

# **METRONIC**

**Metronic Global Berhad**  
200301029648 (632068-V)

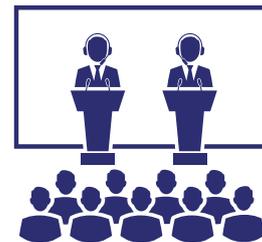


**ANNUAL REPORT 2021**



# 18<sup>th</sup> ANNUAL GENERAL MEETING

📍 Fully virtual and entirely via remote participation and online remote voting from the Online Meeting Platform of Mlabs VGM operated by Mlabs Research Sdn Bhd in Malaysia via the link at <https://rebrand.ly/MetronicAGM>



📅 Monday, 29 November 2021

🕒 3.30 p.m.

## OUR VISION

To be an internationally recognized leading engineering and technology total solution provider

## OUR MISSION

- To apply our unique management style that incorporates our manpower resources, experience, expertise, innovation and creative approach.
- To continuously seek new technologies that meet our clients' requirements.
- To create a workplace that motivates our employees.
- To develop strategic relationships with partners who have skill that enhance and complement our own.
- To continually improve the effectiveness of the quality management system.
- To maximize value of our stakeholders.

## WHAT'S INSIDE

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# CORPORATE PROFILE

## COMPANY HISTORY AND DEVELOPMENT

### Background of Company

Metronic Global Berhad ("The Company" or "MGB") was incorporated in Malaysia under the Companies Act, 1965 on 22 October 2003. The company was listed on MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 24 May 2004 and subsequently transferred to the Main Board (now known as Main Market) of Bursa Securities on 12 July 2007.

The subsidiaries of the Company specialise in system integration of intelligent building management systems ("IBMS") and integrated security management system ("ISMS"), e-project management ("e-PM") of mechanical and electrical service, property development, distribution of medical related products, sales and distribution of electronic products and intelligent facilities management system. One of the subsidiaries focuses on building integrated solutions with smart technology system and smart city system with artificial intelligent products, e-service apps and smart private workstation to meet growing market trend and better lifestyle. Fundamental to this success is the mission of the Company and its subsidiaries ("the Group" or "MGB Group") to continually exceed customers' increasing expectations. The MGB Group focuses on building and integrating world-class technology to the market and is committed to continuously improve its quality, service and productivity.

### The Evolution of the MGB Group

The origin of the MGB Group can be traced back to August 1984 when Metronic Engineering Sdn Bhd ("MESB") was incorporated to provide building automation service specializing in the field of IBMS and ISMS. MESB subsequently expanded its business activities to include e-PM of mechanical and electrical service and supply of engineering systems.

During the early years, MESB played a pivotal role in nation building by providing state-of-the-art e-project management and system integration services for hospitals, office building, shopping complexes, airports, oil refineries and manufacturing plants. Over the years, the Group has leveraged its expertise to develop unique

and innovative IBMS and ISMS products, solution and services, mainly in the areas of "intelligent buildings".

As technology progresses, intelligent buildings have evolved from mere stand-alone entities into interconnected hubs within the citywide infrastructure, known as "intelligent cities". With the convergence of technology, stand-alone buildings are slowly forming into smaller, ecosystems comprising a tightly integrated network of buildings that better enable the management and optimization of systems and resources. The driving force of the evolution of intelligent cities is the ability to reduce cost, optimise manpower utilisation and enhance service levels through aggregation, service integration and process automation.

Over the years, the Group has strengthened its position in the value chain towards becoming an ICMS provider. By converging newer technologies with the JBCM™ (Java Based Control & Monitoring Software) platform, the Group is able to provide a value-added proposition for its customers by enhancing and expanding its product applications. In line with the Group's plan to migrate as a provider of ICMS, these technologies will significantly enhance application security, manageability, reliability and availability of any application while lowering the cost of operations for its customers.

During the year, MGB has realigned its Group core business and strategies in a move to be more competitive locally as well as to expand its businesses outside Malaysia in order to compliment local market. The Group had decided to venture into Singapore and Vietnam as there are potential work orders coming from the local government and the developers. We have also been invited to join the tender for projects that are currently running in the respective countries. A joint venture company had been setup in Singapore and is ready to take orders from the Singapore market. For Vietnam, we still hold on to our plans to venture into Vietnam until the Covid-19 situation subsides and safe for us to travel. Nevertheless, we still receive enquiries from overseas due to one of the subsidiaries' long track record and experiences in IBMS and ISMS.

## CORPORATE PROFILE (CONT'D)

### PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

Presently, MGB Group, through its subsidiaries, MESB specializes in design, supply, install, testing and commissioning, and service and maintenance of Intelligent Building Management System (IBMS), Building Management System (BMS), Energy Management System (EMS), Security System (Card Access, CCTV System, Guard Tour and Car Parking System), Information and Communication Technology System (ICT) and Extra Low Voltage System (ELV). In 2015, as part of the initiative to increase the revenue, the Group had diversified into property development whereby the subsidiary company had acquired 7.9 acres of lands in Kuala Krai, Kelantan with the estimated Gross Development Value of RM56 million. In 2020, the Group had setup two companies to diversify into the distribution of the medical related products and a joint venture company in Singapore specializing in installation of building automated systems for remote monitoring and management consultancy services. Recently, the Group has diversified its business by venturing into Solar Power Purchase Project.

The Group main focus however remains for its building management system works which encompass hardware and software required for the control and management of an intelligent building with components including heating, ventilation and air conditioning, lighting, fire and security equipment.

The key drivers that are guiding the building/construction industry to adopt this technology are:

- The onset of the network convergence of the CCTV, computers, alarm system and access control with the advance technology of biometrics;
- Prevalent use of internet and IP networking; and
- The efficiency of the system as it saves time and cost

The integration of the building/industrial automation security system has become one of the most popular methods used by many corporations in converging their existing system into an encompassing system. Two (2) of the main components of the IBMS and ISMS are the hardware and the software solution. The hardware portion includes security devices such as CCTV, the video recording (either digital or analogue),

access control and the intrusion devices. The software solution is an important feature which ensures that this equipment communicated and works coherently in a common personal computer-based environment.

The Group is presently a key player in the IBMS and ISMS industry in Malaysia and with its expertise in system integration and knowledge of advanced technology.

The business divisions of the MGB Group are highlighted as follows:

#### (i) IBMS Division

IBMS is an integration of Building Automation System, Access Control, Closed Circuit TV ("CCTV") System and Addressable Fire Control & Monitoring System into one single intelligent system. There are three sub-divisions as follows:

- Building Automation System ("BAS")
- Java Based Control & Monitoring Software ("JBCM")
- Smart Home

#### (ii) ISMS Division

ISMS provides a high level security solutions by integrating all the individual security system like CCTV, Card Access, Perimeter Intrusion Detection System, Door Monitoring System, Guard Tour System and Asset Tracking System into one single intelligent device.

### CERTIFICATIONS AND RECOGNITIONS

MESB, is accredited as an ISO 9001: 2015 total solution company for "Design, Engineering, Construction, Project Management, Commissioning, Service and Maintenance of Intelligent Building Management System (IBMS), Intelligent Building Security Systems (IBSS) and Mechanical – Electrical Services"

MESB, remains the ECO Expert partner of Schneider that enables MESB to enjoy better costing and other privileges such as marketing and training funds.



KEHENTERIAN KEWANGAN MALAYSIA



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### TAN SRI DATO' SRI MOHAMED APANDI BIN ALI

*Independent Non-Executive Chairman*

### DATUK SERI TAN CHOON HWA

*Independent Non-Executive Deputy Chairman*

### HOO WAI KEONG

*Executive Director cum Chief Executive Officer*

### DORIS WONG SING EE

*Executive Director*

### DATO' KUA KHAI SHYUAN

*Non-Independent Non-Executive Director*

### MUHAMMAD FALIQ BIN MOHD REDZUAN

*Independent Non-Executive Director*

### ONG TEE KEIN

*Independent Non-Executive Director*

## AUDIT COMMITTEE

**Ong Tee Kein**  
*Chairman*

**Dato' Kua Khai Shyuan**  
*Member*

**Muhammad Faliq Bin Mohd Redzuan**  
*Member*

## NOMINATION COMMITTEE

**Muhammad Faliq Bin Mohd Redzuan**  
*Chairman*

**Ong Tee Kein**  
*Member*

**Dato' Kua Khai Shyuan**  
*Member*

## REMUNERATION COMMITTEE

**Muhammad Faliq Bin Mohd Ridzuan**  
*Chairman*

**Ong Tee Kein**  
*Member*

**Dato' Kua Khai Shyuan**  
*Member*

## EMPLOYEES SHARE OPTION SCHEME COMMITTEE

**Dato' Kua Khai Shyuan**  
*Chairman*

**Hoo Wai Keong**  
*Member*

## COMPANY SECRETARY

**Tan Tong Lang**  
(SSM PC No. 201908002253)  
(MAICSA 7045482)

**Thien Lee Mee**  
(SSM PC No. 201908002254)  
(LS 0009760)

## REGISTERED OFFICE

Level 5, Block B, Dataran PHB  
Saujana Resort, Seksyen U2  
40150 Shah Alam Selangor  
Tel: 03-7890 0638  
Fax: 03-7890 1032

## SHARE REGISTRAR

**Boardroom.com Sdn Bhd**  
Level 5, Block B, Dataran PHB  
Saujana Resort, Seksyen U2  
40150 Shah Alam Selangor  
Tel: 03-7890 0638  
Fax: 03-7890 1032

## AUDITORS

**Chengco PLT (AF 0886)**  
Wisma Cheng & Co  
No. 8-2 & 10-2, Jalan 2/114  
Kuchai Business Centre  
58200 Kuala Lumpur  
Tel : 03- 2242 3780  
Fax : 03-2242 2780

## SOLICITORS

Messrs Chong + Kheng Hoe  
Messrs Basharuddin Iskandar

## BANKERS

**Malayan Banking Berhad**  
**SME Bank Malaysia Berhad**

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia  
Securities Berhad  
Stock name : Metronic  
Stock code : 0043

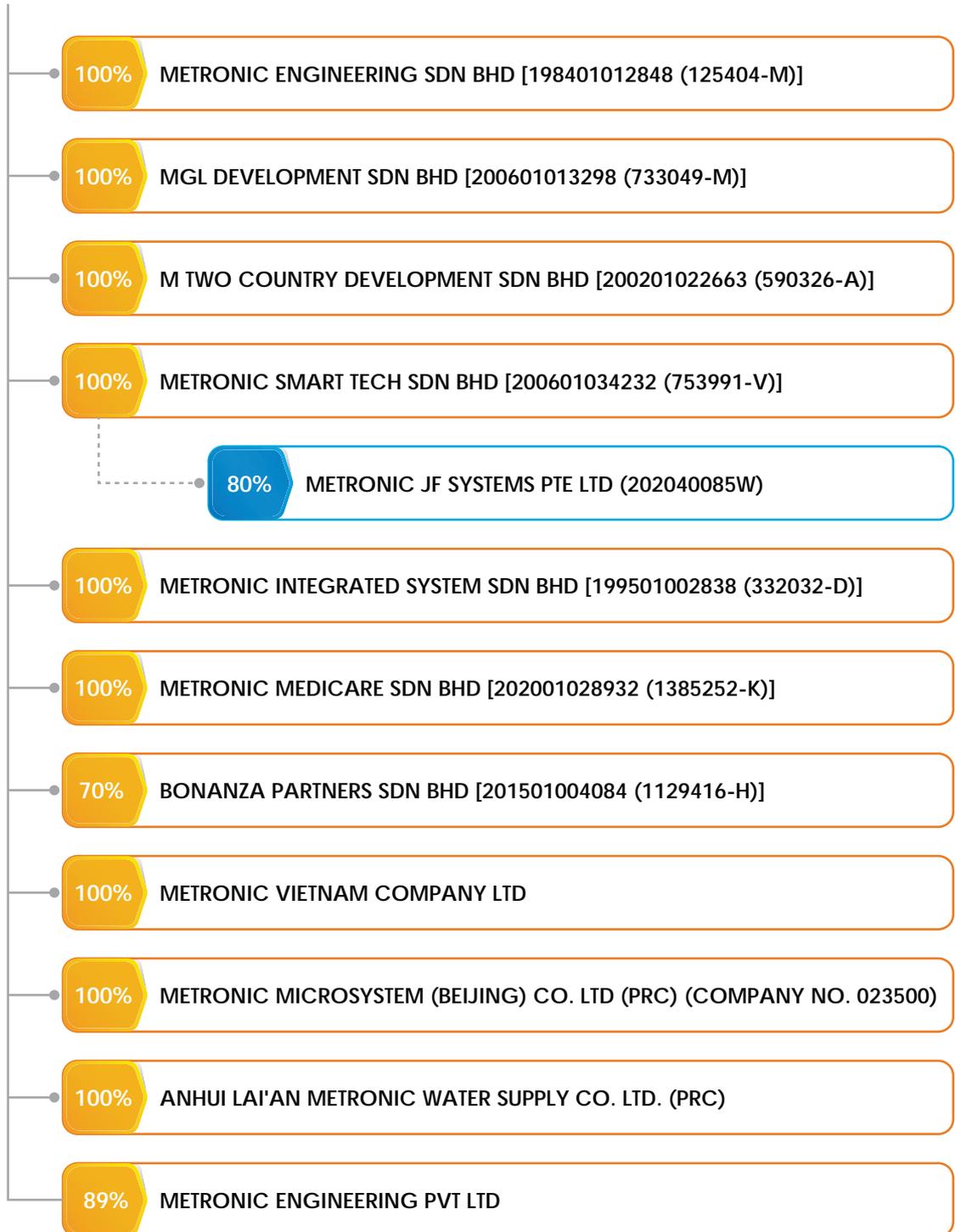
## CORPORATE WEBSITE

[www.metronic-group.com](http://www.metronic-group.com)

# CORPORATE STRUCTURE



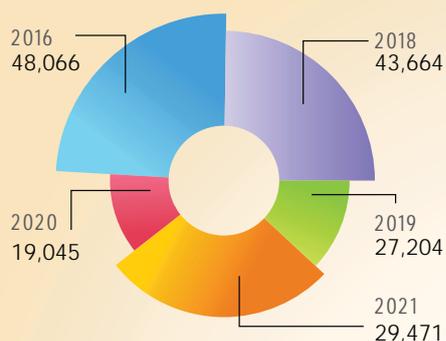
**METRONIC GLOBAL BERHAD**  
200301029648 (632068-V)



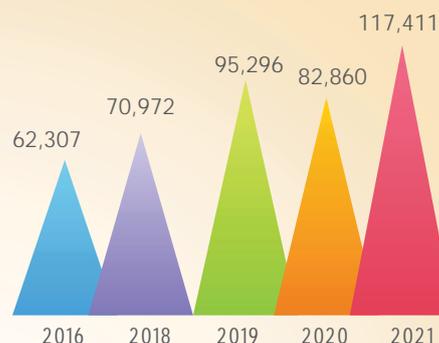
## FIVE-YEAR FINANCIAL HIGHLIGHTS

	2016	2018 (18 monthd)	2019	2020	2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	48,066	43,664	27,204	19,045	29,471
Profit / (loss) before tax	(810)	(3,386)	(14,202)	(16,146)	(19,926)
Profit / (loss) for the year	(4,928)	(4,277)	(14,901)	(17,866)	(20,515)
Profit / (loss) attribute to equity holders of the company	(4,941)	(4,296)	(14,865)	(17,651)	(20,447)
Shareholders' fund	62,307	70,972	95,296	82,860	117,411
Net earnings / (loss) per share (cent)	(0.66)	(0.47)	(1.99)	(1.45)	(1.29)
Net assets per share attributable to equity holders of the company (cent)	8.22	7.37	7.42	7.22	7.60

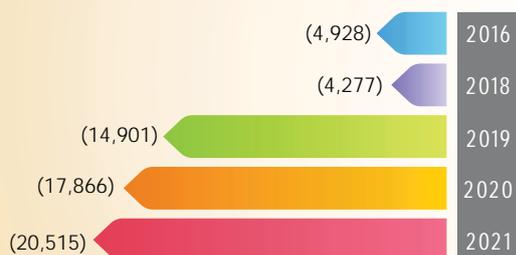
### REVENUE (RM'000)



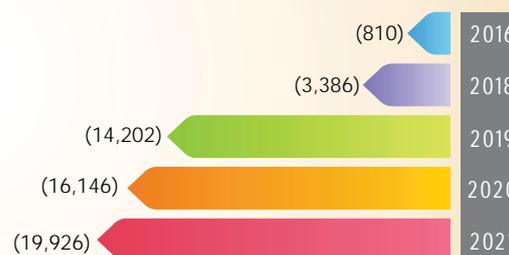
### SHAREHOLDERS' FUNDS (RM'000)



### PROFIT/(LOSS) FOR THE YEAR (RM'000)



### PROFIT/(LOSS) BEFORE TAX (RM'000)



### NET EARNINGS / (LOSS) PER SHARE (RM'000)



### NET ASSETS PER SHARE (CENT)



## PROFILE OF DIRECTORS

### TAN SRI DATO' SRI MOHAMED APANDI BIN ALI

*Independent Non-Executive Chairman*

Malaysian, Male, Aged 71 years

**Tan Sri Dato' Sri Mohamed Apandi Bin Ali** ("Tan Sri Dato' Sri Apandi"), was appointed as independent and Non-Executive Chairman of Metonic Global Berhad on 1 July 2021.

