by monthly instalments of RM8,331 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

(i) First party legal charge over the investment property as disclosed in Note 8; and
(ii) Personal guarantee by the Company's director.

Term loan 2 of the Group of RM392,742 (2020: RM403,362) bears interest at 3.37% (2020: 4.75%) per annum and is repayable by monthly instalments of RM3,690 over fifteen years commencing from the date of first drawdown and is secured and supported as follows:

(i) First party legal charge over the freehold land and building as disclosed in Note 6; and
(ii) Personal guarantee by the Company's director.

17. LOANS AND BORROWINGS (Continued)

(a) Term loans (Continued)

Term loan 3 of the Group of RM1,746,781 (2020: RM1,743,213) bears interest at 3.44% (2020: 4.69%) per annum and is repayable by monthly instalments of RM12,816 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

(i) First party legal charge over the freehold land and building as disclosed in Note 6; and
(ii) Corporate guarantee by the Company.

Term loan 4 of the Group of RM758,088 (2020: RM771,104) bears interest at 3.79% (2020: 5.29%) per annum and is repayable by monthly instalments of RM5,441 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

(i) First party legal charge over the freehold land and building as disclosed in Note 6;
(ii) Corporate guarantee by the subsidiary; and
(iii) Joint and several guarantee by the Company's director and management personnel.

Term loan 5 of the Group of RM984,676 (2020: RM1,023,332) bears interest at 5.64% (2020: 5.64%) per annum and is repayable by monthly instalments of RM13,702 over ten years commencing from the day of first drawdown and is secured and supported as follows:

(i) First party legal charge over the leasehold land and building as disclosed in Note 7; and
(ii) Corporate guarantee by the Company.

Term loan 6 of the Group of RM922,547 (2020: RM958,813) bears interest at 5.64% (2020: 5.64%) per annum and is repayable by monthly instalments of RM12,846 over ten years commencing from the day of first drawdown and is secured and supported as follows:

(i) First party legal charge over the leasehold land and building as disclosed in Note 7; and
(ii) Corporate guarantee by the Company.

Term loan 7 of the Group of RM400,000 (2020: RM460,000) bears interest at 4.82% (2020: 6.40%) per annum and its monthly principal instalments is RM10,000 over five years commencing from the day of first drawdown during the financial year 2018 and is secured and supported as follows:

(i) Corporate guarantee by the subsidiary; and
(ii) Personal guarantee by the subsidiary's director.

Term loan 8 of the Group of RM2,305,478 (2020: RM2,327,285) bears interest at 3.69% (2020: 5.00%) per annum and is repayable by monthly instalments of RM16,198 over twenty years commencing from the day of first drawdown and is secured and supported as follows:

(i) Legal charge over the freehold land and building as disclosed in Note 6;
(ii) Corporate guarantee by the subsidiary; and
(iii) Joint and several guarantee by the Company's director and subsidiary's director.

(b) Finance lease liabilities

Certain property, plant and equipment and right-of-use assets of the Group as disclosed in Notes 6 and 7 are pledged for financial leases. Such leases do not have terms for renewal which would give the Group an option to purchase at nominal values at the end of the lease term. The interest rate implicit in the leases ranging from 2.38% to 5.09% (2020: 2.38% to 5.09%).

17. LOANS AND BORROWINGS (Continued)

(b) Finance lease liabilities (Continued)

Future minimum lease payments under finance lease together with present value of net minimum lease payments are as follows:

	Group	
	2021 RM	2020 RM
Minimum lease payments		
- not later than one year	355,892	401,874
- later than one year and not later than five years	416,437	743,692
	772,329	1,145,566
Less: Future finance charges	(71,978)	(116,804)
Present value of minimum lease payments	700,351	1,028,762
Present value of minimum lease payments payable:		
- not later than one year	328,625	350,870
- later than one year and not later than five years	371,726	677,892
	700,351	1,028,762
Less: Amount due within twelve months	(328,625)	(350,870)
Amount due after twelve months	371,726	677,892

(c) Bankers' acceptances

Bankers' acceptances bear effective interests at rates ranging from 2.06% to 3.61% (2020: 3.16% to 4.70%) per annum and is secured and supported as follows:

(i) First party legal charge over the freehold lands and buildings as disclosed in Note 6;
(ii) First party legal charge over the leasehold lands and buildings as disclosed in Note 7;
(iii) Legal charge over the freehold land and building of a related party; and
(iv) Corporate guarantee by the Company.

(d) Trust receipts

Trust receipts bear effective interest at rates from 3.07% to 4.60% (2020: 4.21% to 4.57%) per annum and is secured and supported as follows:

(i) First party legal charge over the freehold lands and buildings as disclosed in Note 6;
(ii) Legal charge over the fixed deposit as disclosed in Note 14;
(iii) Corporate guarantee by the Company;
(iv) Corporate guarantee by the subsidiary; and
(v) Joint and several guarantee by the Company's directors and subsidiary's director.

17. LOANS AND BORROWINGS (Continued)

(e) Bank overdrafts

The bank overdrafts bear interest rates of:

(i) 0.50% above Base Lending Rate, calculated on daily rests basis; or
(ii) 1.25% above Islamic Financing Rate per annum

The bank overdrafts are secured and supported are as follows:

(i) First party legal charge over the freehold lands and building as disclosed in Note 6;
(ii) Corporate guarantee by the Company; and
(iii) Joint and several guarantee by the Company's director.

18. LEASE LIABILITIES

	Group	
	2021	**2020**
	RM	**RM**
Current	224,049	240,142
Non-current	257,044	520,195
	481,093	760,337

The Group leases a number of shoplots with average lease terms between 1 to 3 years (2020: 1 to 3 years), with option to renew the leases at the end of the lease term.

Future minimum lease payments under lease liabilities together with the present value of net minimum lease payments are as follows:

	Group	
	2021	**2020**
	RM	**RM**
Minimum lease payments		
- not later than one year	249,350	275,720
- later than one year but not later than five years	293,949	579,300
	543,299	855,020
Less: Future finance charges	(62,206)	(94,683)
Present value of minimum lease payments	481,093	760,337
Present value of minimum lease payments payables		
- not later than one year	224,049	240,142
- later than one year but not later than five years	257,044	520,195
	481,093	760,337
Less: Amount due within twelve months	(224,049)	(240,142)
Amount due after twelve months	257,044	520,195

19. DEFERRED TAX LIABILITIES

	Group 2021 RM	2020 RM
At the beginning of the financial year	362,178	695,000
Recognised in profit or loss (Note 24)	–	(332,822)
At the end of the financial year	362,178	362,178

The deferred tax liabilities comprise the tax effect of:

	Group 2021 RM	2020 RM
Shortfall of tax written down value over carrying amount of property, plant and equipment	235,923	234,223
Revaluation surplus on investment properties	126,255	127,955
	362,178	362,178

20. TRADE AND OTHER PAYABLES

	Note	Group 2021 RM	2020 RM	Company 2021 RM	2020 RM
Non-current					
Non-trade					
Other payables	(a)	747,000	–	–	–
Current					
Trade					
Trade payables					
- third parties		34,906,806	28,931,100	–	–
- related party		154,110	–	–	–
	(b)	35,060,916	28,931,100	–	–
Non-trade					
Other payables	(a)	318,523	1,153,114	31,695	–
Amount owing to a director	(c)	–	10,000	–	10,000
Accruals		932,114	886,901	50,821	52,000
Deposit received		106,615	82,329	–	–
		1,357,252	2,123,344	82,516	62,000
		36,418,168	31,063,444	82,516	62,000
Total trade and other payables		37,165,168	31,063,444	82,516	62,000

20. TRADE AND OTHER PAYABLES (Continued)

(a) Other payables

(i) In current year, included in other payables of the Group is an amount of RM747,000 being remaining purchase consideration payable for the investment of an associate as disclosed in Note 10.