Tan Sri Dato' Sri Apandi has over 48 years of experience in legal field, which was accumulated from the Judicial and Legal Services, private practice, the Judiciary, and as the Attorney General of Malaysia. As such, Tan Sri Dato' Sri Apandi is capable of taking up complex matters relating to the law, thus bringing the firm to greater heights. Although Tan Sri Dato' Sri Apandi's forte is in criminal law, namely on matters relating to white-collar offences, murder and drugs, he has a wealth of knowledge and experience in the area of civil, corporate and commercial litigation, as well as appellate practice.

Tan Sri Dato' Sri Apandi began his legal career as a magistrate at the Magistrates' Court, Kuala Terengganu in 1973. In 1975, he was appointed as director of the Legal Aid Bureau in Kota Bahru, Kelantan. He later held the position of Deputy Public Prosecutor for the state of Kelantan and Terengganu from 1977 to 1980.

He was appointed as the legal adviser to the Ministry of Trade and Industry in 1980 before setting up his own firm in 1982. In 2003, Tan Sri Dato' Sri Apandi was invited to join the Malaysian Judiciary, starting off as a Judicial Commissioner in the Kuantan, High Court, before being confirmed as a judge on 21 December 2004.

He was then posted to the Criminal Division of High Court of Malaya, Kuala Lumpur on 15 February 2007. On 14 April 2010, he was elevated as a Judge of the Court of Appeal, Putrajaya and on 30 September 2013, he was elevated as a Judge of the Federal Court.

He was appointed as the Ninth Attorney General of Malaysia 27 July 2015 until 4 June 2018.

He is now back in legal practice in his own firm namely Apandi Ali & Co from 1 November 2018 until now and he also sit on the Board of Jiankun International Berhad as an Independent Non-executive Chairman.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years,

## PROFILE OF DIRECTORS (CONT'D)

### DATUK SERI TAN CHOON HWA *Deputy Independent Non-Executive Chairman* Malaysian, Male, Aged 64 years

**Datuk Seri Tan Choon Hwa** ("Datuk Seri Tan") was appointed as Deputy Independent Non-Executive Chairman on 12 November 2020. He is a businessman with over twenty (20) years of experience in various industries such as timber mining, hotel resort, housing land development and finance investment holding. He is the Executive Chairman of TCH Resources Group and also holds directorship in Wazlian Group, the Vice President of TA PAY Group as well as IBG Group.

Currently, Datuk Seri Tan is the Executive Director of Jiankon International Berhad and Vice President of CNASIA Corporation Berhad.

He also act as the advisor of Gunung Capital Berhad and Vice Chairman of Gunung Resources Sdn Bhd, a wholly owned subsidiary of Gunung Capital Berhad.

He also hold other chairmanships in several associations, President of Malaysia-China Chamber of Commerce (Kelantan Branch), Vice President of Malaysia-Guangzhou Investment Association, and Advisor to Hongkong Chamber of Commerce and ASEAN Chamber of Commerce (Thailand). He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

### HOO WAI KEONG *Executive Director cum Chief Executive Officer* Malaysian, Male, Aged 45 years

**Mr. Hoo Wai Keong** ("Mr. Brian") was appointed to the Board of Metronic Global Berhad on 6 July 2018 as an Executive Director. Subsequently, he was redesignated to Executive Director cum Chief Executive Officer on 1 March 2019. He is the member of Employees Share Option Scheme Committee.

Mr. Brian graduated from Singapore Nanyang Polytechnics with a Higher Diploma in Industries Studies and Industrial Automation Control Systems in Year 1997. He has over twenty-two (22) years of working experiences in Engineering Services. He started his career in Singapore as a Mechanical Engineer in Automation Company where he covered Automation system and Electronics design, Testing and Commissioning. Then, he moved on as a Mechanical Strategic Buyer for Audio Electronics Systems. Thereafter, he extended his career as a Sales and Project Development Manager for Semiconductors Electronics Equipment.

In 2005, he setup his own company which deal with engineering fabrication ranging from precision machinery spare parts and components to fabrication of higher precision for banking machines, semiconductors equipment and automotive parts. He was the Managing Director of the company until 2018, where he left the company and joined Metronic Global Berhad.

Currently he also hold as Executive Director to the Board of BSL Corporation Berhad on 5 August 2021.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

## PROFILE OF DIRECTORS (CONT'D)

### DORIS WONG SING EE

*Executive Director*

Malaysia, Female, Aged 40 years

**Ms. Doris Wong** ("Ms. Doris") was appointed as Executive Director on 1 October 2020 in Metronic Global Berhad.

She holds Master in Corporate Governance and also Graduate Cert. in Accounting from HELP University. Prior to that, she graduated from Multimedia University with B.Sc. (Hons) in Creative Multimedia, majoring in Media Innovation. She has more than 20 years of experience in management level across various industries ranging from advertising, property development, F&B, and oil & gas, specializing in Business Development, Strategic Consultancy, Restructuring and Corporate Advisory in Merger & Acquisition and Joint Venture across Malaysia, Singapore, China, Japan, Thailand and Indonesia.

Starting off as a Business Development Manager in her career path, her enthusiastic attitude has molded her to become Business Development Director within just a year before she was promoted to Managing Director in Niagamatic Sdn Bhd. In 2012, she was appointed as Business Consultant in a legal firm (JLPW Law Firm) where she gained exposures in handling international Restructuring, Merger & Acquisition and Joint Venture deals. She was then appointed by a leading Japanese advertising firm listed in Tokyo Stock Exchange, Asatsu-DK (ADK) as Malaysia's country General Manager in 2015 in one of its subsidiaries, Dai-ichi Kikaku Sdn Bhd to turn around the company.

She currently sits on Board of TRIVE PROPERTY GROUP BERHAD, listed in Main Market, as an independent non-executive director since 06 February 2017 before she was re-designated to non-independent non-executive director on 17 October 2017.

She has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. She does not have any conflict of interest with the Company and she has not been convicted for any offence in the past five (5) years.

### DATO' KUA KHAI SHYUAN

*Non-Independent Non-Executive Director*

Malaysian, Male, Aged 37 years

**Dato' Kua Khai Shyuan** ("Dato' Kua") was appointed as Non-Independent Non-Executive Director on 30 March 2017. He is a member of Audit Committee, Nomination Committee and Remuneration Committee, and Chairman of Employees Share Option Scheme Committee.

He completed his Degree with Bachelor in Commerce Management and Marketing from Curtin University of Technology in the year 2006. He began his career in year 2007, acting as the Regional Manager for Malaysia Region in a Multi-International Healthcare Products Company that is responsible to manage the overall mobile sales team as well as the supply chain management of the company's products range. In year 2009, he joined into a local company specializing in the fabrication of plastics moulds and plastic injection moulding as a Head of Marketing Division.

He now serves as an Executive Director of Trive Property Group Berhad and DGB Asia Berhad, and as a Non-Independent Non-Executive Director of M N C Wireless Berhad.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

## PROFILE OF DIRECTORS (CONT'D)

### MUHAMMAD FALIQ BIN MOHD REDZUAN

*Independent Non-Executive Director*

Malaysian, Male, Aged 35 years

**Encik Muhammad Faliq bin Mohd Redzuan** ("En Muhmmaad Faliq") was appointed as an Independent Non-Executive Director on 6 September 2018. He started his career as an IT support System administrator in South Melbourne, Victoria. He was responsible for supporting hardware and software related issues within the company to ensure high level of availability of supported business applications.

In 2010, he joined Gagnar Solutions Sdn Bhd, an Information Technology company which holds licenses with Adobe, Autocat and HP to distribute their products. He assisted and managed in implementing a number of projects with various government agencies and local schools and universities throughout the country. He was responsible for developing markets in Malaysia in respect of Process Controls and Safety Instrument Systems.

In 2013, he joined Seahorse Platforms Asia Sdn Bhd ("SPA") as a planning manager in the engineering, procurement and construction sectors of the Proprietary Seahorse Lightweight Platform Technology for the Tembikai Field Development project.

Currently he is involved in the construction industry with Gagnar Contracting Sdn Bhd. He is overseeing the supply of raw construction materials to Concrete Batching Plants and the Sungei Besi - Ulu Kelang Elevated Expressway (SUK) highway project in Kuala Lumpur. He has forged extensive partnerships with various suppliers throughout the country to supply construction related products such as soil, sand and rocks.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

### ONG TEE KEIN

*Independent Non-Executive Director*

Malaysian, Male, Aged 64 years

**Mr Ong Tee Kein** ("Mr. Ong") was appointed as Independent Non-Executive Director on 17 April 2019. He is a member of Audit Committee.

He holds an MBA degree from the University of Miami and is an Associate of the Institute of Chartered Secretaries and Administrators (ICSA). He is an Associate of the Institute of Chartered Accountants in England & Wales (ICAEW) and a Fellow of the Chartered Institute of Management Accountants, United Kingdom (CIMA) and a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA).

He has several years of experience in industry and consultancy practice. After qualifying as an accountant in the United Kingdom, he joined a management consultancy practice specializing in providing advisory services to government and international funding agencies. He subsequently joined a management corporate advisory division of an international accounting firm and was involved with various corporate restructuring exercises.

He is currently a director in Sanichi Technology Berhad, DGB Asia Berhad, Fintec Global Berhad, and Mlabs Systems Berhad. He is also a director of several private limited companies.

He has no family relationship with any of the directors and/ or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

## DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Metronic Global Berhad ("MGB" or "the Company"), it is my pleasure to present the Annual Report 2021.



### ECONOMIC AND INDUSTRY OVERVIEW

The global economy was on a weaker growth for more than a year since the onset of the Covid-19 pandemic. This year, with the globally coordinated effort to accelerate vaccine distribution, many regions of the world have revised their growth forecast upward. The global economy is expected to expand to 5.6% despite the rebound may not be even across countries due to the held back by resurgence of Covid-19 cases in many countries.

The Malaysian economy is expected to rebound at a slower rate between 3% to 4% in the year 2021 as a result of the full lockdown impact enforced in June 2021 to contain the spread of Covid-19 and the uncertainties arising from the battle against new variants.

The construction industry is set to recover at the year end 2021 with an average growth rate of 6.5%. The recovery will be driven by investment in transportation infrastructure, energy projects and affordable housing. This is supported by government initiative to increase the renewable energy from 2% to 20% by 2025 as the world heeds the call for more sustainability energy and less

carbon. Besides that, the government had also launched the National Digital Infrastructure plan (JENDELA) early this year due to the high demand of internet usage during the first lockdown in the second quarter of last year.

### OPERATING ENVIRONMENT OVERVIEW

During the financial year, the Group continue to face a very challenging and difficult time to strike for a better performance due to the ongoing Covid-19 pandemic, the battle against the new variants, domestic political instability and economic issues.

Covid-19 has been around for more than one year and it has not ended yet. The effect of the ongoing pandemic does not seem to be easing and it has caused a drastic disruption to our daily lives and businesses. Some of the project sites that we are currently working has to be closed temporarily whenever a Covid-19 cases have been detected and Covid-19 test has be carried out on all personnel at the site as well as sanitizing the project site before any work can be resumed. This has a direct impact on our revenue as our revenue is mainly derived from the progress claim of the work done at the site.

## CHAIRMAN'S STATEMENT (CONT'D)

The political instability in Malaysia, has also caused a serious implication on the economic growth and the industry performance. Back in May 2018, we saw a changed in Government which had postponed Mass Rapid Transit Sungai Buloh-Serdang-Putrajaya Line ("MRT2") or put on hold large-scale project such as Klang Valley and East Coast Rail Link ("ECRL") had directly impacted the industry performance. Twenty-two months later, we saw another changed in the Government which has directly affected our project tender due to the delayed in the tender and awarding process.

### FINANCIAL PERFORMANCE

The Group has recorded a higher revenue in the FY2021 compared to the preceding year. The overall result was impacted by the impairments and provisions from the property development and investment as well as the engineering. Hence, the Group had recorded a net loss of RM19,586 million for the year. The Group managed to bring down the operating costs during the difficult times over the past year but the impairment is inevitable due to the poor market respond especially on the property sector. The current mega project has yet to be completed and delayed due to the pandemic. Hence, we are still optimistic that the Group will deliver better performance for the coming years ahead with the ultimate aims to deliver more value to the shareholders.

### OUTLOOK

The Malaysian economy remains on a recovery path in 2021 as we are optimistic that the country's vaccination drive will allow for a gradual reopening of the economy and rebound in the year 2022 together with the introduction of the Government's economic stimulus package. The stimulus package provides for special grants for micro, small and medium-sized enterprise. There is also a provision sum for the purchase of vaccine and expedite the progress of vaccines in the country. The Government recently also tabled the country's development plan namely 12th Malaysian Plan ("12MP") which will help towards economy recovery.

The construction activity in Malaysia has slowed considerably in year 2020 owing to the delay in several mega construction projects and worsen with the recent lockdown to curb the spread of the Covid-19 new variant. As more economic sectors are being reopened under the National Recovery Plan, the construction sector is expected to improve gradually.

The construction of mega projects such as the Mass Rapid Transit ("MRT") Sungai Buloh-Serdang-Putrajaya (SPP) Line ("MRT2") can be carried out in full force to meet the target completion date by end of the year. The East Coast Rail Link ("ECRL") project which has been delayed due to the lockdown has now been resumed. The long-delayed development of the RM70 billion Kuala Lumpur-Singapore High Speed Rail ("HSR") project has resumed after both countries agreed on the termination of the Singapore route early this year. The Group is optimistic that the Group's proven and reliable track record in rail and several other construction projects has positioned us well to attain future prospective projects.

For the coming year, to sustain growth and extend our competitive position, the Group will diversify and leverage on application of technology as well as talent development towards improving its business process improvement and efficiency. We are committed to accentuate the Group's transformation program for steadfast betterment and deploy all available resources to replenish and enlarge our order book, strengthen our market position and ensure more efficient delivery of our projects. Besides, the exponential growth of technology in the revolutionized upcoming 5G will definitely spike Internet of Things ("IoT") ecosystem especially through the Group's imminent smart city technology projects, empowering the Group to emerge as a soaring leader in the industry once again.

### APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board, I would also like to thank the Group's management members, shareholders, customers, suppliers, business associates, bankers and other stakeholders for their continued support.

The appreciation also goes to our employees for their continued dedication and commitment. We look forward for better performance in 2021 and ahead.

Until there is an effective vaccine or treatment, everyone remains at risk. We need to work together to protect ourselves and others from the pandemic.

**On behalf of the Board**  
**Tan Sri Dato' Sri Mohamed Apandi Bin Ali**  
*Chairman*

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Metronic Global Berhad ("**MGB**" or "**the Group**") through its wholly owned subsidiary, Metronic Engineering Sdn Bhd ("**MESB**"), is a total solution provider company having been in the industry since 1984 and considered to be one of the local pioneers in the engineering business. MESB specializes in design, supply, install, testing and commissioning, and service and maintenance of Intelligent Building Management System (IBMS), Building Management System (BMS), Energy Management System (EMS), Security System (Card Access, CCTV System, Guard Tour and Car Parking System), Information and Communication Technology System (ICT), Extra Low Voltage System (ELV) and Automated Storage and Retrieval System (ASRS). The business operations are primarily located in Malaysia with offices in Shah Alam, north and south of Peninsular Malaysia. MESB was the market leader in BMS even before 2012, and capture about 80% of the market share then.

MGB has also ventured into property development under a wholly owned subsidiary MGL Development Sdn Bhd ("**MGL**"). MGL is currently undertaking a property development project in Kuala Krai, Kelantan for the development of residential and commercial properties.

MGB has also diversified the business into research and development, importer and distribution of medical related products under a wholly owned subsidiary Metronic Medicare Sdn Bhd ("**MM**"). MM has participated in the research programme of Covid-19 Neutralising Antibody Test Kit ("**Test Kit**"). The test kit will provide an easy way to assess the patients' immunity system against the Covid-19 infection. We are currently in the process of apply for the special permit approval and certification from the National Pharmaceutical Regulatory Authority ("**NPRA**").

To further improve the Group's earning, MGB has recently entered into a Memorandum of Agreement ("**MOA**") to jointly operate the solar power procurement including the installation of the solar power equipment with a company that specializes in the solar industry.

The Group placed greater interest in technology and Internet of Things (IoT). One of the Group wholly owned subsidiary, Metronic Smart Tech Sdn Bhd ("**MST**") has ventured into Smart City System development. MST focuses on research, development and marketing of building automation and security system products, modules and any kinds of smart products. MST has also setup a joint venture company in Singapore with the objective of participating in the development of Smart Factories and Space Optimization with the following scope of work:

- a) of development of digital factory for plating processes with space and process re-design, process management, automation and project management;
- b) implementation of radio shuttle pallet storage system and Vertical Lift Modula for entire warehouse; and
- c) development and building of SMART warehouse of storage of scaffold or/and construction material through implementation of Radio Shuttle pallet system and customized heavy duty Automated Storage and Retrieval System ("**ASRS**").

All other subsidiaries who are involved in the research & development, manufacturing, sales and distribution of electronic product and intelligent facilities management systems, project management, fertilizer and distribution of health care equipment have been put on hold due to the major changes in the Board composition back in year 2017. The new management had planned to deregister the inactive companies and focuses only on a few active companies to improve the performance of the group.

The key source of revenue of the Group derived mainly from the engineering works. The property development in Kuala Krai, Kelantan undertaken by its wholly owned subsidiary MGL remained stalled temporarily due to lack of demand as a result of the prolong pandemic situation in the country. Since the lockdown is uplifted gradually, the management has planned to promote the property development project in various states.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### BUSINESS TRANSFORMATION PROGRAM

The management has completed the review of the Group's viability of its business and operations. Based on the review and as part of the strategic turnaround exercise, the management has evaluated and enhanced all the current workflows, procedures, policies and practices used by various divisions and most importantly, strengthening corporate governance policies and guidelines. These changes will enable us to implement a specific annual initiative with performance tracking for each business unit and its workforce. The management has also done a massive cost cutting exercise of the business operations including the project costs in order to deliver higher margin to the business operations.

As part of the transformation project, the Group has also started to pursue new business opportunities with the hope to increase revenue as well as to increase value to the Group and stakeholders.

### FINANCIAL HIGHLIGHTS

	FPE 30 June 2021 RM '000	FPE 30 June 2020 RM '000	FPE 30 June 2019 RM '000
Revenue (continuing operation)	29,471	19,045	27,204
Gross profit (continuing operation)	8,731	6,167	8,895
Loss before taxation (continuing operation)	(18,999)	(17,683)	(14,202)
Net loss after tax	(19,586)	(17,683)	(14,901)
Total assets	159,201	116,605	124,951
Total borrowings	7,594	9,765	5,180
Shareholders' equity	118,000	82,116	95,296
Net asset per share (sen)	7.60	7.22	7.42

For the period ended 30 June 2021, the Group had recorded a revenue of RM29.0 million, a 55% higher compared to revenue generated in 2019 on the same 12 months period. The favorable performance recorded mostly due to higher engineering billing from the key project namely KLCC Lot 91 Extra Low Voltage and Audio Visual System, Merdeka PNB KL 118 project for the main tower and Projek Mass Rapid Transit Laluan 2 Sungai Buloh – Serdang Putrajaya ("MRT 2").

During the financial period, both Extra Low Voltage and Audio Visual System packages for KLCC Lot 91 project which was secured back in year 2016 and 2018 respectively, are near completion. Hence, there was an increased in the amount of work to be done in order to meet the deadline of the progress work at the site.

Merdeka PNB 118 - Audio Visual and Information Technology System is a prestigious project worth RM18,699,900 secured in August 2019, which is a 118 floors skyscraper being built in Kuala Lumpur city on the site of the former Merdeka Park. The projects have become the main contribution to the Group's revenue despite experience slight delayed in their progress due to the Covid-19 outbreak at the initial stage. The installation work for the tower has started gradually in year 2020 and the progress work has been increasing before the full lockdown started in June 2021 in order to meet the completion schedule in early year 2022.

The MRT2 project secured in March 2018 worth RM49 million has finally started the installation work since December 2020 after a long delayed due to the change in government back in the year 2018 and the revision of the design. Although there was slight delayed on the progress at site, the project is expected to be completed by end of this year. The progress of works undertaken by the Company is very much dependent on the progress by the civil and structural by other contractors.

Services division has been very much affected by this pandemic as customers requested for suspension or postponement of services at customers' site. Some contracts have to be cancelled due to the closure of the customers' business.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL HIGHLIGHTS (CONT'D)

Despite the Group's revenue has increased, the Group recorded a lower Gross Margin of 30% compared to previous year due to the increased in the cost of doing business especially the cost of materials has increased nationwide. This is evidence after the post Movement Control Order ("MCO") in year 2020 whereby all suppliers started to increase prices in order to recover their losses. The logistic cost has also increased as a result of the materials needed to be air freight to shorten the delivery lead time from overseas manufacturers.

The Group suffered a Loss before tax of RM18,999 million in the current financial year compared to last year of RM17,683 million. The losses mainly due to business loss from engineering division, provision for impairments of property development costs, investment costs and receivables. Moreover, the Group had incurred a significant amount of legal costs in the pursuit to defend the Group from legal suits as well as professional fees for the corporate exercise undertaken by the Group in 2021.

### Operational achievements

The Group received a Letter of Appointment ("LOA") on 11 September 2019 for the supply, delivery, installation, testing and commissioning of Extra Low Voltage System works for a project KL Metropolis 1, Kuala Lumpur with a contract value of RM7,480,000. The progress of this project has been very slow due to the technical issue at the site. Recently, all contractors have been notified that the project is expected to be completed by second quarter next year. Hence, we expect more revenue to be derived in the next financial year.

On 25 September 2020 and 9 October 2020, we received Letter of Award ("LOA") for the Merdeka PNB KL 118 for the supply, deliver, installation, testing and commissioning of the Audio-Visual System and Information Technology System for the Retail Mall and Hotel packages respectively. The total contract value for both packages worth RM40 million. Despite receiving the contract for both packages, both projects have yet to have any revenue derived during the financial year 30 June 2021 as the preliminary stage is expected to take longer time before the actual commencement of the work. The revenue will only be able to realize in the next financial year

On 30 September 2020, Metronic Smart Tech SB ("MST") had entered into a collaborative project vide a Letter of Intent ("LOI") with JF Strategic Management Pte Ltd ("JFSM") to collaborate, participate and contribute to the development of the "Smart Factories" and "Space Optimisation", with gross project value of up to USD15,000,000 (equivalent to approximately RM62,250,000). A joint venture company has been setup in Singapore end of last year to undertake the tender process. Unfortunately, the progress has been held back due to the resurgence of Covid-19 cases in both countries.

On 2 December 2020, the Group received another Letter of Award ("LOA") for the supply, delivery, installation, testing, commissioning, service and maintenance of Extra Low Voltage System works for a Belfield Tunnel project with a contract value of RM6,288,880. The actual work has been delayed due to the pandemic and we expect the revenue will be realized in the next financial year.

### Operational challenges and Improvement initiatives

In the pursuit to propel and remain ahead in the competitive industry, the Group is mindful of the challenges and risks, and has continue to take necessary measures to ensure its ability to achieve its operational and financial objectives.

The Group acknowledged the importance of all relevant stakeholders and has given high attention particularly the customers and suppliers.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### FINANCIAL HIGHLIGHTS (CONT'D)

#### Operational challenges and Improvement initiatives (Cont'd)

The Group's financial performance is very much dependent on work order and its margin. During the financial year, the construction industry specifically related to building management system became more competitive with limited opportunity as a result of the entrance of new players into the market. It was very challenging to secure new contracts with decent profit margin especially after the Covid-19 pandemic hits the country. The cost of equipment kept increasing whilst suppliers and sub-contractors tightened their contract terms. It was also a challenge to the Company in getting timely payment from Client. Despite these challenges, the Group has taken appropriate measures to address these challenges with the view of maximizing profit margin and reducing cost in mind.

Being involved in the skilled intensive industry, the retention of skilled and experienced personnel and engineers remains key challenges despite continuous effort and measures being undertaken to maintain our talent pool in anticipation of securing more major projects ahead. Efforts have been put to upgrade the employees' technical skill and maintain a competent team to stay competitive.

During the financial period, the Group continue to place the required resources towards attending several long outstanding issues such as its property held in Beijing, China. It is foreseen that the case nature may take time and lot of resources needed to resolve the case especially in this difficult time of COVID-19 global pandemic outbreak due to high risk of infection while travelling.

Notwithstanding the above, the Group continues to leverage its long-term strategic relationship with the existing and potential business associates and partners that would enable to smoothen the business process, improve efficiency as well as to improve cost effectiveness. MESB has also engaged into smart partnership with parties for synergistic team to secure more projects.

The Group's Business Transformation Program to strengthen its business foundation is still on-going. The program amongst other, has identified key action plans required to improve its capability and competency, and it covered the improvement of the governance structure, business policies and work processes, performance management system and other work processes enablers.

Despite all the challenges and difficulties faced by the Group, we are committed in ensuring the Group's long-term growth, continuously exploring and assessing opportunities and growth prospects to increase shareholders' value.

### ANTICIPATED OR KNOWN RISKS

Following are risks identified which may affect its ability to achieve its operational and financial objectives:

- 1) Reducing construction and infrastructure projects due to economic and political environment;
- 2) Lower success rate in securing tender due to competitive pricing among competitors; and
- 3) Loss of talented and skilled employee.

Plans to mitigate risks, among others:

- 1) Collaborate with key players in the complement works such as ICT and AV that will create synergy in the pursuit to bid and participate in more sizable contract works;
- 2) Collaborate with the key equipment suppliers to enhance product features and the required certifications to improve bidding price competitiveness;
- 3) Establish a Research and Development unit to create better BMS solution and reduce product cost. The center will also play a pivotal role in creating more functions and interfacing with more devices, technology and internet of things (IOT);
- 4) Form dedicated teams to explore other similar or complement business related opportunities;
- 5) To place greater focus on staff development programs;
- 6) Attract talented staff by changing working environment to a more conducive and corporate image, and adopting latest technology to improve efficiency and productivity of staff.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

### SIGNIFICANT CORPORATE DEVELOPMENTS

During the period, there was a couple of fundraising exercises undertaken by the Group in order to improve financial standing and meet the working capital requirements.

On 18 January 2021, the Group announced its proposal to undertake a private placement of up to 30% of the existing total number of issued shares of the Company (excluding treasury shares) or equivalent to 373,737,000 to third party investor(s). The private placement was completed at the offered price of RM0.0813 per share.

On 11 May 2021, the Group announced its proposal to undertake a private placement of up to 30% of the existing total number of issued share of the company (excluding treasury shares) or equivalent to 500,428,000 to third party investor(s). The private placement was completed at the offered price of RM0.0425 per share.

### FORWARD-LOOKING STATEMENT

The Group is mindful of the challenges ahead for the Engineering Division with the intense competition and current economic and political situation. The recent scaled-down and deferment of mega rail infrastructure projects namely ECRL and High-Speed Rail, and the slow-down in the construction industries has somehow affected the construction industries overall. The Group however remains optimistic that the prospect in BMS, ELV and AVS businesses continue to grow with the commencement of high profiled construction project such as MRT2, Merdeka PNB KL 118 and few other commercial building projects.

The Group to-date has submitted tenders for RM100 million and identified few in the pipelines whereby the tender is under preparation process such as MRT3. Based on the new initiative to mitigate the risks, with our combined expertise and experience, financial resources and technical strength, we are optimistic once again to secure more contracts, and regain our market share and leadership position in this engineering and technology solutions provider industry.

# SUSTAINABILITY STATEMENT

Our vision, mission, and core values from the guiding principles in the way we manage corporate sustainability and interaction with our stakeholders.

CORPORATE GOVERNANCE	EDUCATION AND HUMAN CAPITAL DEVELOPMENT	PRODUCTIVITY & INNOVATION
Providing a rigorous system of policies, practices & internal controls upheld by our Board, Management and Employees.	Creating a culture of excellence, competitiveness & knowledgeable society through continual development of stakeholders.	Delivering value added and quality solutions that meet our Customers' needs.
SAFETY AND HEALTH	ENVIRONMENTAL CARE & PROTECTION	CORPORATE SOCIAL RESPONSIBILITIES
Ensuring a safe and secure workplace as well as proactively managing health and safety risks.	Protecting and conserving the environment.	Making a positive difference to the communities we operate in.

Ensuring a safe and secure workplace as well as proactively managing health and safety risks. Protecting and conserving the environment. Making a positive difference to the communities we operate in.

The Group recognises that the business operations are intertwined with various stakeholders and their valuable contribution has a significant impact on the Group's market value. A robust stakeholder engagement approach helps the Group to communicate openly which makes it easier to build trust between the Group and its stakeholders.

This engagement with relevant stakeholders is a critical process to promote learning, share ideas and improve the Group's understanding of the business environment.

## STAKEHOLDER ENGAGEMENT

Key Stakeholders	Engagement Objectives	Stakeholders' Interest	Engagement Methods
Customers	To deliver value added and quality services and solutions that meet our Customers' needs.	Efficient and satisfactory services and deliveries	<ul style="list-style-type: none"> <li>Customer satisfaction surveys</li> <li>Personalised services</li> <li>Strategic alliance and regular meetings</li> </ul>
Employees	To create a safe workplace with good employee welfare, open communications and career advancement.	<ul style="list-style-type: none"> <li>Employee welfare</li> <li>Training and development</li> <li>Employee engagement</li> </ul>	<ul style="list-style-type: none"> <li>Safety Briefing &amp; Toolbox Meetings</li> <li>Workshops, seminars &amp; trainings</li> <li>Quarterly staff meetings</li> <li>Posters/Memos</li> </ul>
Contractors, Industry Partners, and Supplies	To drive sustainability across our supply chain.	<ul style="list-style-type: none"> <li>Strategic partnership</li> <li>Sustainable practices</li> </ul>	<ul style="list-style-type: none"> <li>Site Inspections</li> <li>Supplier selection via pre-qualifications and tendering process</li> </ul>
Government and Regulatory Bodies	To comply with applicable laws and regulations across all our operations	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Annual reporting</li> <li>Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>Maintain relationships with government officials</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

### STAKEHOLDER ENGAGEMENT (CONT'D)

Key Stakeholders	Engagement Objectives	Stakeholders' Interest	Engagement Methods
Investors	To assist investors in making informed investment decisions by providing timely and regular updates on financial performance, business strategy and other issues.	<ul style="list-style-type: none"> <li>Timely and transparent disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly financial results announcements</li> <li>Immediate announcement of material events</li> <li>Annual General Meeting</li> <li>Corporate website</li> </ul>
Media	To strengthen our profile by providing timely and accurate information about our Group's developments.	Timely and accurate information on Group's business	<ul style="list-style-type: none"> <li>Press releases</li> </ul>
Local Communities	To support local communities in economic, environmental and social development.	Community development initiatives	<ul style="list-style-type: none"> <li>Local sourcing Donations and Corporate Contributions</li> </ul>

### APPROACH TO SUSTAINABILITY

The following table provides the details of the identified material issues which were classified in seven categories and our approach.

Classifications	Issue	Our Approach
Economic Performance	Profitability	<ul style="list-style-type: none"> <li>Executing the Group's strategic plan.</li> <li>Top Management to keep abreast with local and global economic climate through economic reports and media.</li> <li>Continuous efforts in improving efficiency and quality of projects.</li> <li>Improve Group's earnings sustainability by exploring for business opportunities that provide recurring income.</li> </ul>
Business Conduct and Governance	Legal Compliance	<ul style="list-style-type: none"> <li>Access to information and professional advice.</li> <li>Review of legal requirements for contracts</li> <li>Keep abreast with new accounting standards by attending seminars.</li> <li>Updating relevant staff on new changes of laws and regulations.</li> <li>Formation of Safety and Health Department.</li> <li>Managing operations to ensure compliance to all legal requirements.</li> </ul>
	Crisis and business continuity management	<ul style="list-style-type: none"> <li>Establish a sound framework to manage risks.</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

### APPROACH TO SUSTAINABILITY (CONT'D)

Classifications	Issue	Our Approach
	Ethics	<ul style="list-style-type: none"> <li>Formalise ethical standards through code of ethics and conduct.</li> <li>There were no confirmed incidents of corruption, money laundering, non-compliance or violation of laws and regulations.</li> <li>Ensure adequate safety measures and provide proper protection to workers and employees at the workplace.</li> <li>Ensure activities of the Group do not harm the interest and well-being of society at large.</li> </ul>
Safety and Security	Workers' Safety	<ul style="list-style-type: none"> <li>Establishment of Safety and Health Plan to reduce rates of injury, occupational diseases, lost days and absenteeism.</li> <li>Employees are required to adhere strictly to our Standard Operating Procedures at all times.</li> <li>Disseminate safety information via Safety Handbook.</li> <li>Promote a safety culture: Safety First, Quality Always.</li> <li>Our impeccable safety record to date is a testament of our commitment to safety.</li> </ul>
	Workers' Health	<ul style="list-style-type: none"> <li>Minimise workplace health hazards.</li> <li>Create culture of enhance wellbeing.</li> </ul>
	Security Issue	<ul style="list-style-type: none"> <li>Installation of closed-circuit television within office boundaries.</li> </ul>
Environmental Impact	Energy Management	<ul style="list-style-type: none"> <li>IBMS solution helps property and building owner to reduce the operation cost and energy expenditure dramatically</li> <li>Create and promote environmentally beneficial products/services eg. certified to Green Building Index</li> </ul>
	Material Usage	<ul style="list-style-type: none"> <li>Disseminate information on how to lower environmental footprint via newsletter.</li> <li>Ensure effective use of natural resources.</li> </ul>
	Waste Management and recycling potential	<ul style="list-style-type: none"> <li>Adopting green practices and using natural resources responsibly.</li> <li>Manage consumption of direct and indirect sources of energy used in the operations.</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

### APPROACH TO SUSTAINABILITY (CONT'D)

Classifications	Issue	Our Approach
Employee Welfare and Health	Talent retention	<ul style="list-style-type: none"> <li>Competitive remuneration package and advancement opportunities for talented employees.</li> </ul>
	Staff Welfare	<ul style="list-style-type: none"> <li>Standardised Human Resources policies.</li> <li>Promote professionalism and improve the competency of Management, employees and skill workers via continuous training.</li> <li>Stringent Health and Safety programmes at the workplace.</li> <li>Provide Insurance plan, Employee Share Scheme and Bonus to supplement higher costs of living.</li> <li>Organised party for festives celebration</li> </ul>
	Learning and Development	<ul style="list-style-type: none"> <li>An employee's professional development continues throughout his/her career with us, mainly through on-the-job training in the form of technical and skilled courses conducted by external experts in their respective fields.</li> </ul>
Business Excellence	Productivity	<ul style="list-style-type: none"> <li>Engage closely with our customers and contractor partners to solicit feedback and improve processes through a number of channels including customer surveys, project discussions, on-site visits and other events.</li> <li>Continuous improving in engineering processes.</li> </ul>
	Project Quality	<ul style="list-style-type: none"> <li>Meeting and exceeding our customer's requirement and expectations.</li> <li>Consistently review our Quality Management System to ensure compliance to ISO 9001:2015 requirements.</li> </ul>
Community Involvement	Community Initiative	<ul style="list-style-type: none"> <li>Create Jobs.</li> <li>Create beneficial product/services.</li> <li>Corporate contribution to local communities</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Metronic Global Berhad ("**Metronic**" or "**the Company**") has acknowledged the importance of the good corporate governance ("**CG**") in a corporate. The Board is fully committed to apply high standards of CG practices throughout the Company and its subsidiaries ("**the Group**") by adhering to the principles and best practices of CG through observing and practising the core values of Malaysian Code on Corporate Governance ("**MCCG**").