(ii) In prior year, included in the other payables of the Group was RM600,000 relate to the remaining purchase consideration payable to a former non-controlling shareholder for the acquisition of 480,000 ordinary shares of a subsidiary, Maydenki Sdn. Bhd., representing the remaining 24% shares in Maydenki Sdn. Bhd.

(b) Trade payables

Trade payables are non-interest bearing and the normal trade credit term granted to the Group ranges from 30 days to 120 days (2020: 30 days to 120 days).

(c) Amount owing to a director

Amount owing to a director was unsecured, non-trade in nature, non-interest bearing and repayable on demand.

21. REVENUE

	Group		Company	
	1.3.2020 to 28.2.2021 RM	**1.3.2019 to 29.2.2020 RM**	**1.3.2020 to 28.2.2021 RM**	**11.6.2019 to 29.2.2020 RM**
Revenue:				
Sales of goods	110,590,449	134,287,863	–	–
Gross dividend income from a subsidiary	–	–	2,650,000	–
	110,590,449	134,287,863	2,650,000	–

22. FINANCE COSTS

	Group	
	1.3.2020 to 28.2.2021 RM	**1.3.2019 to 29.2.2020 RM**
Interest expense on:		
- Term loans	299,381	435,722
- Finance lease liabilities	47,627	48,652
- Bankers' acceptances	135,824	259,430
- Trust receipts	441,289	444,253
- Bank overdrafts	60,039	125,747
- Lease liabilities	29,280	25,357
	1,013,440	1,339,161

23. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):

	Group		Company	
	1.3.2020 to 28.2.2021 RM	1.3.2019 to 29.2.2020 RM	1.3.2020 to 28.2.2021 RM	11.6.2019 to 29.2.2020 RM
Auditors' remuneration:				
- current year	110,000	125,000	26,000	31,500
- prior year	–	(1,000)	–	–
- non-audit fee	5,000	–	5,000	–
Depreciation of property, plant and equipment	1,011,439	1,072,366	–	–
Depreciation of right-of-use assets	671,672	635,113	–	–
Impairment losses on trade receivables	676,662	257,225	–	–
Staff costs (Note 25)	7,385,196	9,146,522	183,000	48,000
Property, plant and equipment written off	650	13,807	–	–
Rental expenses				
- equipment	57,422	87,767	–	–
- premises	–	33,777	–	–
Loss on disposal of investment property	350,000	–	–	–
Bad debts recovered	(18,000)	(32,918)	–	–
Changes in fair value of investment properties	–	(150,000)	–	–
Gain on disposal of property, plant and equipment	–	(32,497)	–	–
Gain on disposal of asset classified as held for sale	–	(438,460)	–	–
Goods and Services Tax relief	–	(13,032)	–	–
Insurance claims	(530,557)	(13,467)	–	–
Interest income	(235,034)	(43,110)	(137,216)	–
Reversal of impairment losses on trade receivables	(88,320)	(179,513)	–	–
Realised gain on foreign exchange	(64,581)	(44,817)	–	–
Rental income	(199,993)	(230,500)	–	–

24. TAXATION

	Group		Company	
	1.3.2020 to 28.2.2021 RM	1.3.2019 to 29.2.2020 RM	1.3.2020 to 28.2.2021 RM	11.6.2019 to 29.2.2020 RM
Current financial year				
- income tax expense	1,838,914	2,316,508	–	–
- deferred tax expense	–	(319,587)	–	–
	1,838,914	1,996,921	–	–

24. TAXATION (Continued)

	Group		Company	
	1.3.2020 to 28.2.2021 RM	1.3.2019 to 29.2.2020 RM	1.3.2020 to 28.2.2021 RM	11.6.2019 to 29.2.2020 RM
Under/(Over) provision in prior financial year				
- income tax expense	447,248	128,104	–	–
- deferred tax expense	–	(13,235)	–	–
	447,248	114,869	–	–
	2,286,162	2,111,790	–	–

A reconciliation of tax expense on profit/(loss) before taxation with the applicable statutory income tax rate is as follow:

	Group		Company	
	1.3.2020 to 28.2.2021 RM	1.3.2019 to 29.2.2020 RM	1.3.2020 to 28.2.2021 RM	11.6.2019 to 29.2.2020 RM
Profit/(Loss) before taxation	5,132,094	9,946,894	1,825,454	(88,297)
Income tax at statutory tax rate of 24%	1,231,703	2,387,255	438,109	(21,191)
Tax savings as a result of first RM600,000 taxable income being taxed at 17% for companies with issued and paid up capital of RM2.5 million and below for financial year 2020 *	–	(149,619)	–	–
Tax effects in respect of:				
Income not subject to tax	(146,186)	(54,526)	(636,000)	–
Non-deductible expenses	753,397	221,294	197,891	21,191
Reversal on deferred tax liabilities recognised on asset classified as held for sale following its disposal	–	(376,401)	–	–
Utilisation of previously unrecognised tax losses	–	(30,779)	–	–
Utilisation of previously unrecognised capital allowances	–	(303)	–	–
Current financial year tax expense	1,838,914	1,996,921	–	–

* By virtue of Income Tax Act 1967, the Group and the Company shall not entitled to small and medium enterprises ("SME") tax savings as the paid-up capital is more than RM2.5 million for the financial year ended 2021.

24. TAXATION (Continued)

As at 28 February 2021, the Group has the following deferred tax assets which are not recognised in the financial statements as it is not probable that future taxable income will be available to allow the assets to be utilised:

	Group	
	2021 RM	**2020 RM**
Unabsorbed business losses	30,779	30,779
Unabsorbed capital allowances	304	304
	31,083	31,083

As at 28 February 2021, the Group has unabsorbed business losses of approximately RM128,000 (2020: RM128,000) and unabsorbed capital allowances of RM1,200 (2020: RM1,200).

The unabsorbed business losses will expire in the following financial year:

	Group	
	2021 RM	**2020 RM**
Year of assessment		
2026	128,000	128,000

25. STAFF COSTS

		Group		Company	
	Note	**1.3.2020 to 28.2.2021 RM**	**1.3.2019 to 29.2.2020 RM**	**1.3.2020 to 28.2.2021 RM**	**11.6.2019 to 29.2.2020 RM**
Salaries, bonus and allowances	(a)	6,327,757	8,088,448	183,000	48,000
EPF contributions		819,214	720,010	–	–
Other staff related expenses		238,225	338,064	–	–
		7,385,196	9,146,522	183,000	48,000
Included in staff costs are					
- directors' fees		168,000	118,000	168,000	48,000
- directors' salaries, allowances, incentives and bonuses		361,794	365,641	15,000	–
- directors' defined contribution plans		38,334	39,040	–	–
- directors' other emoluments		2,046	2,983	–	–
		570,174	525,664	183,000	48,000

(a) Salaries, bonus and allowances

Salaries, bonus and allowances are nett of wage subsidy received from the Government of Malaysia amounted to RM908,600 (2020: RM Nil).

26. EARNINGS PER SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 28 February 2021 was based on the profit attributable to ordinary shares and a weighted average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2021 RM	**2020 RM**
Profit for the year attributable to owners of the Company	2,845,932	7,667,283
Weighted average number of ordinary shares at 28/29 February	305,459,712	242,000,000
Basic earnings per ordinary share	0.01	0.03

Diluted earnings per ordinary share

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares as at the end of the reporting period.

27. DIVIDEND

Since the end of the previous financial year, the Company paid an interim single tier dividend of 0.30 sen per ordinary share amounting to RM942,180 in respect of the financial year ended 28 February 2021 on 30 November 2020.

The directors do not recommend any final dividend in respect of the financial year ended 28 February 2021.

28. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by directors for the purpose of making decisions about resources allocation and performance assessment.

The two reportable operating segments are as follows:

Segments	**Products and services**
Industrial users	Sales of electrical products and accessories to electrical contractors, electrical products manufacturers, factory and business owners, and others
Resellers	Sales of electrical products and accessories to intermediaries including distributors and retailers

28. SEGMENT INFORMATION (Continued)

Inter-segment pricing is determined on negotiated basis.

	Note	Industrial users RM	Resellers RM	Others RM	Adjustment and eliminations RM	Total RM
28 February 2021						
Revenue:						
Revenue from external customers		91,602,151	18,988,298	–	–	110,590,449
Inter-segment revenue		10,577,213	–	2,650,000	(13,227,213)	–
	21	102,179,364	18,988,298	2,650,000	(13,227,213)	110,590,449
Segment profit		16,360,494	2,390,765	–	–	18,751,259
Other income						1,165,450
Administrative expenses						(14,371,216)
Finance costs	22					(1,013,440)
Share of results of an associate	10					600,041
Income tax expense	24					(2,286,162)
Profit for the financial year						2,845,932
Results:						
Included in the measure of segments profit are:						
Staff costs	25					7,385,196
Depreciation of property, plant and equipment	23					1,011,439
Depreciation of right-of-use assets	23					671,672

28. SEGMENT INFORMATION (Continued)

	Note	Industrial users RM	Resellers RM	Others RM	Adjustment and eliminations RM	Total RM
29 February 2020						
Revenue:						
Revenue from external customers		100,547,573	33,740,290	–	–	134,287,863
Inter-segment revenue		10,269,288	–	1,700,000	(11,969,288)	–
	21	110,816,861	33,740,290	1,700,000	(11,969,288)	134,287,863
Segment profit		22,151,875	3,814,454	–	–	25,966,329
Other income						1,401,380
Administrative expenses						(16,081,654)
Finance costs	22					(1,339,161)
Income tax expense	24					(2,111,790)
Profit for the financial year						7,835,104
Results:						
Included in the measure of segments profit are:						
Staff costs	25					9,146,522
Depreciation of property, plant and equipment	23					1,072,366
Depreciation of right-of-use assets	23					635,113

29. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments of the Group and the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial assets at amortised cost				
- Trade and other receivables	36,051,220	32,877,375	17,444,565	811,588
- Cash and cash equivalents	25,708,116	5,854,794	11,021,916	19,128
	61,759,336	38,732,169	28,466,481	830,716
Financial liabilities at amortised cost				
- Loans and borrowings	24,196,019	27,672,474	–	–
- Lease liabilities	481,093	760,337	–	–
- Trade and other payables	37,165,168	31,063,444	82,516	62,000
	61,842,280	59,496,255	82,516	62,000

(b) Net (losses)/gains arising from financial instruments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net (losses)/ gains on:				
Financial assets at amortised cost	(270,727)	43,133	137,216	–
Financial liabilities at amortised cost	(1,013,440)	(1,339,161)	–	–
	(1,284,167)	(1,296,028)	137,216	–

30. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to the following risks from its use of financial instruments:

(a) Credit risk
(b) Liquidity risk
(c) Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and subscribed to trade credit insurance policy and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

Credit evaluations are performed on all new customers receiving credit over a certain amount to mitigate the exposure to credit risk. Credit exposure of overseas customers is minimal as most of the overseas customers transact via letter of credits, which are guaranteed by banks before the shipments of goods.

At each reporting date, the Group assesses whether any of the trade receivables is credit impaired.

The gross carrying amount of credit impaired trade receivables are written off when there is no realistic prospect of recovery. This is when an account is 365 days past due or the customer is experiencing significant financial difficulties, undertaking financial reorganisation or has gone bankrupt.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

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

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group.

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2021	**2020**
	RM	**RM**
Domestic	34,535,555	32,335,673
Others	–	185,542
	34,535,555	32,521,215

30. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(i) Receivables (Continued)

Recognition and measurement of impairment losses

When an account is more than 120 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 120 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's past experience, current conditions and forecast of future economic benefits.

For significant receivables that are not individually credit-impaired and all other receivables, the Group uses a provision matrix that categorises based on ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions. There is no collective lifetime ECLs being recognised as at the end of the reporting period based on the Group's past lost rate experiences.

The Group maintains an ageing analysis in respect of trade receivables. The ageing of trade receivables as at the end of the reporting period is disclosed in Note 12(a).

(ii) Financial guarantees contracts

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM43,668,786 (2020: Nil) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 30(b).

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

30. FINANCIAL RISK MANAGEMENT (Continued)

(a) Credit risk (Continued)

(iii) Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to a subsidiary. The Company does not have a formal policy for managing credit risk arising from advances to a subsidiary as exposure is not considered significant.

Exposure to credit risk, credit quality and collateral

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

Advances are only provided to subsidiaries which are wholly owned by the Company.