The Board is pleased to presents an overview on the application of the principles as set out in the MCCG during the financial year ended 30 June 2021 ("**FYE 2021**").

This statement also serves as a compliance with Paragraph 15.25(1) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and shall be read together with the CG Report 2021 of Metronic ("**CG Report**") which is available on Metronic's website at [www.metronic-group.com](http://www.metronic-group.com) ("**Metronic's Website**").

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### (a) BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through Metronic's Website. The Board Charter will be reviewed on on and when it is necessary.

It is the primary governance responsibility of the Board to provide stewardship and directions for the management of the Group. The Board's responsibilities in respect of the stewardship of the Company include review and approve strategic plans and key business initiatives, corporate governance and internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behaviour. While the Board sets the platform of strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of shareholders and investors.

The Board has defined the roles and responsibilities for its Directors in the Board Charter. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of Executive Management and Senior Management, succession plan as well as the integrity of management information and systems of internal control of the Group.

The day-to-day management of the business operations of Metronic is led by the Executive Directors. The Board is constantly updated the team on the implementation of all business and operational initiatives and significant operational and regulatory challenges faced.

The Board is headed by an Independent Non-Executive Chairman with a wealth of experiences garnered from both the public and private sector. The roles of the Independent Non-Executive Chairman are clearly stated in the Board Charter.

The positions of the Chairman and the Executive Directors are separately held by different personnel to ensure balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Chairman, the individual Board Members as well as the Executive Directors one of whom is Chief Executive Officer.

Board meetings are scheduled at quarterly intervals with additional meetings convened as and when necessary. Through the Board meetings held, the Board had deliberated on the Group's financial performance, significant investments, business plans and other issues which are significant on the Group's performance.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (a) BOARD RESPONSIBILITIES (CONT'D)

During the FYE 2021, 5 board meetings were held and the details of the attendance of each Director are as follow:-

Name of Directors	No of meeting attended	Percentage of Attendance
Tan Sri Dato' Sri Mohamed Apandi Bin Ali <i>(Appointed w.e.f 1 July 2021)</i>	-*	-*
Datuk Seri Tan Choon Hwa <i>(Appointed w.e.f 12 November 2020)</i>	3/3	100%
Hoo Wai Keong	5/5	100%
Doris Wong Sing Ee <i>(Appointed w.e.f 1 October 2020)</i>	4/4	100%
Dato' Kua Khai Shyuan	4/5	80%
Muhammad Faliq bin Mohd Redzuan	5/5	100%
Ong Tee Kein	5/5	100%
Dato' Zaidi bin Mat Isa @ Hashim <i>(Resigned w.e.f 1 July 2021)</i>	5/5	100%
Khor Ben Jin <i>(Resigned w.e.f 1 October 2020)</i>	1/1	100%

\* Tan Sri Dato' Sri Mohamed Apandi Bin Ali was only appointed on 1 July 2021, hence, his attendance in the Board meetings was not included.

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")

The Board has defined the terms of reference for each Committee and the Chairman of these respective committee report and update the Board on significant matters and salient matters deliberated in the Committees.

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and Executive Directors are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the Executive Director takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

The Board is supported by qualified and competent Company Secretaries. The Company Secretaries of Metronic are qualified to act as Company Secretaries under Section 235 of the Companies Act 2016, of which they are a Member of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA) and Licensed Secretary (LS) respectively. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's Constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation. The Company Secretaries also ensure that the discussions at the Board and Board Committees meetings are well documented and circulated to the Board in timely manner.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (a) BOARD RESPONSIBILITIES (CONT'D)

Continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors during the FYE 2021 are as follows:

Name of Directors	Training attended	Date
Hoo Wai Keong	Stress Management for the New Norm – Post MCO	4 August 2020
	Strategic Planning Theories, Tools and Practice for Businesses	12 August 2021
Datuk Seri Tan Choon Hwa	Mandatory Accreditation Program (MAP)	31 May 2021 – 2 June 2021
Ong Tee Kein	Preference Shares – New Redemption Methods	12 November 2020
	Audit Quality Enhancement Programme for SMPs	30 November 2020 – 1 December 2020
	Consideration for Preparation of Financial Statements under COVID-19 Situations	21 December 2020
Doris Wong Sing Ee	Stress Management for the New Norm – Post MCO	4 August 2020

Saved as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company. In addition, during the financial year under review, the Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

#### (b) BOARD COMPOSITION

Metronic is led and managed by a diverse, competent and experienced Board with a mix of suitably qualified and experienced professionals that are relevant to the business which enable the Board to carry out its responsibilities in an effective and competent manner.

The profile of each Director is set out in pages 7 to 10 of this Annual Report. The Board acknowledged the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (b) BOARD COMPOSITION (CONT'D)

The Board currently has seven (7) members including four (4) Independent Directors. The Company has complied with the Paragraph 15.02 of the MMLR of having at least two (2) or one third (1/3) of the Board comprising independent directors. In the event of any vacancy of the Board, resulting in non-compliance with the Paragraph 15.02 of the MMLR, the Company will fill the vacancy within three (3) months.

During the FYE 2021, the Board through its NC has conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises. NC has also undertaken an assessment on each of the Directors on their training needs. Through the assessment, the Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary to enhance their knowledge as well as understanding of the Group's business and operations.

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval. The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the concerned Directors. The Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). The above provisions are adhered to by the Board at every AGM.

#### (c) REMUNERATION

The RC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remain and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors which should be aligned with the business strategy and long-term objectives of the Group taking into consideration that the remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Group's activities.

Directors' fees and benefits are reviewed by RC, and recommended by the Board for shareholders' approval at the AGM.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (c) REMUNERATION (CONT'D)

Details of Directors' remuneration who were in service during the FYE 2021 are as follows:

	Directors Fees (RM)	Salaries & Allowance (RM)	Benefits In-kind (RM)	Total (RM)
<b>Executive Director</b>				
Hoo Wai Keong	-	309,500	40,600	<b>350,100</b>
<b>Non- Executive Directors</b>				
Dato' Zaidi Bin Mat Isa @ Hashim <i>(Resigned w.e.f 1 July 2021)</i>	48,000	12,000	-	<b>60,000</b>
Doris Wong Sing Ee <i>(Appointed w.e.f. 1 October 2020)</i>	18,000	257,000	-	<b>275,000</b>
Dato' Kua Khai Shyuan	60,000	-	-	<b>60,000</b>
Muhammad Faliq bin Mohd Redzuan	30,000	-	-	<b>30,000</b>
Ong Tee Kein	30,500	-	-	<b>30,500</b>
Khor Ben Jin <i>(Resigned w.e.f. 1 October 2020)</i>	7,500			<b>7,500</b>
<b>Total</b>	<b>209,267</b>	<b>578,500</b>	<b>40,600</b>	<b>828,367</b>

#### Senior Management Remuneration

The range of remuneration of the senior management for the FYE 2021 includes salary and other emoluments are as follows:

Range of remuneration during the period	Number of senior management
RM100,001 – RM200,000	2
RM200,001 – RM300,000	1

The Board is of the opinion that disclosure on named basis is not required due to security and privacy reasons and the disclosures presented above is sufficient to allow shareholders to make an informed decision in respect of their investments.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### (a) AUDIT COMMITTEE

The AC currently comprises of three (3) members, all of whom are non-executive directors with a majority of them are Independent Directors. The AC Chairman is Mr Ong Tee Kein whom redesignated as Chairman on 1 October 2020. The Board took note on the Practice 7.2 of the MCCG to have a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC and this was included in the AC Terms of Reference.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on page 31 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### (b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During FYE 2021, the Board and AC were assisted by the Executive Director to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the AC. The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on [page] of this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

Going forward, the Board has restructured its risk management and internal control processes with the establishment of the AC.

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

#### (a) COMMUNICATION WITH STAKEHOLDERS

Metronic is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

The Company maintains various methods of dissemination of information important to shareholders, stakeholders and the public at large through the timely announcement of events, the quarterly announcement of financial results and product information on the Company's website at [www.metronic-group.com](http://www.metronic-group.com).

#### (b) CONDUCT OF GENERAL MEETINGS

The Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the MCCG.

The Chairman has highlighting to the shareholders and proxy holders on their rights to pose questions for clarification during the general meetings. The Board will ensure that the general meetings are conducted in an efficient manner, with the supply of comprehensive and timely information to shareholders and encourage the participation of the shareholders at the general meetings.

The Board had adopted the recommendation of the MCCG on the twenty-eights (28) days' notice period prior to the general meetings, so that the shareholders are given sufficient time to consider on the resolutions that to be discussed during the general meetings, wherever possible.

The 18<sup>th</sup> AGM Notice has been issued to the shareholders on 29 October 2021. This would enable the shareholders to make their decisions in respect of the resolutions that are being tabled at the AGM.

### COMPLIANCE STATEMENT

The Board is of the view that the Group upholds adequate CG and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCCG and all other applicable laws, where applicable and appropriate.

This CG Overview Statement was approved by the Board of the Company on 26 October 2021.

## ADDITIONAL COMPLIANCE INFORMATION

### 1. STATUS UTILISATION OF PROCEEDS RAISED FROM THE CORPORATE PROPOSALS

#### a. Rights Issue

On 23 April 2019, the Company announced that the Rights Issue with Warrants has been completed following the listing and quotation of 641,821,340 Rights Shares and 481,365,866 Warrants on the Main Market of Bursa Securities.

The status of utilization of the Rights Issue proceeds is as follows, as at 24 September 2021:-

Purposes	Timeframe for Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Funding for Kuala Krai project	Within 24 months	22,400	22,400	-
Funding for existing & future engineering projects	Within 36 months	18,488	18,488	-
Rights issue expenses	Immediate	830	830	-
<b>Total</b>		<b>41,718</b>	<b>47,718</b>	<b>-</b>

#### b. Private Placement

On 8 August 2019, the Company announced that the Company proposed to undertake private placement of up to 10% of the total number of issued shares of the company (excluding treasury shares) to third party investor(s) ("**Private Placement up to 10%**"). The Private Placement up to 10% was completed following the listing and quotation of 113,250,000 placement shares at the offered price of RM0.0451 per share. Following is the status of the utilisation of the private placement, as at 24 September 2021:-

Purposes	Timeframe for Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Development of smart city solutions in Malaysia	Within 36 months	4,948	3,232	1,716
Private Placement expenses	Immediate	160	160	-
<b>Total</b>		<b>5,108</b>	<b>3,392</b>	<b>1,716</b>

#### c. Private Placement

On 18 January 2021, the Company announced that the Company proposed to undertake private placement of up to 30% of the existing total number of issued shares of the company (excluding treasury shares) to third party investor(s) ("**Private Placement up to 30%**"). The Private Placement up to 30% was completed following the listing and quotation of 373,737,000 placement shares at the offered price of RM0.0813 per share. Following is the status of the utilisation of the private placement as at 24 September 2021:-

Purposes	Timeframe for Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Funding for existing and future engineering projects	Within 24 months	27,752	27,752	-
Private Placement expenses	Immediate	1,285	1,285	-
<b>Total</b>		<b>29,037</b>	<b>29,037</b>	<b>-</b>

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 1. STATUS UTILISATION OF PROCEEDS RAISED FROM THE CORPORATE PROPOSALS (CONT'D)

#### d. Private Placement

On 11 May 2021, the Company announced that the Company proposed to undertake private placement of up to 30% of the existing total number of issued shares of the company (excluding treasury shares) to third party investor(s) ("**Private Placement up to 30%**"). The Private Placement up to 30% was completed following the listing and quotation of 500,428,000 placement shares at the offered price of RM0.0425 per share. Following the status of the utilization of the private placement as at 24 September 2021:-

Purposes	Timeframe for Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Funding for business acquisition	Within 24 months	21,789	-	21,789
Private Placement expenses	Immediate	920	855	65
<b>Total</b>		<b>22,709</b>	<b>855</b>	<b>21,854</b>

### 2. AUDIT AND NON-AUDIT FEES

The amount if audit fees and non-audit fees paid or payable to the Company's External Auditors by the Group and the Company for the financial year ended 30 June 2021 ("FYE 2021") are as below:-

Type of Fees	Group (RM)	Company (RM)
Audit Fees	185,000	68,000
Non-audit Fees	-	-
<b>Total</b>	<b>185,000</b>	<b>68,000</b>

### 3. MATERIAL CONTRACTS

Save as disclosed in note 42 to 44 of the Financial Statements, there was no material contract entered into by the Company and/or its subsidiaries involving Directors and Substantial Shareholders' interest for the FYE 2021.

### 4. EMPLOYEES SHARE OPTION SCHEME

The ESOS of the Company was approved by the Shareholders at an Extraordinary General Meeting held on 16 December 2016 and it is governed by the by-laws. The ESOS was implemented on 13 March 2017 and shall be in force for a period of five (5) years and may be extended for a further period of up to 5 years at the discretion of the Board upon recommendation from the ESOS Committee, provided always that the Proposed ESOS shall not in aggregate exceed a duration of ten (10) years.

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 4. EMPLOYEES SHARE OPTION SCHEME (CONT'D)

On 23 February 2021, the Company has announced on the termination of the ESOS effective from 23 February 2021 in accordance with the by-laws ("**previous ESOS**"). The total number of options granted, exercised and outstanding under the previous ESOS are set out in the table below:-

- (a) Total number of options granted, exercised and outstanding

Total number of options outstanding as at 1 July 2020	Total number of options granted during the financial year ended 30 June 2021	Total number of options exercised during the financial year ended 30 June 2021	Total options outstanding as at 23 February 2021 (being the termination date of previous ESOS)
98,696,593	48,567,587	48,567,587	50,129,006

- (b) Total number of options granted to the Directors and Chief Executive

The Company has not granted any options to the Directors and Chief Executive during the financial period under review.

- (c) The aggregate maximum allocation and actual granted to the Directors and senior management

The Company has not granted any options to the Directors and senior management during the financial period under review.

Subsequently on an Extraordinary General Meeting held on 31 March 2021, the Shareholders of the Company has approved the establishment of new ESOS which involves up to 15% of the total number of issued shares of the Company for the eligible Directors and employees of the Group ("**new ESOS**").

The new ESOS was implemented on 1 April 2021 and shall be in force for a period of five (5) years and may be extended for a further period of up to 5 years at the discretion of the Board upon recommendation from the ESOS Committee, provided always that the Proposed ESOS shall not in aggregate exceed a duration of ten (10) years.

However, the Company has yet to grant any options under the new ESOS to the employees and Directors of the Company.

Total new number of options outstanding as at 1 April 2021 (being the effective date of the new ESOS)	Total number of options granted during the financial year ended 30 June 2021	Total number of options exercised during the financial year ended 30 June 2021	Total options outstanding as at 30 June 2021
311,966,723	-	-	311,966,723

# AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of Metronic Global Berhad ("Metronic" or "the Company") was established by a resolution of the Board of Directors ("the Board") on 8 April 2004. The Committee, operating within a specific terms of reference was established to assist the Board of the Company in discharging their duties and responsibilities.

The AC meets regularly with the senior management and the internal and external auditors to review the Group's operations, financial reports and the system of internal controls and compliance.

## A. MEMBERS

The AC currently comprises the following members:-

Members	Designation
<i>Ong Tee Kein</i> <i>(Redesignated as Chairman of AC w.e.f 1 October 2020)</i>	Chairman
Dato' Zaidi bin Mat Isa @ Hashim <i>(Resigned as member of AC w.e.f 1 July 2021)</i>	Member
Dato' Kua Khai Shyuan	Member
Muhammad Faliq Bin Mohd Ridzuan <i>(Appointed as Chairman of AC w.e.f 9 July 2021)</i>	Member

## B. TERMS OF REFERENCE

The Terms of Reference of AC is available on the Company's corporate website at [www.metronic-group.com](http://www.metronic-group.com) for shareholders' reference pursuant to Main Market Listing Requirements. The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Committee effectiveness evaluation. The Board is satisfied that the AC and its members discharged their functions, duties and responsibilities in accordance with the AC's Terms of Reference.

## C. INDEPENDENCE OF AUDIT COMMITTEE

The Company recognises the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the AC of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) period in the event any potential candidate to be appointed as a member of AC was a key audit partner of the external auditors of the Group.