Recognition and measurement of impairment losses

Generally, the Company advances to subsidiaries have low credit risk. 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' 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 for advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there was no indication that the advances to a subsidiary is not recoverable.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, corporate guarantees, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

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

30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

Maturity analysis

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

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
2021						
Group						
Non-derivative financial liabilities						
Term loans	7,510,312	3.37% - 5.64%	9,524,045	897,575	3,333,512	5,292,958
Finance lease liabilities	700,351	2.38% - 5.09%	774,610	355,699	418,911	–
Bankers' acceptances	3,563,000	2.06% - 3.61%	3,563,000	3,563,000	–	–
Trust receipts	11,534,137	3.07% - 4.60%	11,534,137	11,534,137	–	–
Bank overdrafts	888,219	5.97% - 6.89%	888,219	888,219	–	–
Lease liabilities	481,093	5.70% - 6.00%	543,300	249,350	293,950	–
Trade and other payables	37,165,168	–	37,165,168	36,418,168	747,000	–
	61,842,280		63,992,479	53,906,148	4,793,373	5,292,958
Company						
Non-derivative financial liabilities						
Financial guarantees* (Note 30(a)(ii))	43,668,786	–	43,668,786	43,668,786	–	–
Trade and other payables	82,516	–	82,516	82,516	–	–
	43,751,302		43,751,302	43,751,302	–	–

* As at the end of reporting period, there was no indication that any subsidiary would default repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

30. FINANCIAL RISK MANAGEMENT (Continued)

(b) Liquidity risk (Continued)

Maturity analysis (Continued)

	Carrying amount RM	Contractual interest rate	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
2020						
Group						
Non-derivative financial liabilities						
Term loans	8,791,994	4.65% - 6.40%	11,831,880	1,021,100	4,234,687	6,576,093
Finance lease liabilities	1,028,762	2.38% - 5.09%	1,145,566	401,874	743,692	–
Bankers' acceptances	3,736,565	3.16% - 4.70%	3,736,565	3,736,565	–	–
Trust receipts	12,079,595	4.21% - 4.57%	12,079,595	12,079,595	–	–
Bank overdrafts	2,035,558	6.90% - 7.39%	2,035,558	2,035,558	–	–
Lease liabilities	760,337	5.70% - 6.50%	855,020	275,720	579,300	–
Trade and other payables	31,063,444	–	31,063,444	31,063,444	–	–
	56,496,255		62,747,628	50,613,856	5,557,679	6,576,093
Company						
Non-derivative financial liabilities						
Trade and other payables	62,000	–	62,000	62,000	–	–

30. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on sales and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), United States Dollar ("USD") and Euro Dollar ("EUR').

Risk management objectives, policies and processes for managing the risk

The Group does not hedge its exposure to foreign currency risk. The Group ascertains that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

The Board and the management will keep this policy under review and will take necessary action to minimise the exposure of the risk.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

		Denominated in	
	USD **RM**	***SGD*** **RM**	***EUR*** **RM**
Group			
2021			
Cash and cash equivalents	392	–	–
2020			
Trade and other receivables	–	–	185,542
Cash and cash equivalents	12,103	15,336	–
	12,103	15,336	185,542

30. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(i) Currency risk (Continued)

Currency risk sensitivity analysis

A 10% (2020: 10%) strengthening of the following currencies against the Ringgit Malaysia ("RM") at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

	Profit or loss	
	2021 RM	**2020 RM**
Group		
USD	30	920
SGD	–	1,165
EUR	–	14,101
	30	16,186

A 10% (2020: 10%) weakening of the above currencies against the Ringgit Malaysia ("RM") at the end of the reporting period would have an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

The Group's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of changes in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group utilises short term borrowings for working capital purposes and borrow term loans to finance capital expenditure. In view of the low interest rate scenario, exposure to fluctuation of interest rate risk is not considered to be significant.

30. FINANCIAL RISK MANAGEMENT (Continued)

(c) Market risk (Continued)

(ii) Interest rate risk (Continued)

Exposure to interest rate risk

The interest rate profile of the Group's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group	
	2021 **RM**	**2020** **RM**
Fixed rate instruments		
Financial assets	1,099,921	1,068,625
Financial liabilities	(1,181,444)	(1,789,099)
	(81,523)	(720,474)
Floating rate instruments		
Financial liabilities	(23,495,668)	(26,643,712)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group Profit or loss	
	100 bp increase RM	**100 bp decrease RM**
2021		
Floating rate instruments	(178,567)	178,567
2020		
Floating rate instruments	(202,492)	202,492

30. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value				Total fair	Carrying
	Level 1	Level 2	Level 3	Total	value	amount
	RM	RM	RM	RM	RM	RM
Group						
2021						
Financial liabilities						
Term loans	–	–	7,166,402	7,166,402	7,166,402	7,510,312
Finance lease liabilities	–	–	733,938	733,938	733,938	700,351
	–	–	7,900,340	7,900,340	7,900,340	8,210,663
2020						
Financial liabilities						
Term loans	–	–	7,665,798	7,665,798	7,665,798	8,791,994
Finance lease liabilities	–	–	1,075,118	1,075,118	1,075,118	1,028,762
	–	–	8,740,916	8,740,916	8,740,916	9,820,756

30. FINANCIAL RISK MANAGEMENT (Continued)

(d) Fair value information (Continued)

Policy of transfer between levels

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

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2020: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

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

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Finance lease liabilities and term loans	Discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

Valuation processes applied by the Group for Level 3 fair value

The Group uses discounted cash flows in respect of the measurement of fair values of financial instruments. The management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

31. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group manages the capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year ended 28 February 2021 and the financial period ended 29 February 2020.

The Group monitors capital using gearing ratio. The gearing ratio calculated as total interest-bearing borrowings divided by total equity of the Group.

The gearing ratio as at 28 February 2021 and 29 February 2020 as follows:

	Group	
	2021 **RM**	**2020** **RM**
Total interest-bearing borrowings	24,196,019	27,672,474
Total equity	72,641,520	44,129,280
Gearing ratio %	33%	63%

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

The Group is required to comply with externally imposed capital requirements on leverage ratio and maintain certain net worth in respect of its bank borrowings. The Group has complied with those capital requirements.

32. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases several of its investment properties for lease term of 1 year (2020: 1 to 2 years). Rental charges are revised every 2 years (2020: 2 years) to reflect current market conditions.

Future minimum rental receivable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2021 **RM**	**2020** **RM**
Not later than one year	77,000	119,400
More than one year and not later than five years	–	14,100
	77,000	133,500

33. CONTINGENCIES

	Company 2021 RM	Company 2020 RM
Corporate guarantees given by the Company to licensed banks for banking facilities granted to subsidiaries	43,668,786	–

34. CAPITAL COMMITMENTS

	Group 2021 RM	Group 2020 RM
Acquisition of property, plant and equipment:		
Approved but not contracted for	10,650,000	17,961,000

35. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group or Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. The key management personnel include all the directors of the Group and the Company.

The Group and the Company have related party relationship with associate, entity in which certain directors have interests, entity owned by persons connected to a director, directors and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are as follow:

		Group 1.3.2020 to 28.2.2021 RM	Group 1.3.2019 to 29.2.2020 RM	Company 1.3.2020 to 28.2.2021 RM	Company 11.6.2019 to 29.2.2020 RM
(a)	**Subsidiary**				
	Dividend income	–	–	(2,650,000)	–
(b)	**Associate**				
	Sales of goods	(590,264)	–	–	–
	Purchases of goods	158,026	–	–	–

35. RELATED PARTY DISCLOSURES (Continued)

Significant related party transactions (Continued)

		Group		Company	
		1.3.2020 to 28.2.2021 RM	1.3.2019 to 29.2.2020 RM	1.3.2020 to 28.2.2021 RM	11.6.2019 to 29.2.2020 RM
(c)	**Entity owned by persons connected to a director**				
	Sales of goods	(3,291)	(20,881)	–	–
(d)	**Entity in which certain directors have interests**				
	Disposal of asset classified as held for sale	–	(2,150,000)	–	–
(e)	**Key management personnel compensation**				
	Salaries, allowances, fees, incentives and bonuses	839,518	1,047,590	–	–
	Defined contribution plans	97,378	105,776	–	–
	Other staff related expenses	6,356	7,600	–	–
		943,252	1,160,966	–	–
(f)	**Directors' remuneration**				
	Directors' fees	168,000	118,000	168,000	48,000
	Directors' salaries, allowances, incentives, and bonuses	361,794	365,641	15,000	–
	Directors' defined contribution plans	38,334	39,040	–	–
	Directors' other emoluments	2,046	2,983	–	–
		570,174	525,664	183,000	48,000

Significant related party balances related to the above transactions are disclosed in Notes 12 and 20.

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The World Health Organisation declared the coronavirus disease ("COVID-19") a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 to 3 May 2020 and all states and federal territories in Malaysia had subsequently entered into the conditional and recovery phases of MCO.

On 13 January 2021, the Government of Malaysia had reimposed the Movement Control Order ("MCO 2.0") in several states and all federal territories in Malaysia to curb the third wave of COVID-19 pandemic in the country. However, the Group's main business activity which is distribution of electrical products and accessories were allowed to operate throughout the MCO under the guidelines set by National Security Council ("NSC"), Ministry of Health ("MOH") and Ministry of International Trade and Industry ("MITI").

Based on the assessment of the Group, the material financial impact arising from the COVID-19 pandemic have been reflected in the financial statements. The Group will continue to assess any impact of the COVID-19 pandemic on the financial statements of the Company for the financial year ending 28 February 2022.

(b) On 23 July 2020, the Company's wholly-owned subsidiary, Actgen Industry Sdn. Bhd. had entered into a Sale and Purchase Agreement with Plascable Polymer Sdn Bhd, being the subsidiary of Plastrade Technology Berhad to acquire all that remaining unexpired lease term for a period of approximately 40 years, expiring on 31 January 2060 over the land held under H.S.(D) 493851, PTD 76050, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor at a total cash consideration of RM10,650,000.

(c) On 22 October 2020, the Company announced that its wholly-owned subsidiary, Actgen Industry Sdn. Bhd. had secured a term loan facility amounting to RM9,052,500 from HSBC Amanah Malaysia Berhad to finance the purchase disclosed in Note 36(b) above.

The remaining amount of the Purchase Consideration shall be financed via the Group's internally generated funds.

(d) On 16 December 2020, the Company's wholly-owned subsidiary, Actgen Industry Sdn. Bhd. had secured an increase in the existing financing facility by RM11,000,000 from Hong Leong Islamic Bank Berhad. The increased limit is now RM18,800,000.

37. SUBSEQUENT EVENTS

(a) The impact of the COVID-19 pandemic is ongoing and while it has been financially positive for the Group and the Company up to 28 February 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. On 28 May 2021, the Government of Malaysia announced that a nationwide total lockdown will be imposed on all social and economic sectors in Malaysia from 1 June 2021 to 14 June 2021. Subsequently, on 11 June 2021, the Malaysian Government has announced a further 14 days extension of the total lockdown until 28 June 2021.

The Group and the Company will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic. Nevertheless, with the Group's and the Company's past focus on cost efficiency, strong cash position and the resilient fundamentals of its business, the Group and the Company expects to sustain its operational and financial performance for the financial year ending 28 February 2022.

No other matter or circumstance has arisen since 28 February 2021 that has significantly affected, or may significantly affect the Group's and the Company's operations, the results of those operations, or the Group's and the Company's state of affairs in future financial years.

37. SUBSEQUENT EVENTS (Continued)

(b) On 12 March 2021, HSBC Amanah Malaysia Berhad had released the full disbursement of term loan facility amounted to RM9,052,500 to Actgen Industry Sdn. Bhd., a wholly-owned subsidiary of the Company, for the purpose disclosed in Note 36(b) and Note 36(c). The facility has a tenure of 20 years.

(c) On 9 March 2021, the Company issued 1,660,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM498,000 for working capital purposes.

(d) On 3 May 2021, the Company issued 5,835,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM1,750,500 for working capital purposes.

(e) On 12 May 2021, the Company issued 7,000,000 ordinary shares via private placement to eligible investors for a total cash consideration of RM2,100,000 for working capital purposes.

38. OTHER INFORMATION

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

(b) The registered office of the Company is located at:

Unit 30-01, Level 30 Tower A
Vertical Business Suite Avenue 3
Bangsar South, No 8 Jalan Kerinchi
59200 Kuala Lumpur

(c) The principal place of business of the Company is located at:

No. 108 and 110
Jalan Seroja 39
Taman Johor Jaya
81100 Johor Bahru

(d) The financial statements are expressed in Ringgit Malaysia, which is also the Group's and the Company's functional currency.

39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 June 2021.

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the directors of **ACO GROUP BERHAD (Registration No. 201901020410 (1329739-A))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 71 to 136 are drawn up in accordance with the 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 state of affairs of the Group and of the Company as at 28 February 2021 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

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

TANG PEE TEE @ TAN CHANG KIM
Director

TAN YUSHAN
Director

Johor Bahru

28 June 2021

STATUTORY DECLARATION

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

I, **TAN YUSHAN**, being the director primarily responsible for the financial management of **ACO GROUP BERHAD (Registration No. 201901020410 (1329739-A))** do solemnly and sincerely declare that the financial statements set out on pages 71 to 136 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

TAN YUSHAN (MIA 34410)

Subscribed and solemnly declared
by the abovenamed at Johor Bahru
on 28 June 2021

Before me

Commissioner for Oaths

INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF ACO GROUP BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ACO Group Berhad, which comprise the statements of financial position as at 28 February 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 71 to 136.

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 28 February 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.

The financial statements of the Group and of the Company for the financial year ended 29 February 2020 were audited by another firm of chartered accountants whose report dated 1 July 2020 expressed an unmodified opinion.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Key Audit Matters (Continued)

Key audit matters	How our audit addressed the key audit matter
Valuation of trade receivables *Refer to Note 3.4 – Significant Accounting Policies, Note 5.2 – Significant Accounting Estimates and Judgements, and Note 12 – Trade and Other Receivables* The Group had trade receivables, net of impairment, amounted to RM34,535,555 as at 28 February 2021. The valuation of trade receivables requires management judgement due to the credit risks associated with each individual trade receivable. Management assesses the recoverability of trade receivables by reviewing customers' aging profile, credit history and status of subsequent settlement, and determines whether an impairment provision is required. We focused on this area as the determination of impairment provision requires management to make significant judgement and assumptions.	*The details of our work performed are as follows:* • We have reviewed the management's process in identifying long outstanding receivables; • We have tested the trade receivables ageing reports on sampling basis in order to place reliance on the ageing report as a basis for impairment provisions made; • We have reviewed ageing for past due balances on a sampling basis to ascertain the adequacy of impairment made on trade receivables; • We have evaluated the Expected Credit Loss ("ECL") model calculations, agreeing the data inputs and checking the mathematical accuracy of the calculations; and • We have reviewed subsequent collections of receivables for selected customers.
Valuation of inventories *Refer to Note 3.8 – Significant Accounting Policies, Note 5.3 – Significant Accounting Estimates and Judgements and Note 11 - Inventories* As at 28 February 2021, included in the carrying values of the inventories of the Group was trading goods amounted to RM38,869,286. The Group's evaluation process in assessing the adequacy of inventory write-downs as described in Note 5.3 to the financial statements include ageing analysis, technical assessment and subsequent events. Accordingly, there is a level of judgement in assessing the inventory provision.	*The details of our work performed are as follows:* • We have performed test on inventory costing; • We have reviewed the management's process in identifying slow moving or obsolete inventories; • We have performed net realisable value ("NRV") test on items of inventories on sampling basis to assess if inventories are properly written down to lower of cost and net realisable value; and • We have performed inventory count observation at all selected locations within scope.