## D. SUMMARY OF AC'S ACTIVITIES

The AC conducted five (5) meetings during the financial year ended 30 June 2021, and the attendance of the AC members is set out as below:-

Name of Committee Members	No. of Meetings Attended
Ong Tee Kein	5/5
Dato' Zaidi bin Mat Isa @ Hashim <i>(Resigned as member of AC w.e.f. 1 July 2021)</i>	5/5
Dato' Kua Khai Shyuan	4/5
Muhammad Faliq Bin Mohd Ridzuan <i>(Appointed as member of AC w.e.f. 9 July 2021)</i>	-*

## AUDIT COMMITTEE REPORT (CONT'D)

### D. SUMMARY OF AC'S ACTIVITIES (CONT'D)

In line with the terms of reference, the following activities were carried out by the AC during the financial year ended 30 June 2021:

- i) Reviewed unaudited quarterly financial results of the Company including the announcements pertaining thereto prior to submission to the Board for the consideration and approval.
- ii) Reviewed the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020 and issues arising from the audited thereof prior to submission to the Board for consideration and approval.
- iii) Reviewed the audit plan presented by the external auditors prior to their annual report as to their scope of work and strategy.
- iv) Reviewed matters arising from the statutory audit of the Group in a meeting with the External Auditors without the presence of any executive officer of the Group.
- v) Reviewed the annual audit plan prepared by the internal auditors to ensure adequate scope and coverage on their activities.
- vi) Reviewed internal audit report prepared by the internal auditors especially with regards to issues raised, recommendations made and management's response to their recommendations.
- vii) Reviewed the risk assessment reports prepared by the internal auditors and the recommendations made.
- viii) Reviewed all related party transactions and recurrent related party transactions that arose within the Group on a quarterly basis to ensure that they are within the mandate obtained.
- ix) Reviewed the performance of the internal and external auditors and made recommendations to the Board on their reappointment and remuneration.
- x) Reviewed the AC's Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and its recommendations to the Board for inclusion in the Annual Report.

### E. INTERNAL AUDIT FUNCTION

The Group appointed an external consulting company to undertake the internal audit function for the financial year ended 30 June 2021. The total cost incurred for the internal audit function was RM37,720 for the financial year 2021. The internal audit function is outsourced to Messrs. Kloo Point Risk Management Services Sdn. Bhd.

The role and responsibilities of the internal audit function are as follows:

- i) To undertake independent and regular reviews of the system of internal controls and give assurance that such system continues to operate satisfactorily and effectively.
- ii) To review the risk identification and evaluation process and ensure controls implemented by the management are consistent with Group's risk management policy.

The Internal Auditors have carried out their duties in accordance with its terms of reference and the internal audit plan as approved by the AC financial year ended 30 June 2021. Further details of the internal audit function and its activities are provided in the Statement on Risk Management and Internal Control, set out in page 33 to 35 of this Annual Report.

The report is made in accordance with a resolution of the Board of Directors dated 26 October 2021.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("**the Board**") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). The Statement on Risk Management and Internal Control below outlines the nature and scope of internal controls of Metronic Global Berhad and its subsidiaries ("**the Group**") during the financial year ended 30 June 2021 ("**FYE 2021**").

## 1. Board's Responsibility

The Board recognizes the importance of sound internal controls and risk management practice for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control ("**the System**") which includes establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

Nevertheless, the Board recognizes that the Group's system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives in view of the limitations inherent in any internal control system. Accordingly, the System can only provide reasonable but not absolute assurance against material misstatement and loss.

## 2. Risk Management Framework

The Board confirms that there is an on-going process of reviewing, identifying, evaluating and managing significant risks faced by the Group. Risk assessment and evaluation are integral part of the Group's business and operating processes. The daily running of the business is entrusted to the Executive Director ("**ED**") and their management team. Under the purview of the ED/CEO, the respective Head of Departments is responsible for managing the risk of his/her respective department as part of their day-to-day duties.

## 3. Internal Audit Function

The internal audit function is outsourced to an external consultant during the FYE 2021. The internal auditors adopted a risk-based approach and prepared the audit plan based on the risk profile of the Group. The internal auditors provided independent reviews on risk management and control processes implemented by the management and reported to the Audit Committee ("**AC**") which reviewed the adequacy, integrity and effectiveness of the System.

The findings of internal audit were communicated to the management of the Group and the AC.

The AC reviewed the reports from internal auditors and responses from the management before reporting the findings and making recommendations to the Board in strengthening the System.

## 4. Other Internal Control Process

Apart from risk management and internal audit, the Group's other key control processes include the following:

- i) There is an organization structure with well-defined reporting lines of responsibility and accountability and delegation of authority.
- ii) Documented policies and procedures are updated where necessary to reflect any changing operational risks. The Board approves appropriate responses or amendments in the Group policies.
- iii) The AC comprises three (3) Independent Non-Executive Directors. The AC was established with a view to assist the Board in the effective discharge of its fiduciary responsibility in respect of the Group's Internal Control Systems, risk management and financial reporting.
- iv) Quarterly results are reviewed by the AC and approved by the Board before announcement to the Bursa Securities.

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

### 4. Other Internal Control Process (cont'd)

- v) There are management meetings attended by the ED/CEO and the management team to discuss and report on operational performance, business strategy, key operating statistics, legal and regulatory matters of each business unit.
- vi) The Group's principal operating subsidiary, Metronic Engineering Sdn Bhd is ISO 9001:2015 accredited. Its employees are guided by the Quality Manual where standard operating procedures are to be followed. In addition to the periodic external ISO audit, internal audit is carried out on periodical basis where the findings or issues are documented and deliberated by the management team in the management review meetings.

### 5. Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management & Internal Control for the inclusion in the annual report for the FYE 2021. The external auditors conducted the review in accordance with the "Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the annual report ("AAPG 3") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Risk Management & Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls for the Group. AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management & Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. AAPG also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement on Risk Management & Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control of the Group.

### 6. Conclusion

There was no material or significant breakdown or weakness in the system of internal control of the Group that resulted in material losses or contingencies for the year under review. The Board and the management will continually review and improve the existing risk management processes and internal control system to ensure their adequacy and effectiveness in the dynamic business environment.

This statement is made in accordance with the resolution of the Board of Directors dated 26 October 2021.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to prepare the financial statements of the Group and of the Company which are drawn up in accordance with the provision of the Companies Act, 2016 and requirement of the applicable approved accounting standards in Malaysia and Bursa Securities' Listing Requirements.

The Board is responsible for ensuring that the financial statement give a true and fair view of the state of affairs of the Group and Company at the end of the financial year, and of the results and cash flows for the financial year then ended.

In preparing the financial statements, the Board had ensured the following:-

- Applied the appropriate and relevant accounting policies on a consistent basis
- Made reasonable and prudent judgements and estimates; and
- Applicable approved accounting standards in Malaysia have been followed

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and comply within the Companies Act 2016.

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



# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in *Note 8* to the financial statements. There were no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	<i>Group</i>	<i>Company</i>
	RM	RM
Loss attributable to:		
Owners of the Company	(20,647,616)	(9,458,948)
Non-controlling interests	(67,498)	-
	<u>(20,715,114)</u>	<u>(9,458,948)</u>

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

## DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

## RESERVES AND PROVISIONS

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

## DIRECTORS' REPORT (CONT'D)

### ISSUANCE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issue share capital from RM133,680,926 to RM188,881,025 by way of:

- a) issuance of 24,999 new ordinary shares as a result of the exercise of Warrants (“Warrants”) by the registered holders of the Warrants (“Warrant holders”) at an exercise price of RM0.08 per ordinary share.
- b) issuance of 40,725,439 and 7,842,148 new ordinary shares at issue price of RM0.1026 and RM0.08 per ordinary share respectively, pursuant to the Employee Share Option Scheme (“ESOS”).
- c) issuance of 315,500,000, 58,237,000, 334,760,000, 30,000,000 and 46,923,076 new ordinary shares at issue price ranging from RM0.0463 to RM0.08 per ordinary share via Private Placement.

The newly issued shares rank pari passu in respect with the previously issued shares. There was no issue any debentures by the Company during the financial year.

### OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted to the Company’s Employee Share Option Scheme.

### EMPLOYEE SHARE OPTION SCHEME (“ESOS”)

The details of employee share option scheme are disclosed in Note 22(d) to the Financial Statements.

### WARRANT

The details of warrant are disclosed in Note 22(b) to the Financial Statements.

### DIRECTORS

The directors who served since the date of the last report and at the date of this report are as follow:

Dato’ Kua Khai Shyuan

Dato’ Zaidi Bin Mat Isa @ Hashim (resigned on 1 July 2021)

Hoo Wai Keong

Muhammad Faliq Bin Mohd Redzuan

Ong Tee Kein

Doris Wong Sing Ee

Datuk Tan Choon Hwa (appointed on 12 November 2020)

Tan Sri Dato’ Sri Mohamed Apandi Bin Ali (appointed on 1 July 2021)

**DIRECTORS' REPORT (CONT'D)****NAME OF DIRECTORS OF THE SUBSIDIARIES OF THE COMPANY**

The name of the directors of the company's subsidiaries in office at any time during the financial year and during the period from the end of the financial year up to the date of the report, excluding those who are already listed above are:

Liew Chiap Hong  
 Ng Tek Che  
 Cheah Chee Fatt  
 Dato' Abdul Gani Bin Yusof  
 Manickavasagam Sambantham  
 Son Kewei

**DIRECTORS' INTERESTS**

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares in the Company during the financial year are as follows:

	----- Number of ordinary share -----			
	<i>At</i> 01.07.2020	<i>Bought</i>	<i>Sold</i>	<i>At</i> 30.06.2021
<i>Direct interest in the Company</i>				
Dato' Kua Khai Shyuan	333,333	-	-	333,333
Datuk Tan Choon Hwa	8,880,000	14,137,000	4,380,000	18,637,000

By virtue of his interests in the shares of the Company, Dato' Kua Khai Shyuan and Datuk Tan Choon Hwa are deemed to have interests in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest.

None of the other directors holding office at the end of financial year held any interest in the ordinary shares of the Company and its related corporations.

**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 emoluments received or due and receivable by directors as shown under Directors' remuneration below, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any deemed benefit which may have arisen by virtue of those transactions as disclosed in Note 37 to the financial statements.

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' BENEFITS (CONT.)

Neither during nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

### DIRECTORS' REMUNERATION

The details of the directors' remuneration are disclosed in *Note 34* to the financial statements.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in accounting records of the Group and the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would render the amounts written off as bad debts or the amounts of the allowance for doubtful debts in the financial statements inadequate to any substantial extent of the Group and of the Company; or
- (b) 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
- (c) which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

## DIRECTORS' REPORT (CONT'D)

### OTHER STATUTORY INFORMATION (CONT.)

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

- (a) 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
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, 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 affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

### INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

There was no indemnity given to or insurance effected for any director, officer or auditors of the Group and of the Company during the financial year.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in *Note 42* to the financial statements.

### SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial year are disclosed in *Note 43* to the financial statements.

### AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in *Note 32* to the financial statements.

## DIRECTORS' REPORT (CONT'D)

### AUDITORS

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

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

**DATO' KUA KHAI SHYUAN**  
Director

**HOO WAI KEONG**  
Director

Kuala Lumpur,

Date: 26 October 2021

## STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, DATO' KUA KHAI SHYUAN and HOO WAI KEONG, being two of the directors of METRONIC GLOBAL BERHAD, do hereby state on behalf of the directors that in the opinion of the directors, the financial statements of the Group and of the Company set out on pages 50 to 154 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of the results of the financial performance and cash flows of the Group and of the Company for the financial year then ended on that date.

Signed on behalf of the board of directors in accordance with a resolution of the directors.

.....  
**DATO' KUA KHAI SHYUAN**  
Director

.....  
**HOO WAI KEONG**  
Director

Kuala Lumpur,  
Date: 26 October 2021

## STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, WONG CHEE FAI, being the officer primarily responsible for the financial management of METRONIC GLOBAL BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 50 to 154, are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
WONG CHEE FAI at Puchong in the )  
State of Selangor Darul Ehsan )  
on this )

Before me,

.....  
**WONG CHEE FAI**  
Officer

**SAMUEL JOHN A/L PONNIAH**  
No. PJS: B347  
Commissioner of Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METRONIC GLOBAL BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements METRONIC GLOBAL BERHAD, which comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 50 to 154.

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 30 June 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF METRONIC GLOBAL BERHAD

### Report on the Audit of the Financial Statements (Cont.)

#### Key Audit Matters (cont.)

Key Audit Matters	How we addressed the key audit matters
<p><b><u>Group</u></b> <b>Impairment of property development cost</b></p> <p>The Group has property development cost with a gross amount of RM24,190,521 as at 30 June 2021.</p> <p>We focused on this area because significant Group's judgement is required, in particular with regards to the extent of the property developments costs incurred, the estimated total property development costs, impairment of property development cost as well as the recoverability of the development projects.</p>	<p>Our audit procedures included, among others: -</p> <ul style="list-style-type: none"> <li>- Understanding the Group's process in preparing project budget;</li> <li>- Discussed with the management on the current development, future plan of the property development and the effect of the impairment to the financial statements;</li> <li>- Reviewed management's future plan for the property development. We also considered the evidence for the execution of the plan; and</li> <li>- Assessing the methodology adopted by the Group in accordance to the requirements of MFRS 136 Impairment of Assets.</li> </ul>
<p><b>Recognition of research and development cost</b></p> <p>The Group has significant balances of development cost amounted to RM24,194,272 as at 30 June 2021.</p> <p>There is a risk the future performance of the assets may not lead to their carrying values being recoverable in full.</p>	<p>How we addressed the key audit matters</p> <p>Our audit procedures included, among others: -</p> <ul style="list-style-type: none"> <li>- Reviewing the criteria for when an intangible asset may or should be recognized;</li> <li>- Examining the methods of valuation for intangible assets after they have been first recognized;</li> <li>- Checking the ownership documents to ensure the existence;</li> <li>- Assessing the useful life of the intangible assets over which the Group expects to use the asset; and</li> </ul> <p>Assessing the methodology adopted by the Group in accordance to the requirements of MFRS 136 Impairment of Assets.</p>

## INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF METRONIC GLOBAL BERHAD

### Report on the Audit of the Financial Statements (Cont.)

#### Key Audit Matters (cont.)

Key Audit Matters	How we addressed the key audit matters
<p><b>Impairment of trade receivables</b></p> <p>The Group has significant trade receivables with a gross amount of RM13,402,113 as at 30 June 2021.</p> <p>We focused on this area because the Group made significant judgements over assumptions about risk of default and expected loss rate.</p>	<p>Our audit procedures included, among others: -</p> <ul style="list-style-type: none"> <li>- Understanding the design and implementation of controls associated with monitoring of outstanding receivables and impairment calculation;</li> <li>- Developing understanding of significant credit exposures which were significant overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by management;</li> <li>- Obtaining confirmation of balances from selected receivables;</li> <li>- Checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balance; and</li> <li>- Assessing the reasonableness and calculation of expected credit losses as at the end of the reporting period.</li> </ul>

## INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF METRONIC GLOBAL BERHAD

### Report on the Audit of the Financial Statements (Cont.)

#### Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

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

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

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

#### Auditors' Responsibilities for the Audit of the Financial Statements

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

## INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF METRONIC GLOBAL BERHAD

### Report on the Audit of the Financial Statements (Cont.)

#### Auditors' Responsibilities for the Audit of the Financial Statements (cont.)

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

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

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

## INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF METRONIC GLOBAL BERHAD

### Report on the Audit of the Financial Statements (Cont.)

#### Auditors' Responsibilities for the Audit of the Financial Statements (cont.)

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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.

#### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries, of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

#### Other Matters

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

The financial statements for the financial year ended 30 June 2020 were audited by another firm of chartered accountants whose report dated 22 October 2020 expressed an unqualified opinion on those financial statements.

**CHENGCO PLT**  
201806002622  
(LLP0017004-LCA) & AF0886  
Chartered Accountants

**YAP PENG BOON**  
02118/12/2022 J  
Chartered Accountant

Kuala Lumpur,  
Date: 26 October 2021

# STATEMENTS OF FINANCIAL POSITION

## AS AT 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	5	9,840,981	9,023,526	-	-
Investment properties	6	3,425,468	2,644,293	-	-
Intangible assets	7	24,149,272	-	-	-
Investment in subsidiary companies	8	-	-	34,683,439	34,583,439
Investment in associate company	9	-	-	-	-
Other investment	10	3,980,386	4,566,153	3,369,416	3,990,641
Deferred tax assets	11	3,555,609	3,555,609	-	-
		<u>44,951,716</u>	<u>19,789,581</u>	<u>38,052,855</u>	<u>38,574,080</u>
<b>CURRENT ASSETS</b>					
Property development costs	12	12,565,680	10,364,261	-	-
Inventories	13	254,813	712,178	-	-
Trade receivables	14	9,925,513	7,877,595	-	-
Amount due from contract customers	15	13,590,975	4,234,454	-	-
Other receivables and deposits	16	3,314,631	5,065,448	1,389,123	1,544,813
Amount due from subsidiary companies	17	-	-	31,423,353	3,503,577
Amount due from associate company	18	171,378	-	-	-
Fixed deposits	19	68,518,791	68,219,023	55,295,364	56,537,723
Cash and bank balances	20	9,305,781	1,005,251	8,812,740	32,763
		<u>117,647,562</u>	<u>97,478,210</u>	<u>96,920,580</u>	<u>61,618,876</u>
<b>TOTAL ASSETS</b>		<u>162,599,278</u>	<u>117,267,791</u>	<u>134,973,435</u>	<u>100,192,956</u>