Key Audit Matters (Continued)

Key audit matters	**How our audit addressed the key audit matter**
Recognition of Revenue *Refer to Note 3.14 – Significant Accounting Policies and Note 21 - Revenue* Revenues in the Group consist primarily of sales of goods totalling RM110,590,449 for the current financial year which comprise of a large number of transactions and amount. The risk for revenue being recognised in an incorrect period presents a key audit matter due to the financial significance and nature of net sales in the financial statements.	*The details of our work performed are as follows:* • We have assessed and evaluated the appropriateness of the design and the effectiveness of the control in revenue cycle; • We have performed test of operating effectiveness on the relevant controls identified within the revenue cycle; • We have performed substantive testing to ascertain that the revenue is fairly stated; and • We have assessed cut-off procedures implemented by management and performed cut-off testing on a sample of deliveries before and after year end to ensure that revenue is recognised in the correct period.

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 Directors' report and Statement on Risk Management Internal Controls 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 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.

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, actions taken to eliminate threats or safeguards applied.

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

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.

RSM Malaysia
AF: 0768
Chartered Accountants

Lou Hoe Yin
03120/04/2022 J
Chartered Accountant

Kuala Lumpur

28 June 2021

LIST OF PROPERTIES
OWNED BY GROUP
28 FEBRUARY 2021

No.	Location	Land area (sq.m.)	Built-up area (sq. m.)	Existing Use	Tenure	Year of Expiry (for leasehold)	Approximate age of building	Net Book Value as at 28 February 2021 RM'000	Date of Last Revaluation(R)/ Acquisition (A)
1	H.S. (M) 9001, PT 35164 Sungai Purun, Mukim Semenyih, Daerah Hulu Langat, Negeri Selangor, bearing postal address of No. 1, Jalan 2, Kawasan Perindustrian Lekas 18, 43500 Semenyih, Selangor Darul Ehsan	996.39	492.75	Distribution centre (1 and a half storey semi detached factory)	Freehold	–	8 years	3,538	26-Apr-16 (A)
2	GM 10124, Lot 12636 Muar, Mukim Bandar, Daerah Muar, Negeri Johor, bearing postal address of No. 10, Jalan Susur , Off Jalan Sungai Abong, 84000 Muar, Johor Darul Takzim	145.00	429.21	Sales outlet (3 storey shop office)	Freehold	–	19 years	888	9-Jun-18 (A)
3	GRN 250553, Lot 182788, Mukim Plentong, Dearah Johor Bahru, Negeri Johor, bearing postal address of No.12, Jln Sri Plentong 10, Taman Perindustian Sri Plentong, 81750 Masai Johor Darul Takzim	1,589.00	992.76	Distribution centre (1 and a half storey semi-detached factory)	Freehold	–	12 years	1,989	28-Feb-15 (R)
4	GRN 242081, Lot 51223, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 50, Jalan Seroja 45, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	463.00	547.76	Sales outlet (Single storey terrace workshop)	Freehold	–	29 years	1,335	12-May-16 (A)
5	GRN 250551 , Lot 182787, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 14, Jalan Sri Plentong 10, Taman Perindustrian Sri Plentong , 81750, Masai, Johor Bahru, Johor Darul Takzim	1,589.00	990.91	Rental property (1 and a half storey semi-detached factory)	Freehold	–	12 years	2,900	9-Jun-20 (R)
6	GRN 242093, Lot 51283, Mukim Plentong, Daerah Johor Bahru , Negeri Johor bearing postal address of No. 24, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	451.00	569.50	Rental property (1 storey terrace workshop with mezzanine floor)	Freehold	–	29 years	1,700	9-Jun-20 (R)

List of Properties Owned by Group (Cont'd)
28 February 2021

No.	Location	Land area (sq.m.)	Built-up area (sq. m.)	Existing Use	Tenure	Year of Expiry (for leasehold)	Approximate age of building	Net Book Value as at 28 February 2021 RM'000	Date of Last Revaluation(R)/ Acquisition (A)
7	GRN 436667, Lot 51241, Mukim Plentong, Daerah Johor Bahru , Negeri Johor, bearing postal address of No. 108, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	372.00	548.13	Sales outlet (1 and a half storey terrace factory)	Freehold	–	29 years	1,128	24-Apr-19 (R)
8	GRN 243035, Lot 51240, Mukim Plentong, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 110, Jalan Seroja 39, Taman Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	372.00	408.77	Sales outlet (1 and a half storey terrace factory)	Freehold	–	29 years	1,148	24-Apr-19 (R)
9	GRN 456393, Lot 143286, Mukim Tebrau, Daerah Johor Bahru, Negeri Johor, bearing postal address of No. 10, Jalan Kempas Utama 3/5, Taman Perindustrian Kempas Utama, 81200 Johor Bahru, Johor Darul Takzim	1,772.00	1,059.93	Sales outlet (Corner 1 and a half storey semi-detached factory)	Freehold	–	10 years	2,956	11-Apr-18 (A)
10	PN 48301, Lot 16700, Mukim Batu Berendam, Daerah Melaka Tengah, Negeri Melaka, bearing postal address of No. 1, Jalan IKS M4, Taman IKS Merdeka, Batu Berendam, 75350 Melaka	937.00	981.83	Sales outlet (Corner 1 and a half storey semi-detached factory)	99 years lease expiring on 12 July 2106	2106	14 years	1,625	8-Jun-17 (A)
11	PN 48303, Lot 16701, Mukim Batu Berendam, Daerah Melaka Tengah, Negeri Melaka, bearing postal address of No. 3, Jalan IKS M4, Taman IKS Merdeka, Batu Berendam, 75350 Melaka	876.00	981.83	Sales outlet (Intermediate 1 and a half storey semi-detached factory)	99 years lease expiring on 12 July 2106	2106	14 years	1,524	8-Jun-17 (A)