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

## STATEMENTS OF FINANCIAL POSITION (CONT'D) AS AT 30 JUNE 2021

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		2021 RM	2020 RM <i>(Restated)</i>	2021 RM	2020 RM
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	21	188,881,025	133,680,926	188,881,025	133,680,926
Other reserves	22	21,602,467	21,804,005	16,547,902	16,548,926
Accumulated losses		(93,072,511)	(72,625,410)	(74,702,629)	(65,243,681)
Total equity attributable to owners of the Company		117,410,981	82,859,521	130,726,298	84,986,171
Non-controlling interests		116,454	(120,768)	-	-
<b>TOTAL EQUITY</b>		<b>117,527,435</b>	<b>82,738,753</b>	<b>130,726,298</b>	<b>84,986,171</b>
<b>LIABILITIES</b>					
<b>NON-CURRENT LIABILITIES</b>					
Finance lease liabilities	23	213,205	-	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	24	17,649,866	4,344,118	-	-
Other payables and accruals	25	19,069,998	19,397,135	2,697,738	2,499,361
Finance lease liabilities	23	24,925	3,424	-	-
Amount due to director	26	388,802	250,000	388,802	250,000
Amount due to subsidiary companies	26	-	-	-	10,434,210
Current tax liabilities		132,417	40,441	117,800	
Short term borrowings	27	7,592,630	10,493,920	1,042,797	2,023,214
		44,858,638	34,529,038	4,247,137	15,206,785
<b>TOTAL LIABILITIES</b>		<b>45,071,843</b>	<b>34,529,038</b>	<b>4,247,137</b>	<b>15,206,785</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>162,599,278</b>	<b>117,267,791</b>	<b>134,973,435</b>	<b>100,192,956</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	Group		Company	
		2021 RM	2020 RM (Restated)	2021 RM	2020 RM
REVENUE	28	29,470,623	19,045,421	-	-
COST OF SALES	29	(20,734,658)	(12,877,945)	-	-
GROSS PROFIT		8,735,965	6,167,476	-	-
OTHER OPERATING INCOME	30	3,902,726	2,621,192	1,020,137	1,890,641
ADMINISTRATIVE EXPENSES		(17,877,777)	(3,171,734)	(3,946,058)	(1,899,031)
OTHER OPERATING EXPENSES		(14,132,170)	(22,437,615)	(5,910,659)	(3,464,733)
SHARE OF RESULT OF ASSOCIATE, NET OF TAX		(64,280)	-	-	-
LOSS FROM OPERATIONS		(19,435,536)	(16,820,681)	(8,836,580)	(3,473,123)
FINANCE COSTS	31	(490,204)	(684,882)	(96,714)	(242,858)
LOSS BEFORE TAX	32	(19,925,740)	(17,505,563)	(8,933,294)	(3,715,981)
TAX EXPENSE	33	(588,860)	-	(525,654)	-
LOSS AFTER TAX		(20,514,600)	(17,505,563)	(9,458,948)	(3,715,981)
OTHER COMPREHENSIVE INCOME:					
<u>Item that may be reclassified subsequently to profit or loss</u>					
- foreign currency translation		(200,514)	(355,923)	-	-
<u>Item that will not be reclassified subsequently to profit or loss</u>					
- changes in fair value of other investment		-	(248,540)	-	(248,540)
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(20,715,114)	(18,110,026)	(9,458,948)	(3,964,521)

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

**STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (CONT'D)  
FOR THE YEAR ENDED 30 JUNE 2021**

	<i>Group</i>		<i>Company</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
<i>Note</i>	RM	RM	RM	RM
<b>LOSS AFTER TAX</b>				
ATTRIBUTABLE TO:				
Owners of the Company	(20,447,102)	(17,317,935)	(9,458,948)	(3,964,521)
Non-controlling interests	<u>(67,498)</u>	<u>(187,628)</u>	-	-
	<u>(20,514,600)</u>	<u>(17,505,563)</u>	<u>(9,458,948)</u>	<u>(3,964,521)</u>
<b>TOTAL COMPREHENSIVE LOSS</b>				
ATTRIBUTABLE TO:				
Owners of the Company	(20,647,616)	(17,922,398)	(9,458,948)	(3,964,521)
Non-controlling interests	<u>(67,498)</u>	<u>(187,628)</u>	-	-
	<u>(20,715,114)</u>	<u>(18,110,026)</u>	<u>(9,458,948)</u>	<u>(3,964,521)</u>
<b>LOSS PER SHARE (sen)</b>				
- Basic loss per share	35 <u>(1.37)</u>	<u>(1.47)</u>		
- Diluted loss per share	35 <u>(1.08)</u>	<u>(1.10)</u>		

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

# STATEMENTS OF CHANGES IN EQUITY

## AS AT 30 JUNE 2021

Group	Attributable to owners of the Company									
	Non-distributable					Distributable				
	Share capital	Revaluation reserve	Fair value reserve	Warrant reserve	ESOS reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2019	128,573,351	5,669,118	-	16,797,466	-	(58,116)	(55,752,462)	95,229,357	66,860	95,296,217
- as previously stated	-	-	-	-	-	-	444,987	444,987	-	444,987
- prior year adjustment (Note 45)	-	-	-	-	-	-	-	-	-	-
- as restated	128,573,351	5,669,118	-	16,797,466	-	(58,116)	(55,307,475)	95,674,344	66,860	95,741,204
Issuance of share under private placement (Note 21)	5,107,575	-	-	-	-	-	-	5,107,575	-	5,107,575
Loss after tax	-	-	-	-	-	-	(17,495,422)	(17,495,422)	(187,628)	(17,683,050)
Other comprehensive income:	-	-	-	-	-	(355,923)	-	(355,923)	-	(355,923)
Foreign currency translation differences	-	-	(248,540)	-	-	-	-	(248,540)	-	(248,540)
Fair value adjustment	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the financial year	-	-	(248,540)	-	-	(355,923)	(17,495,422)	(18,099,885)	(187,628)	(18,287,513)
At 30 June 2020 and 1 July 2020	133,680,926	5,669,118	(248,540)	16,797,466	-	(414,039)	(72,802,897)	82,682,034	(120,768)	82,561,266
- as previously stated	-	-	-	-	-	-	177,488	177,488	-	177,488
- prior year adjustment (Note 45)	-	-	-	-	-	-	-	-	-	-
- as restated	133,680,926	5,669,118	(248,540)	16,797,466	-	(414,039)	(72,625,409)	82,859,522	(120,768)	82,738,754
Acquisition of subsidiary companies (Note 42(a))	-	-	-	-	-	-	-	-	304,720	304,720
Issuance of share under (Note 21)	49,536,441	-	-	-	-	-	-	49,536,441	-	49,536,441
- private placement	3,023	-	-	-	-	-	-	3,023	-	3,023
- warrant subscription/exercised	-	-	-	-	854,833	-	-	854,833	-	854,833
- ESOS granted	-	-	-	-	(854,833)	-	-	-	-	-
- ESOS exercised	5,660,635	-	-	-	-	-	(20,447,102)	4,805,802	-	4,805,802
Loss after tax	-	-	-	-	-	-	(20,447,102)	(20,447,102)	(67,498)	(20,514,600)
Other comprehensive income:	-	-	-	-	-	(200,514)	-	(200,514)	-	(200,514)
Foreign currency translation differences	-	-	-	(1,024)	-	-	-	(1,024)	-	(1,024)
Warrant reserve adjustment	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(248,540)	(1,024)	-	(200,514)	(20,447,102)	(20,648,640)	(67,498)	(20,716,138)
Balance at 30 June 2021	188,881,025	5,669,118	(248,540)	16,796,442	-	(614,553)	(93,072,511)	117,410,981	116,454	117,527,435

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

## STATEMENTS OF CHANGES IN EQUITY (CONT'D) AS AT 30 JUNE 2021

<i>Company</i>	<-----Non-distributable----->					Total equity
	Share capital	Fair value reserve	Warrant reserve	ESOS reserve	Accumulated losses	
	RM	RM	RM	RM	RM	RM
Balance at 1 July 2019	128,573,351	-	16,797,466	-	(61,527,700)	83,843,117
Issuance of shares: (Note 21)						
- private placement	5,107,575	-	-	-	-	5,107,575
Total comprehensive loss for the financial year	-	(248,540)	-	-	(3,715,981)	(3,964,521)
Balance at 30 June 2020	133,680,926	(248,540)	16,797,466	-	(65,243,681)	84,986,171
Issuance of shares: (Note 21)						
- private placement	49,536,441	-	-	-	-	49,536,441
- warrant subscription/exercised	3,023	-	-	-	-	3,023
- ESOS granted	-	-	-	854,833	-	854,833
- ESOS exercised	5,660,635	-	-	(854,833)	-	4,805,802
Total comprehensive loss for the financial year	-	-	(1,024)	-	(9,458,948)	(9,459,972)
Balance at 30 June 2021	188,881,025	(248,540)	16,796,442	-	(74,702,629)	130,726,298

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

# STATEMENTS OF CASH FLOWS

## FOR THE YEAR ENDED 30 JUNE 2021

	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM Restated	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Loss before tax	(19,925,740)	(17,505,563)	(8,933,294)	(3,715,981)
<i>Adjustments for:</i>				
Bad debts written off	174,089	-	508,326	-
Depreciation of property, plant and equipment	418,362	357,767	-	-
Gain on foreign exchange - unrealised	(35,458)	(22,400)	-	(22,400)
Impairment losses on:				
- investment in subsidiaries companies	-	-	-	500,000
- investment in associate company	235,720	-	-	-
- investment properties	379,751	-	-	-
- trade receivables	1,375,905	83,665	-	-
- other receivables	700,000	298,550	-	-
- amount due from subsidiary company	-	-	3,482,453	-
- amount due from associate company	1,248,312	-	-	-
- financial assets measure at fair value through profit or loss	-	1,608,337	-	1,608,337
- inventories	-	625,257	-	-
- property development cost	4,832,581	6,792,260	-	-
Interest expenses	490,204	684,882	96,714	242,858
Interest income	(1,210,758)	(2,158,953)	(990,725)	(1,890,641)
Loss on disposal of quoted shares classified as fair value through profit or loss	1,778,387	1,112,440	1,778,387	1,112,440
Provision for contingent liabilities	596,424	1,158,750	-	-
Provision for defect liabilities	648,523	293,425	-	-
Reversal of impairment loss on trade receivables	(83,665)	(48,045)	-	-
Reversal of impairment loss on amount due from subsidiary companies	-	-	(29,412)	-
Share of loss from associate	64,280	-	-	-
Shared based payment	854,833	-	854,833	-
Waiver of debts	(1,920,935)	-	-	-
Write off of amount due from subsidiary company	-	-	40,720	-

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

## STATEMENTS OF CASH FLOWS (CONT'D) FOR THE YEAR ENDED 30 JUNE 2021

	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<i>Changes in:</i>				
Amount due from contract customers	(9,356,521)	3,088,947	-	-
Inventories	351,892	658,555	-	-
Property development cost	(7,034,000)	(481,042)	-	-
Trade and other receivables	(2,654,809)	3,948,931	155,690	(1,214,180)
Trade and other payables	13,099,595	(1,918,424)	198,377	197,541
Cash used in generated from operations	(14,973,028)	(1,422,661)	(2,837,931)	(3,182,026)
Interest paid	(382,928)	(441,512)	-	-
Tax paid	(489,674)	-	(407,854)	-
<i>Net cash used in operating activities</i>	<u>(15,845,630)</u>	<u>(1,864,173)</u>	<u>(3,245,785)</u>	<u>(3,182,026)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of associate	(300,000)	-	-	-
Acquisition of subsidiary companies	304,720	-	(100,000)	-
Interest paid	(96,714)	(242,858)	(96,714)	(242,858)
Interest received	1,210,758	2,158,953	990,725	1,890,641
Increase in other investment	-	(2,075,656)	-	-
Placement of fixed deposits	(5,387,906)	(415,377)	(5,387,906)	(415,377)
Proceeds from disposal of quoted shares classified as fair value through profit or loss	5,526,743	537,770	5,526,743	537,770
Purchase of quoted shares classified as fair value through profit or loss	(6,683,905)	(575,512)	(6,683,905)	(2,075,656)
Purchase of investment properties	(1,160,926)	-	-	-
Purchase of property, plant and equipment	(971,001)	(445,794)	-	-
Purchase of intangible assets	(24,149,272)	-	-	-
<i>Net cash used in investing activities</i>	<u>(31,707,503)</u>	<u>(1,058,474)</u>	<u>(5,751,057)</u>	<u>(305,480)</u>

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

## STATEMENTS OF CASH FLOWS (CONT'D)

### FOR THE YEAR ENDED 30 JUNE 2021

	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
(Advance to)/repayment from subsidiary companies	-	-	(42,356,073)	3,652,207
Advance to associate company	(1,419,690)	-	-	-
Drawdown of bankers' acceptances	459,611	3,937,797	-	-
Financing from director	138,802	-	138,802	-
Interest paid	(10,562)	(512)	-	-
Issuance of share capital	54,344,242	5,107,575	54,344,242	5,107,575
Placement of fixed deposits pledged as securities	(1,363,448)	(2,634,803)	-	-
(Repayment)/drawdown of margin financing	(980,417)	-	(980,417)	957,198
Repayment of finance lease liabilities	(25,295)	(13,744)	-	-
Net cash generated from financing activities	<u>51,143,243</u>	<u>6,396,313</u>	<u>11,146,554</u>	<u>9,716,980</u>
<i>Net increase in cash and cash equivalents</i>	3,590,110	3,473,666	2,149,712	6,229,474
<i>Effects of changes in exchange rate</i>	(339,256)	(355,923)	-	-
<i>Cash and cash equivalents at beginning of financial year</i>	<u>59,438,100</u>	<u>56,320,357</u>	<u>56,155,109</u>	<u>49,925,635</u>
<i>Cash and cash equivalents at end of financial year (Note 20)</i>	<u><u>62,688,954</u></u>	<u><u>59,438,100</u></u>	<u><u>58,304,821</u></u>	<u><u>56,155,109</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2021

### 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in *Note 8*. There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The address of the registered office of the Company is Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor.

The address of the principal place of business of the Company is No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

#### 2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) and explanation of change in accounting policy

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year.

Amendments to MFRS 3	Definition of Business
Amendments to MFRS 4	Insurance Contracts
Amendments to MFRS 7, MFRS 9 and MFRS 139	Interest Rate Benchmark Reform

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 2. BASIS OF PREPARATION (CONT.)

##### 2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) and explanation of change in accounting policy (cont.)

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year. (cont'd)

Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 16	Leases (Annual Improvements to MFRSs 2018 - 2020 Cycle)
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

##### 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective:

###### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021*

Amendments to MFRS 9, MFRS 7, MFRS 139, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
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###### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 April 2021*

Amendments to MFRS 16	Leases - Covid-19 Related Rent Concession beyond 30 June 2021
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## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

## 2. BASIS OF PREPARATION (CONT.)

### 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont.)

The Group and the Company have not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective: (cont'd)

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022*

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRSs 2018 - 2020 Cycle)
Amendments to MFRS 3	Business Combination - Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments (Annual Improvements to MFRSs 2018 - 2020 Cycle)
Amendments to MFRS 116	Property, plant and equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture (Annual Improvements to MFRSs 2018 - 2020 Cycle)

#### *MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023*

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure of Accounting Policies
Amendments to MFRS 112	Income Tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 2. BASIS OF PREPARATION (CONT.)

##### 2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont.)

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year. (cont'd)

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

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and of the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective.

##### 2.4 Functional and presentation currency

The financial statements of the Company measured using the currency of the primary economic environment in which it operates (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

##### 2.5 Basis of measurement

The financial statements of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

##### 2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group’s accounting policies. Although these estimates and judgement are based on the directors’ best knowledge of current events and actions, actual results may differ.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

#### 3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

##### (a) *Subsidiaries and business combination*

Subsidiaries are entities (including structure entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquiree.

The financial statements of subsidiaries are included in the consolidated financial statements from the date Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- (i) the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- (ii) the recognised amount of any 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 (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- (iii) if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- (iv) the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 3.1 Basis of consolidation (cont.)

###### (a) *Subsidiaries and business combination (cont.)*

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred equity to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combinations occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets and liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

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 subsidiaries from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains an interest in the former subsidiaries, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in loss of control accounted for as equity transactions. The different between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.1 Basis of consolidation (cont.)

##### (b) *Non-controlling interests*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

##### (c) *Associates*

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the 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. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. 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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.1 Basis of consolidation (cont.)

##### (d) *Translations eliminated on consolidation*

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

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

#### 3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.13(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

#### 3.3 Foreign currency transactions and operations

##### (a) *Translation of foreign currency transactions*

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions. All exchange differences are taken to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.3 Foreign currency transactions and operations (cont.)

##### (a) *Translation of foreign currency transactions (cont.)*

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. 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, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

##### (b) *Translation of foreign operations*

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 3.4 Property, plant and equipment

###### (a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

Cost of assets, includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

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

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

###### (b) Subsequent costs

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

###### (c) Depreciation

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful life (year)
Freehold buildings	50
Motor vehicles	5
Furniture, fittings and equipment	3 - 5
Renovation	25

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.4 Property, plant and equipment (cont.)

##### (d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

#### 3.5 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property. The cost of a self-constructed investment property includes the cost of material, direct labour and any other direct attributable costs. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.21.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.6 Intangible assets

##### (a) Research and development costs

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

##### (b) Research and development costs

The amortisation methods used and the estimated useful lives are as follows:

	<b>Method</b>	<b>Useful lives (years)</b>
Development costs	Straight-line	5 to 10
Computer software	Straight-line	10

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.7 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follow:

- Trading goods: purchase costs on a first-in first-out basis.
- Cost of building automation equipment and parts: costs of direct costs are assigned on a weighted average cost basis.

Net realisable value is the estimate of the selling price less the estimated cost of selling expenses. Write down is made where necessary for damage, obsolete and slow-moving inventories.

#### 3.8 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers.

#### 3.9 Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts 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.

#### 3.10 Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognized in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 3.10 Property development costs (cont.)

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognized only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognized as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defect's liability period, is recognized as an expense immediately.

Property development costs not recognized as an expense are recognized as an asset, which is measured at the lower of cost and net realizable value.

The excess or revenue recognized in the profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognized in profit or loss is classified as progress billings within trade payables.