ANALYSIS OF SHAREHOLDINGS
AS AT 7 JULY 2021

Issued Share Capital : 345,288,000 shares
Class of Shares : Ordinary Shares
Voting Rights : One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 — 99	2	0.06	100	0.00
100 — 1,000	389	11.06	240,800	0.07
1,001 — 10,000	1,529	43.47	9,670,300	2.80
10,001 — 100,000	1,394	39.64	48,195,500	13.96
100,001 — less than 5% of issued shares	202	5.74	76,711,300	22.22
5% and above of issued shares	1	0.03	210,470,000	60.95
Total	**3,517**	**100.00**	**345,288,000**	**100.00**

SUBSTANTIAL SHAREHOLDERS
(According to the Register of the Directors' Shareholdings as at 7 July 2021)

		Direct Interest		Indirect Interest	
	Name of Substantial Shareholders	No. of Shares	%	No. of Shares	%
1.	Kompas Realty Sdn. Bhd.	210,470,000	60.95	–	–
2.	Ir. Tang Pee Tee @ Tan Chang Kim	–	–	210,470,000[(1)]	60.95
3.	Jin Siew Yen	–	–	210,470,000[(1)]	60.95
4.	Tan Yushan	–	–	210,470,000[(1)]	60.95

Notes:
[(1)] Deemed interested by virtue of his substantial shareholdings in Kompas Realty Sdn. Bhd. (formerly known as Kompas Electrical Distributor Sdn. Bhd.) pursuant to Section 8 of the Companies Act 2016 ("CA 2016").

DIRECTORS' SHAREHOLDINGS
(According to the Register of the Substantial Shareholders as at 7 July 2021)

		Direct Interest		Indirect Interest	
	Name of Director	No. of Shares	%	No. of Shares	%
1.	Ir. Tang Pee Tee @ Tan Chang Kim	–	–	210,470,000[(1)]	60.95
2.	Tan Yushan	–	–	210,470,000[(1)]	60.95
3.	Yap Koon Roy	200,000	0.06	–	–
4	Dr. Teh Chee Ghee	200,000	0.06	–	–
5.	Dr. Ng Kok Chiang	300,000	0.09	–	–

Notes:
[(1)] Deemed interested by virtue of his substantial shareholdings in Kompas Realty Sdn. Bhd. (formerly known as Kompas Electrical Distributor Sdn. Bhd.) pursuant to Section 8 of the Companies Act 2016 ("CA 2016").

Analysis of Shareholdings (Cont'd)
as at 7 July 2021

LIST OF 30 LARGEST SHAREHOLDERS
As at 7 July 2021

	Name of Shareholders	No. of Shares	%
1.	KOMPAS REALTY SDN. BHD.	210,470,000	60.95
2.	BOON MING CHOON	5,470,300	1.59
3.	TAN YIN LING	4,212,900	1.22
4.	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	4,024,600	1.17
5.	WONG KIM LIAN	3,500,000	1.01
6.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH BOON POH (008)	3,000,000	0.87
7.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KIM TECK	1,741,000	0.51
8.	TAN GEM SUAN	1,670,900	0.49
9	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD DOM BIN AHMAD	1,600,000	0.46
10.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB INVESTMENT BANK BERHAD (PB-TAIM-M-R)	1,356,000	0.39
11.	TEOH WEI LIANG	1,328,000	0.39
12.	CHOO TECK KEONG	1,235,000	0.36
13.	TAN HOW CHING	1,214,500	0.35
14.	DATUK TAY HOCK TIAM	1,000,000	0.29
15.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LENG CHING KIAM (E-BBB)	909,600	0.26
16.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR TA DANA OPTIMIX	850,000	0.25
17.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LEE NONG YUEN	800,000	0.23
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LIM GEK SHAN	773,400	0.22
19.	LEE SWEE WING	750,000	0.22
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SHONG CHIN (E-PRA)	600,000	0.17
21.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHEE LEONG	550,000	0.16
22.	ANG WENG HOE	527,000	0.15
23.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	520,000	0.15
24.	DOY CHEE FU	511,000	0.15
25.	LEE BENG YEOW	500,000	0.14
26.	LIM TIEN SZE	500,000	0.14
27.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TIEN SZE (MY2447)	482,000	0.14
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH SWEE HUAT (E-KLC)	440,000	0.13
29.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD SABAH ENERGY CORPORATION EMPLOYEE GRATUITY FUND	417,000	0.12
30.	TAN KIAN LEE	416,000	0.12
	TOTAL	**251,369,200**	**72.80**

NOTICE OF SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Second Annual General Meeting ("AGM") of ACO Group Berhad ("Company" or "ACO") will be conducted fully virtual through online meeting platform via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia on **25 August 2021, Wednesday at 10.00 a.m.** for the following purposes:-

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 28 February 2021 together with the Reports of the Directors and Auditors thereon. ***[Please refer to the Explanatory Notes to the Agenda]***

2. To re-elect the following Directors who are retiring in accordance with Clause 76(3) of the Constitution of the Company: -

   2.1 Tan Yushan ***(Ordinary Resolution 1)***
   2.2 Ng Kok Chiang ***(Ordinary Resolution 2)***

3. To approve the payment of the Directors' fees of RM168,000.00 for the financial year ended 28 February 2021. ***(Ordinary Resolution 3)***

4. To approve the payment of the Directors' benefits up to RM31,000.00 for the period from Second AGM until the Third AGM of the Company. ***(Ordinary Resolution 4)***

5. To re-appoint Messrs RSM Malaysia as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. ***(Ordinary Resolution 5)***

B. Special Business

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions: -

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

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

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

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

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

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;

b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

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

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

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

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

C. Other Business

7. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

By Order of the Board

WONG WAI FOONG (MAICSA 7001358)(SSM PC NO. 202008001472)
FONG SEAH LIH (MAICSA 7062297)(SSM PC NO. 202008000973)
Company Secretaries

Kuala Lumpur
27 July 2021

NOTES:-

1. **IMPORTANT NOTICE**

   Members **will not be allowed** to attend this Annual General Meeting ("AGM") in person on the day of the meeting.

   Members are to attend and post questions to the Board via real time submission of typed texts at the Questions & Answers platform and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its **TIIH Online** website at https://tiih.online.

   Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to attend this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 19 August 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

3. A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.

5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

   i. <u>In hard copy form</u>

      In the case of an appointment made in hard copy form, the proxy form must be deposited with the share registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   ii. <u>By electronic means</u>

      The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the conduct of the Second AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

12. Last date and time for lodging the proxy form is **Monday, 23 August 2021 at 10.00 a.m..**

13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's share registrar.

    The certificate of appointment of authorised representative should be executed in the following manner:

    a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

    b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

        i. at least two (2) authorised officers, of whom one shall be a director; or
        ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

14. **It is important that you read the Adminstrative Guide for the conduct of the Second AGM.**

15. Shareholders are advised to check the Company's website at www.acogroup.com.my and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.

EXPLANATORY NOTES:

1. Audited Financial Statements for the financial year ended 28 February 2021

   The Audited Financial Statements in Agenda item 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item is not put forward for voting by shareholders of the Company.

2. Ordinary Resolutions 1 and 2
   Re-election of Directors

   Clause 76 of the Constitution provides that at the Annual General Meeting in every subsequent year, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the Annual General Meeting in every year provided always that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election.