##### 3.11 Amount due from/to contract customers

Construction contracts are stated at cost plus attributable profits less applicable progress billings and allowances for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is determined by the actual costs incurred for work performed to-date in relation to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to contract customers.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.12 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company becomes a party to the contract provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component of for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risk of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

#### (a) *Subsequent measurement*

The Group and the Company categories the financial instruments as follows:

#### (i) Financial assets

For the purposes of subsequent measurements, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains or losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains or losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics for the financial assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 3.12 Financial instruments (cont.)

###### (a) *Subsequent measurement (cont.)*

###### (i) Financial assets (cont.)

The Group and the Company reclassifies financial assets when and only when its business models for managing those assets change.

###### Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. These are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the financial asset is derecognized, modified or impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.13(a).

- **Fair value through other comprehensive income (FVOCI)**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycle to profit or loss. The policy for the recognition and measurement of impairment is in accordance with Note 3.13(a).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.12 Financial instruments (cont.)

##### (a) Subsequent measurement (cont.)

##### (i) Financial assets (cont.)

##### Debt instruments (cont.)

- **Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

##### Equity instruments

The Group and the Company subsequently measures all equity investments at fair value. Upon initial recognition, the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains or losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 3.12 Financial instruments (cont.)

###### (a) Subsequent measurement (cont.)

###### (ii) Financial liabilities

The Group and the Company classifies its financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

###### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company has not designated any financial liability as at fair value through profit or loss.

###### Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.12 Financial Instruments (cont.)

##### (b) *Financial guarantee contracts*

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequently to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation

##### (c) *Derecognition*

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) the Group and the Company has transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continues to recognise the transferred asset to extent of their continuing involvement. In that case, the Group and the Company also recognises an associate liability. The transferred asset and the associate liability are measured on a basis that reflects the rights and obligations that the Group and the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 3.12 Financial Instruments (cont.)

(c) *Derecognition (cont.)*

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(d) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is currently an enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

##### 3.13 Impairment of assets

(a) *Impairment of financial assets*

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), lease receivables or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.13 Impairment of assets

##### (a) *Impairment of financial assets (cont.)*

The Group and the Company measures loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables, the Group and the Company applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

The Group and the Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company considers a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company is exposed to credit risk.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 3.13 Impairment of assets (cont.)

###### (a) *Impairment of financial assets (cont.)*

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.13 Impairment of assets (cont.)

##### *(b) Impairment of non-financial assets*

The carrying amounts of non-financial assets (except for inventories, contract assets, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and of the Company makes an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs").

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 3.14 Share capital

###### *Ordinary shares*

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

##### 3.15 Share-based payments

Share-based payments are measured at grant date fair value. For share options granted to employees, in many cases market prices are not available and therefore the fair value of the options granted shall be estimated by applying an option pricing model. Option pricing models need input data such as expected volatility of the share price, expected dividends or the risk-free interest rate for the life of the option. The overall objective is to approximate the expectations that would be reflected in a current market or negotiated exchange price for the option. Such assumptions are subject to judgements and may turn out to be significantly different than expected.

Fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's and the Company's estimate of equity instruments that will eventually vest. The estimate of the number of equity instruments expected to vest is revised by the Group and the Company at the end of each reporting period through settlement. Revisions of the original estimates, if any, is recognised in profit or loss so that the cumulative expense includes the revised estimate, with the corresponding adjustment to the reserve for employee equity-settled benefits.

##### 3.16 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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 economic resources will be required to settle the obligation, the provision is reversed.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.17 Related Parties

A party is related to an entity if: -

- (i) directly, or indirectly through one or more intermediaries, the party: -
  - (a) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
  - (b) has an interest in the entity that gives it significant influence over the entity; or
  - (c) has joint control over the entity;
- (ii) the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is a venture;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of an entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 3.18 Revenue and other income

The Group recognises revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group measures revenue at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group estimates it by using the expected cost plus margin approach.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

##### Financing components

The Group has applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group expects that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

##### (a) *Sales of goods*

Revenue from sale of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of due from the date of invoices, which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

When consideration is collected from customer in advance for sale of goods, an advance from customers is recognised for the customer deposits. Advance from customers would be recognised as revenue upon sale of goods to the customer.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.18 Revenue and other income (cont.)

##### (b) *Engineering contracts*

Revenue from contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on estimated total project costs incurred to date over the year.

##### (c) *Rending of services*

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

##### (d) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method.

#### 3.19 Income tax

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

##### (a) *Current tax*

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

##### (b) *Deferred tax*

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

##### 3.19 Income tax (cont.)

###### (b) *Deferred tax (cont.)*

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

##### 3.20 Employee benefits

###### (a) *Short term employee benefits*

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

###### (b) *Defined contribution plan*

As required by law, the Group and the Company contribute to the Employees Provident Fund (“EPF”), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.21 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### 3.22 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

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

#### 3.23 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decision.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

#### 3.24 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

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

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

#### 3.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Depreciation of property, plant and equipment

As disclosed in Note 3.4, the Group review the residual values, useful lives and depreciation methods at the end of each reporting period. 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 may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's property, plant and equipment are disclosed in Note 5.

(b) Impairment of financial assets

The impairment provisions for financial assets is based on assumptions about risk of default and expected loss rate. The Group and the Company uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group and the Company uses a provision matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due. The Group and the Company uses the grouping according to the customer segments that have similar loss patterns. The criteria include geographical region, product type, customer type and rating, collateral or trade credit insurance.

The provision matrix is initially based on the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

The information about the impairment losses on the Group's and the Company's financial assets is disclosed in Note 38(b)(i).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT.)

(c) Measurement of income taxes

The Group and the Company operates in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group and the Company as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the tax payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Group and the Company is disclosed in Note 33.

(d) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance and taxable profits of the subsidiaries.

The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 11.

(e) Share-based payments

The Group and the Company grants share option to directors who have met the specified conditions. The share options granted are measured at fair value at grant date using a binomial option pricing model. The key assumptions or inputs used in the binomial option pricing model include: (a) the current price, (b) the exercise price, (c) the risk-free rate, (d) the volatility of the share price (e) the dividend yield and (f) the time period to maturity, and with an adjustment for an early exercise of option based on the Group's and the Company's past experience with earlier exercises. As the volatility of the share price is estimated based on past price movements, the actual volatility may not coincide with the estimates made. Similarly, the actual early exercise of options granted may not coincide with the estimates made. These differences may affect the fair value measurement of the options granted but they are not adjusted retrospectively because the equity component of the options granted is not remeasured to fair value subsequent to their initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT.)

(f) Write down of obsolete or slow-moving inventories

The Group write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 13.

(g) Impairment of non-financial assets

The Group and the Company assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less costs of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. The Group and the Company use its judgement to decide the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's and the Company's financial positions and results if the actual cash flows are less than the expected.

The carrying amounts of the non-financial assets are disclosed in Notes 5, 6, 7, 8, 9, 10, 11, 12 and 13.

(h) Engineering contracts

The Group recognised engineering contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the proportion of progress billing for work performed to date to the total project value.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as recoverability of the contract costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists and status of negotiation with the counterparties.

The carrying amounts of amount due from contract customers are disclosed in Note 15.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

<i>Group</i>	Freehold land		Freehold buildings		Property development in progress		Motor vehicles		Fittings and equipment		Renovation		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>Cost/Valuation</i>														
<i>At 1 July 2019</i>														
Cost	-	-	-	1,852,942	78,652	5,883,462	1,063,000	8,878,056						
Valuation	5,613,114	2,579,795	-	-	-	-	-	8,192,909						
	5,613,114	2,579,795	1,852,942	78,652	5,883,462	1,063,000	17,070,965							
Additions	-	-	-	-	-	445,794	-	445,794						
Transfer to investment property	-	-	(1,852,942)	-	-	-	-	(1,852,942)						
<i>At 30 June 2020</i>														
Cost	-	-	-	-	78,652	6,329,256	1,063,000	7,470,908						
Valuation	5,613,114	2,579,795	-	-	-	-	-	8,192,909						
	5,613,114	2,579,795	-	-	78,652	6,329,256	1,063,000	15,663,817						

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 5. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Group	Freehold land		Freehold buildings		Property development in progress		Motor vehicles		Fittings and equipment		Renovation		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>Cost/Valuation</i>														
<u>At 1 July 2020</u>														
Cost	-	-	-	-	-	-	78,652	-	6,329,256	1,063,000	-	-	7,470,908	
Valuation	5,613,114	2,579,795	-	-	-	-	-	-	-	-	-	-	8,192,909	
	5,613,114	2,579,795	-	-	-	-	78,652	-	6,329,256	1,063,000	-	-	15,663,817	
Additions	-	-	-	-	-	-	552,000	-	68,076	610,925	-	-	1,231,001	
Foreign currency differences	-	-	-	-	-	-	-	-	418	4,671	-	-	5,089	
Written off	-	-	-	-	-	-	(14,846)	-	(4,433,863)	-	-	-	(4,448,709)	
<u>At 30 June 2021</u>														
Cost	-	-	-	-	-	-	615,806	-	1,963,887	1,678,596	-	-	4,258,289	
Valuation	5,613,114	2,579,795	-	-	-	-	-	-	-	-	-	-	8,192,909	
	5,613,114	2,579,795	-	-	-	-	615,806	-	1,963,887	1,678,596	-	-	12,451,198	

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 5. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Group	Property							Total
	Freehold land	Freehold buildings	Property development in progress	Motor vehicles	Fittings and equipment	Renovation	RM	
<i>Accumulated depreciation</i>	RM	RM	RM	RM	RM	RM	RM	RM
<u>At 1 July 2019</u>	-	-	-	47,852	5,626,630	480,987	6,155,469	
Cost (As previously stated)	-	-	-	14,846	(134,407)	-	(119,561)	
Prior year adjustment (Note 45)	-	-	-	62,698	5,492,223	480,987	6,035,908	
Cost (As restated)	-	246,616	-	-	-	-	246,616	
Valuation	-	246,616	-	62,698	5,492,223	480,987	6,282,524	
Charge for the year	-	-	-	12,761	246,061	27,992	286,814	
Cost	-	70,953	-	-	-	-	70,953	
Valuation	-	70,953	-	-	-	-	-	
<u>At 30 June 2020</u>	-	-	-	75,459	5,738,284	508,979	6,322,722	
Cost	-	317,569	-	-	-	-	317,569	
Valuation	-	317,569	-	75,459	5,738,284	508,979	6,640,291	

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 5. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Group	Freehold land		Freehold buildings		Property development in progress		Motor vehicles		Fittings and equipment		Renovation		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>Accumulated depreciation</i>														
<u>At 1 July 2020</u>														
Cost	-	-	-	-	-	-	75,459	5,738,284	508,979	6,322,722				
Valuation	-	317,569	-	-	-	-	-	-	-	317,569				
	-	317,569	-	-	-	-	75,459	5,738,284	508,979	6,640,291				
<b>Charge for the year</b>														
Cost	-	-	-	-	-	-	91,740	201,960	73,066	366,766				
Valuation	-	51,596	-	-	-	-	-	-	-	51,596				
<b>Write off</b>														
Foreign currency differences	-	-	-	-	-	-	(14,846)	(4,433,863)	-	(4,448,709)				
	-	-	-	-	-	-	-	39	234	39				
<u>At 30 June 2021</u>														
Cost	-	-	-	-	-	-	152,353	1,506,420	582,279	2,241,052				
Valuation	-	369,165	-	-	-	-	-	-	-	369,165				
	-	369,165	-	-	-	-	152,353	1,506,420	582,279	2,610,217				

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 5. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Group	Freehold land		Freehold buildings		Property development in progress		Motor vehicles		Fittings and equipment		Renovation		Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<u>Net carrying amount 2021</u>														
Cost	-	-	-	-	-	-	463,452	-	457,468	1,096,317	2,017,237	-	-	-
Valuation	5,613,114	2,210,630	-	-	-	-	-	-	-	-	-	-	-	7,823,744
	5,613,114	2,210,630	-	-	-	-	463,452	457,468	1,096,317	9,840,981				
<u>Net carrying amount 2020</u>														
Cost (as restated)	-	-	-	-	-	-	3,193	590,972	554,021	1,148,186	-	-	-	-
Valuation	5,613,114	2,262,226	-	-	-	-	-	-	-	-	-	-	-	7,875,340
	5,613,114	2,262,226	-	-	-	-	3,193	590,972	554,021	9,023,526				

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 5. PROPERTY, PLANT AND EQUIPMENT (CONT.)

- (a) The net carrying amount of the property, plant and equipment acquired under finance lease are as follow:

	<i>Group</i>	
	2021	2020
	RM	RM
Motor vehicles	<u>231,118</u>	<u>3,193</u>

- (b) During the financial year, the Group acquired property, plant and equipment by following means:

	<i>Group</i>	
	2021	2020
	RM	RM
Cash payments	971,001	445,794
Finance lease	<u>260,000</u>	<u>-</u>
	<u>1,231,001</u>	<u>445,794</u>

- (c) The freehold land and freehold buildings of the Group have been pledged to a licensed bank as securities for banking facilities granted to the Group.

If these freehold land and freehold buildings were measured using the cost model, the net carrying amount would be as follows:

	<i>Group</i>	
	2021	2020
	RM	RM
Freehold land		
Cost	<u>4,851,314</u>	<u>4,851,314</u>
Freehold buildings		
Cost	2,124,481	2,124,481
Less: Accumulated depreciation	<u>(1,201,597)</u>	<u>(1,126,659)</u>
	<u>922,884</u>	<u>997,822</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 6. INVESTMENT PROPERTIES

<i>Group</i>	Freehold land	Freehold building	Leasehold buildings	Building in progress	Total
	RM <i>(Fair value)</i>	RM <i>(Fair value)</i>	RM <i>(Fair value)</i>	<i>(Cost)</i>	RM
At 1 July 2019	290,000	121,600	379,751	-	791,351
Transfer from property, plant and equipment	-	-	-	1,852,942	1,852,942
At 30 June 2020 and 1 July 2020	290,000	121,600	379,751	1,852,942	2,644,293
Addition	-	-	-	1,160,926	1,160,926
At 30 June 2021	290,000	121,600	379,751	3,013,868	3,805,219
<i>Accumulated depreciation</i>					
At 1 July 2019 (As previously stated)	-	22,348	303,079	-	325,427
Prior year adjustment (Note 45)	-	(22,348)	(303,079)	-	(325,427)
At 1 July 2019 (As restated)	-	-	-	-	-
Charge for the financial year	-	2,299	3,332	-	5,631
Prior year adjustment (Note 45)	-	(2,299)	(3,332)	-	(5,631)
Charge for the financial year (as restated)	-	-	-	-	-
At 30 June 2020, 1 July 2020 and 30 June 2021	-	-	-	-	-
<i>Accumulated impairment</i>					
At 1 July 2019, 30 June 2020 and 1 July 2020	-	-	-	-	-
Charge for the financial year	-	-	379,751	-	379,751
At 30 June 2021	-	-	379,751	-	379,751
<i>Net carrying amount</i>					
At 30 June 2021	290,000	121,600	-	3,013,868	3,425,468
At 30 June 2020	290,000	121,600	379,751	1,852,942	2,644,293

The estimated fair values of the investment properties are arrived of based on the directors' estimation at the fair values of the investment properties. Such fair values are arrived of based on comparisons with prices of similar properties in the same location or adjacent locations. Location differences may significant affect the estimate of the fair value.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 6. INVESTMENT PROPERTIES (CONT.)

If these investment properties were measured using the cost model, the net carrying amount would be as follows:

	Freehold land	Freehold building	Leasehold buildings	Buildings in progress	Total
<i>Group</i>	RM	RM	RM	RM	RM
2021					
Cost	245,909	121,600	379,751	1,852,942	2,600,202
Less: Accumulated depreciation	-	(22,535)	(94,274)	-	(116,809)
	245,909	99,065	285,477	1,852,942	2,483,393
	Freehold land	Freehold building	Leasehold buildings	Buildings in progress	Total
<i>Group</i>	RM	RM	RM	RM	RM
2020					
Cost	245,909	121,600	379,751	1,852,942	2,600,202
Less: Accumulated depreciation	-	(20,281)	(90,942)	-	(111,223)
	245,909	101,319	288,809	1,852,942	2,488,979

#### 7. INTANGIBLE ASSETS

	<i>Group</i>		
	System under development	Software under development	Total
	RM	RM	RM
At 1 July 2019, 30 June 2020 and 1 July 2020	-	-	-
Additions	18,000	24,131,272	24,149,272
At 30 June 2021	18,000	24,131,272	24,149,272

Include in the software under development is the development of service web and mobile application, customer, logistic and e-commerce platform while include in the system under development is the development of database structure and service interface. The estimated completion date of the developments are fall on financial year 2022.

Development costs are amortised from the date that they are available for use. Amortisation of development costs is recognised in profit or loss on a straight-line over their estimated useful lives. The estimated useful life is 5 to 10 years.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 8. INVESTMENT IN SUBSIDIARY COMPANIES

	<i>Company</i>	
	2021	2020
	RM	RM
Unquoted shares, at cost		
- In Malaysia	36,454,928	36,354,928
- Outside Malaysia	9,753,435	9,753,435
	<u>46,208,363</u>	<u>46,108,363</u>
<i>Less: Accumulated impairment losses</i>	<u>(11,524,924)</u>	<u>(11,524,924)</u>
	<u>34,683,439</u>	<u>34,583,439</u>
<i>Movements on accumulated impairment losses:</i>		
At 1 July	11,524,924	11,024,924
Addition	-	500,000
At 30 June	<u>11,524,924</u>	<u>11,524,924</u>

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest		Principal activities
		2021	2020	
		%	%	
Metronic Engineering Sdn. Bhd. ("MESB")	Malaysia	100	100	General trading and services, system integration in the field of intelligent building management systems and integrated management systems, e-project management of mechanical and electrical services, and supply of engineering systems

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT.)