   Tan Yushan and Ng Kok Chiang are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM. The Board has through the Nomination Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

Notice of Second Annual General Meeting (Cont'd)

3. Ordinary Resolution 3
Directors' Fees

Ordinary Resolution 3 is to approve the payment of the following Directors' fees payable to Directors for the financial year ended 28 February 2021:-

Category	Non-Executive Chairman	Non-Executive Directors	Executive Directors
The Company	**RM**	**RM**	**RM**
Directors' Fees (per annum)	60,000.00	108,000.00	–

4. Ordinary Resolution 4
Directors' Benefits

Ordinary Resolution 4 is to approve the payment of the following Directors' benefits for the period from Second AGM until the Third AGM of the Company:-

Description	Non- Executive Chairman / Directors	The Company / its subsidiary
Meeting Allowance • Board Meeting (RM500 per attendance) • Committee Meeting (RM250 per attendance)	Each Directors	The Company
Benefits in kind Directors and Officers Liability Insurance	All Directors	The Company

5. Ordinary Resolutions 5
Re-appointment of Auditors

The Board has through the Audit and Risk Management Committee, considered the re-appointment of Messrs RSM Malaysia as the Auditors of the Company. The factors considered by the Audit and Risk Management Committee in making the recommendation to the Board to table their re-appointment at the Second AGM are disclosed in the Audit and Risk Management Committee Report of the 2021 Annual Report.

6. Ordinary Resolution 6
Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

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

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

This proposed Resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as the Company may use this 20% General Mandate within the validity period to meet its financial needs due to the unprecedented uncertainty surrounding the recovery of the COVID-19 pandemic and it will enable the Board to take swift action during the challenging time to ensure long term sustainability and interest of the Company and its shareholders.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, operational expenditure, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company has issued and allotted 45,288,000 new ordinary shares of the Company under the Proposed Private Placement and Proposed Acquisition made pursuant to the Proposed 20% General Mandate, which was approved by the shareholders at the First AGM held on 26 August 2020 and will lapse at the conclusion of the forthcoming Second AGM to be held on 25 August 2021. The details of the aforesaid issued and allotment of 45,288,000 new ordinary shares of the Company are as follows:-

a) Proposed Private Placement

As at the date of this notice, 41,788,000 new ordinary shares were allotted pursuant to the Proposed Private Placement. The total proceeds amounting to RM14,104,950.00 raised from the Proposed Private Placement are as follows:

Utilisation purposes	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance (RM'000)	Timeframe for utilisation
Acquisition of Focus Electrical Malaysia Sdn. Bhd. ("Focus Electrical")	5,145	(2,030)	3,115	Within 30 months
Capital injection in Focus Electrical	6,370	(3,663)	2,707	Within 12 months
Working capital	1,940	(1,500)	440	Within 12 months
Estimated expenses in relation to the proposals	650	(505)	145	Upon completion of the Proposal
Total	**14,105**	**(7,698)**	**6,407**	

b) Proposed Acquisition

As at the date of this notice, 3,500,000 new ordinary shares were allotted pursuant to the Proposed Acquisition. For details information, please refer to the Company's announcement on Bursa Malaysia Securities Berhad's website on 30 November 2020 accordingly.

ACO Group

ACO GROUP BERHAD

201901020410 (1329739-A)
(Incorporated in Malaysia)

CDS Account No.:
No. of shares held:

PROXY FORM

Telephone no. (During office hours) ________________________

I/We ____ NRIC (New)/ Company No. ______________________________
(PLEASE USE BLOCK CAPITAL)

of ____
(FULL ADDRESS)

being member(s) of ACO GROUP BERHAD, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the Second Annual General Meeting ("AGM") of the Company will be conducted fully virtual through the online meeting platform via TIIH Online website at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia on **25 August 2021, Wednesday** at **10.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Ordinary Business	**Resolution**	**For**	**Against**
Re-election of Tan Yushan as Director pursuant to Clause 76(3) of the Company's Constitution	Ordinary Resolution 1		
Re-election of Ng Kok Chiang as Director pursuant to Clause 76(3) of the Company's Constitution	Ordinary Resolution 2		
Approval of Directors' fees of RM168,000.00 for the financial year ended 28 February 2021	Ordinary Resolution 3		
Approval of Directors' benefits up to RM31,000.00 for the period from Second Annual General Meeting until the Third Annual General Meeting of the Company	Ordinary Resolution 4		
Re-appointment of Messrs RSM Malaysia as Auditors of the Company and to authorise the Board of Directors to fix their remuneration	Ordinary Resolution 5		
Special Business			
Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 6		

(Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.)

Signed this ______________ day of ____________________ 2021

____
Signature of Member(s) or/ Common Seal

* *Manner of execution:*
- *(a) If you are an individual member, please sign where indicated.*
- *(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.*
- *(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:*
  - *(i) at least two (2) authorised officers, of whom one shall be a director; or*
  - *(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

Notes:

1. ***IMPORTANT NOTICE***

   *Members **will not be allowed** to attend this Annual General Meeting ("AGM") in person on the day of the meeting.*

   *Members are to attend and post questions to the Board via real time submission of typed texts at the Questions & Answers platform and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its **TIIH Online** website at https://tiih.online.*

   Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.
2. *For the purpose of determining who shall be entitled to attend this General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 19 August 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this General Meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.*
3. *A member entitled to attend and vote at this General Meeting is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*
4. *A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting.*
5. *If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.*
6. *Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*
7. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
8. *Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.*
9. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:*
   - *i. In hard copy form*
     In the case of an appointment made in hard copy form, the proxy form must be deposited with the share registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
   - *ii. By electronic means*
     The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Guide on the conduct of the Second AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar of the Company situated at Tricor Investor & Issuing House Services Sdn. Bhd. of Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
11. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
12. *Last date and time for lodging the proxy form is* ***Monday, 23 August 2021 at 10.00 a.m.***
13. *For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. Alternatively, please bring the ORIGINAL certificate of appointment executed in the manner as stated in the proxy form if this has not been lodged at the Company's share registrar.*

    The certificate of appointment of authorised representative should be executed in the following manner:-

    a. *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
    b. *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
        i. *at least two (2) authorised officers, of whom one shall be a director; or*
        ii. *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
14. ***It is important that you read the Administrative Guide for the conduct of the Second AGM.***
15. *Shareholders are advised to check the Company's website at www.acogroup.com.my and announcements from time to time for any changes to the administration of the AGM that may be necessitated by changes to the directives, safety and precautionary requirements and guidelines prescribed by the Government of Malaysia, the Ministry of Health, the Malaysian National Security Council, Securities Commission Malaysia and/or other relevant authorities.*

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AFFIX
STAMP

Share Registar

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32
Tower A, Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan Kuala Lumpur

2nd Fold Here

Fold This Flap For Sealing

ACO Group

ACO GROUP BERHAD

Registration No. 201901020410 (1329739-A)

108 & 110, Jalan Seroja 39, Taman Johor Jaya
81100 Johor Bahru, Johor Darul Takzim.

Tel : 07-355 9898

www.acogroup.com.my