Name of subsidiary companies	Country of incorporation	Effective equity interest		Principal activities
		2021	2020	
		%	%	
Metronic Integrated Sdn. Bhd. (“MISSB”)	Malaysia	100	100	Currently dormant. Intended principal activities are to engage in procurement of contracts in relation to engineering works, integrated security management system and sale of engineering equipment
MGL Development Sdn Bhd	Malaysia	100	100	Property development
Metronic Smart Tech Sdn Bhd	Malaysia	100	100	Currently dormant. Intended principal activities are research development and marketing of building automation and security system products, modules and related parts.
Metronic JF System Pte. Ltd.*@	Singapore	80	-	Currently dormant
Metronic Medicare Sdn Bhd	Malaysia	100	-	Currently dormant
Metronic Microsystem (Beijing) Company Limited*	People’s Republic of China	100	100	Currently dormant
Metronic Vietnam Company Limited*	Vietnam	100	100	Currently dormant

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT.)

Name of subsidiary companies	Country of incorporation	Effective equity interest		Principal activities
		2021	2020	
		%	%	
Anhui Lai' An Metronic Water Supply Company Limited*	People's Republic of China	100	100	Currently dormant.
Metronic Engineering Private Limited ("MEPL")*	India	89	89	Currently dormant.
M Two Country Development Sdn. Bhd.	Malaysia	100	100	Currently dormant.
Bonanza Partners Sdn. Bhd.	Malaysia	70	70	Currently dormant.

\* Subsidiary companies not audited by CHENGCO PLT and the financial statements of these subsidiary companies were consolidated based on the management accounts as the management is of the view that the financial position, results and cash flows of these subsidiary companies are insignificant.

@ Equity interest held through Metronic Smart Tech Sdn. Bhd.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

#### Impairment loss recognised

Impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, performance and cash flows of these subsidiary companies were not able to generate sufficient recoverable amount to justify the carrying amount of the investment in these subsidiary companies.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 9. INVESTMENT IN ASSOCIATE COMPANY

	2021	2020
	RM	RM
<i>At 1 July</i>	-	-
Additions	300,000	-
Share of post-acquisition reserves	(64,280)	-
Less: Accumulated impairment losses	(235,720)	-
<b>At 30 June</b>	<b>-</b>	<b>-</b>

*Movements on accumulated impairment losses:*

	2021	2020
	RM	RM
<i>At 1 July</i>	-	-
Additions	235,720	-
<b>At 30 June</b>	<b>235,720</b>	<b>-</b>

Details of the associate company is as follows:

Name of associate company	Country of incorporation	Effective equity interest		Principal activities
		2021	2020	
Matlamat Dinamik Sdn Bhd *	Malaysia	30%	-	System integration specializing in the field of intelligent building management and integrated security management system, fire alarm system, extra low voltage services and related services

\* The associate company is not audited by CHENGCO PLT.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 10. OTHER INVESTMENT

Group	Unquoted shares RM	Quoted shares RM Restated	REIT RM	Total RM
2021				
- Cost	144,897	-	-	144,897
Less: Accumulated impairment losses	(144,897)	-	-	(144,897)
Net carrying amount	-	-	-	-
- Fair value through other comprehensive income	-	-	1,224,211	1,224,211
- Fair value through profit or loss	-	2,756,175	-	2,756,175
	-	2,756,175	1,224,211	3,980,386
2020				
- Cost	144,897	-	-	144,897
Less: Accumulated impairment losses	(144,897)	-	-	(144,897)
Net carrying amount	-	-	-	-
- Fair value through other comprehensive income	-	-	1,224,211	1,224,211
- Fair value through profit or loss	-	3,341,942	-	3,341,942
	-	3,341,942	1,224,211	4,566,153
Company	Unquoted shares RM	Quoted shares RM Restated	REIT RM	Total RM
2021				
- Cost	144,897	-	-	144,897
Less: Accumulated impairment losses	(144,897)	-	-	(144,897)
Net carrying amount	-	-	-	-
- Fair value through other comprehensive income	-	-	1,224,211	1,224,211
- Fair value through profit or loss	-	2,145,205	-	2,145,205
	-	2,145,205	1,224,211	3,369,416

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 10. OTHER INVESTMENT (CONT.)

Company	Unquoted shares RM	Quoted shares RM	REIT RM	Total RM
Company 2020				
- Cost	144,897	-	-	144,897
Less: Accumulated impairment losses	(144,897)	-	-	(144,897)
Net carrying amount	-	-	-	-
- Fair value through other comprehensive income	-	-	1,224,211	1,224,211
- Fair value through profit or loss	-	2,766,430	-	2,766,430
	-	2,766,430	1,224,211	3,990,641

Investment in unquoted shares of the Group and the Company are measured at cost less impairment losses.

Investment in quoted shares of the Group and of the Company are designated as fair value through profit or loss ("FVTPL") financial assets and are measured at fair value.

Investment in real estate investment trusts ("REIT") of the Group and of the Company are designated as fair value through other comprehensive income financial assets ("FVTOCI") are stated at fair value.

#### Impairment losses on investment in quoted shares

The Group and the Company assessed the fair value of investment in quoted shares and determined that an impairment loss should be recognised as the fair value is lower than the carrying amount. The fair value of investment in quoted shares is determined based on the fair value of the quoted shares as at the end of the reporting period.

#### 11. DEFERRED TAX ASSETS

	<i>Group</i>	
	2021 RM	2020 RM
At 1 July/30 June	3,555,609	3,555,609

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 11. DEFERRED TAX ASSETS (CONT.)

Deferred tax assets have been recognised in respect of the following items:

	<i>Group</i>	
	2021	2020
	RM	RM
Unutilised capital allowances	301,918	301,918
Unabsorbed business losses	17,713,644	17,713,644
Other temporary differences	<u>(3,200,525)</u>	<u>(3,200,525)</u>
	<u>14,815,037</u>	<u>14,815,037</u>

Unutilised tax losses arising from year of assessment 2021 can be carried forward for a period 7 years for set off against future taxable profits. However, unutilised tax losses which arose up to the year of assessment 2021 to be utilised up to the year of assessment 2028.

#### 12. PROPERTY DEVELOPMENT COSTS

	Development		
	Land	expenditure	Total
<i>Group</i>	RM	RM	RM
<i>Cost</i>			
At 1 July 2019	9,908,261	6,767,218	16,675,479
Additions	-	481,042	481,042
At 30 June 2020 and 1 July 2020	<u>9,908,261</u>	<u>7,248,260</u>	<u>17,156,521</u>
Additions	-	7,034,000	7,034,000
At 30 June 2021	<u>9,908,261</u>	<u>14,282,260</u>	<u>24,190,521</u>
<i>Accumulated impairment</i>			
At 1 July 2019	-	-	-
Additions	-	6,792,260	6,792,260
At 30 June 2020 and 1 July 2020	<u>-</u>	<u>6,792,260</u>	<u>6,792,260</u>
Impairment	-	4,832,581	4,832,581
At 30 June 2021	<u>-</u>	<u>11,624,841</u>	<u>11,624,841</u>
At 30 June 2020	<u>9,908,261</u>	<u>456,000</u>	<u>10,364,261</u>
At 30 June 2021	<u>9,908,261</u>	<u>2,657,419</u>	<u>12,565,680</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 13. INVENTORIES

	<i>Group</i>	
	2021	2020
	RM	RM
<i>At cost</i>		
Building automation equipment and parts	2,346,169	2,814,396
Security system	10,862	-
	<u>2,357,031</u>	<u>2,814,396</u>
Less: Accumulated impairment	<u>(2,102,218)</u>	<u>(2,102,218)</u>
	<u>254,813</u>	<u>712,178</u>
Recognised in profit or loss:		
Investories recognised as cost of sales	<u>334,125</u>	<u>372,191</u>

The cost of inventories of the Group recognised as an expense in cost of sales during the financial was RM334,125 (2020: RM372,191).

#### 14. TRADE RECEIVABLES

	<i>Group</i>	
	2021	2020
	RM	RM
Trade receivables	8,841,789	5,734,446
Retention sums on contracts ( <i>Note 15</i> )	4,560,324	4,327,509
	<u>13,402,113</u>	<u>10,061,955</u>
Less: Accumulated impairment losses	<u>(3,476,600)</u>	<u>(2,184,360)</u>
	<u>9,925,513</u>	<u>7,877,595</u>

The Group's normal trade credit terms granted to trade receivables ranged from 60 to 120 days (2020: 60 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

*Movements of the accumulated impairment losses (individually impaired):*

	<i>Group</i>	
	2021	2020
	RM	RM
At 1 July	2,184,360	2,148,740
Additions	1,375,905	83,665
Reversal	<u>(83,665)</u>	<u>(48,045)</u>
At 30 June	<u>3,476,600</u>	<u>2,184,360</u>

The information about the credit exposures are disclosed in Note 38(b)(i).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 15. AMOUNT DUE FROM CONTRACT CUSTOMERS

	<i>Group</i>	
	2021	2020
	RM	RM
Contract costs incurred to date	161,883,175	129,698,010
<i>Add:</i> Attributable profits	<u>33,538,302</u>	<u>20,160,027</u>
	195,421,477	149,858,037
<i>Less:</i> Progress billings received and receivable	<u>(181,830,502)</u>	<u>(145,623,583)</u>
	<u>13,590,975</u>	<u>4,234,454</u>
Represented by:		
Amount owing by contract customers	<u>13,590,975</u>	<u>4,234,454</u>
Retention sums on contracts, included within trade receivables <i>(Note 14)</i>	<u>4,560,324</u>	<u>4,327,509</u>
Contract cost recognised as cost	<u>19,498,428</u>	<u>11,074,977</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 16. OTHER RECEIVABLES AND DEPOSITS

	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	2,577,525	5,587,680	53,357	383,413
<i>Less: Accumulated impairment losses</i>	<u>(718,000)</u>	<u>(1,969,850)</u>	-	-
	1,859,525	3,617,830	53,357	383,413
Deposits	1,305,106	1,297,618	1,185,766	1,011,400
Staff advance	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
	<u><u>3,314,631</u></u>	<u><u>5,065,448</u></u>	<u><u>1,389,123</u></u>	<u><u>1,544,813</u></u>

*Movements of the accumulated impairment losses (individually impaired):*

	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 July	1,969,850	1,671,300	-	-
Additions	700,000	298,550	-	-
Reclassification to amount due from associate company	<u>(1,951,850)</u>	-	-	-
At 30 June	<u><u>718,000</u></u>	<u><u>1,969,850</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

#### 17. AMOUNT DUE FROM SUBSIDIARY COMPANIES

	<i>Company</i>	
	2021 RM	2020 RM
Non-trade	52,975,722	21,602,905
<i>Less: Accumulated impairment losses</i>	<u>(21,552,369)</u>	<u>(18,099,328)</u>
	<u><u>31,423,353</u></u>	<u><u>3,503,577</u></u>

Amount due from subsidiary companies are non trade in nature, unsecured, interest-free and recoverable on demand.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 17. AMOUNT DUE FORM SUBSIDIARY COMPANIES (CONT.)

*Movements of the accumulated impairment losses (individually impaired):*

	<i>Company</i>	
	2021 RM	2020 RM
At 1 July	18,099,328	18,099,328
Additions	3,482,453	-
Reversals	(29,412)	-
At 30 June	<u>21,552,369</u>	<u>18,099,328</u>

#### 18. AMOUNT DUE FORM ASSOCIATE COMPANY

	<i>Group</i>	
	2021 RM	2020 RM
Non-trade	3,371,540	-
<i>Less:</i> Accumulated impairment losses	<u>(3,200,162)</u>	<u>-</u>
	<u>171,378</u>	<u>-</u>

Amount due from associate company is non trade in nature, unsecured, interest-free and recoverable on demand.

*Movements of the accumulated impairment losses (individually impaired):*

	<i>Group</i>	
	2021 RM	2020 RM
At 1 July	-	-
Reclassification from other receivables	1,951,850	-
Additions	1,248,312	-
At 30 June	<u>3,200,162</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 19. FIXED DEPOSITS

*Group and company*

The fixed deposits with financial and non financial institution earn effective interest at rates ranging from 1.85% to 2.15% (2020: 2.15% to 3.8%) and 1.85% to 2.10% (2020: 2.10% to 2.20%) respectively and per annum and have maturity of 3 to 6 months (2020: 3 to 6 months) and 3 to 6 months (2020: 3 to 6 months) respectively.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial Institution - under lien	6,461,652	5,098,204	-	-
Non Financial Institution	<u>62,057,139</u>	<u>63,120,819</u>	<u>55,295,364</u>	<u>56,537,723</u>
At 30 June	<u><u>68,518,791</u></u>	<u><u>68,219,023</u></u>	<u><u>55,295,364</u></u>	<u><u>56,537,723</u></u>

#### 20. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash in hand	187	185	-	-
Cash in bank	<u>9,305,594</u>	<u>1,005,066</u>	<u>8,812,740</u>	<u>32,763</u>
	<u><u>9,305,781</u></u>	<u><u>1,005,251</u></u>	<u><u>8,812,740</u></u>	<u><u>32,763</u></u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 20. CASH AND BANK BALANCES (CONT.)

For the purpose of presenting the statement of cash flow, cash and cash equivalent comprise the following:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balance	9,305,781	1,005,251	8,812,740	32,763
Fixed deposits	68,518,791	68,219,023	55,295,364	56,537,723
	<u>77,824,572</u>	<u>69,224,274</u>	<u>64,108,104</u>	<u>56,570,486</u>
Less:				
Bank overdraft	(2,870,683)	(4,272,593)	-	-
Fixed deposits pledged as securities	(6,461,652)	(5,098,204)	-	-
Short-term deposits	(5,803,283)	(415,377)	(5,803,283)	(415,377)
	<u>62,688,954</u>	<u>59,438,100</u>	<u>58,304,821</u>	<u>56,155,109</u>

#### 21. SHARE CAPITAL

	<i>Group and Company</i>			
	2021 Number of ordinary shares	2020 Number of ordinary shares	2021 RM	2020 RM
Issued and fully paid:				
At 1 July	1,245,765,493	1,132,515,493	133,680,926	128,573,351
Issued during the financial year :				
-Private placement	785,420,076	113,250,000	49,536,441	5,107,575
-Warrant subscription/exercised	24,999	-	3,023	-
-ESOS exercised	48,567,587	-	5,660,635	-
	<u>2,079,778,155</u>	<u>1,245,765,493</u>	<u>188,881,025</u>	<u>133,680,926</u>

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 22. OTHER RESERVES

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Non-distributable</b>				
Other reserves:				
Revaluation reserve	5,669,118	5,669,118	-	-
Warrant reserve	16,796,442	16,797,466	16,796,442	16,797,466
Fair value reserve	(248,540)	(248,540)	(248,540)	(248,540)
Foreign currency translation reserve	(614,553)	(414,039)	-	-
	<u>21,602,467</u>	<u>21,804,005</u>	<u>16,547,902</u>	<u>16,548,926</u>

(a) *Revaluation reserve*

The revaluation reserve represents the cumulative changes arising from the valuation of freehold land, freehold and leasehold buildings which are not distributable.

(b) *Warrant reserve*

The warrant was constituted under the Deed Poll dated 1 March 2019.

Salient features of the above warrants are as follows:

- i. Each of the warrant entitles the holder to the right of exercise of one ordinary share in the Company. The number of warrants is subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
- ii. The close of business on the warrants is three (3) years from the date of issuance of the warrants: thereafter the outstanding warrants will cease to be valid for any purpose.
- iii. The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.
- iv. The warrant is quoted on the main market of Bursa Malaysia on 23 April 2019. Each warrant entitles its holder the right to subscribe for one ordinary share each in the Company at any time up to the expiry date of 16 April 2022 at an exercise price of RM0.08 payable in cash.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 22. OTHER RESERVES (CONT.)

(b) *Warrant reserve (cont.)*

The movement in the Warrants are as follow:

	<i>Entitlement for ordinary shares</i>		
	As at 1.7.2020	Exercised	As at 30.6.2021
Warrant A	<u>410,278,976</u>	<u>(24,999)</u>	<u>410,253,977</u>

(c) *The foreign currency translation reserve*

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange difference arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(d) *Employees' share option scheme ("ESOS") reserve*

The ESOS is governed by the By-Laws approved by the shareholders of Extraordinary General Meeting duly held and convened on 31 March 2021.

The ESOS shall in force for a period of 5 years commencing from 1 April 2021, being the effective date for implementation of ESOS.

- (i) The maximum number of new shares which may be made available under the ESOS shall not exceed 15% of the Company's total number of issued shares (excluding treasury shares, if any) of any point of time during the duration of the ESOS.
- (ii) The option price shall be based on a price to be determined by the Board upon recommendation of the ESOS Committee based on the 5-day volume weighted average market price ("VWAP") of the shares immediately preceding the date of offer, with a discount of not more than 10% of such other percentage of discount as may be permitted by Bursa Securities during the duration of ESOS.
- (iii) The new shares to be allocated and issue arising from the exercise of any options granted under the ESOS will be subject to the provisions of the Articles of Association and will upon allotment and issuance, rank equally in all respects with the then existing issued shares, save and except that shares so allotted and issued will not be entitled to any dividends, rights, allotments and/or other distributions, which may be declared, made or paid to shareholders, the entitlement date which is prior to the date of allotment and issuance of such new shares.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 22. OTHER RESERVES (CONT.)

(d) *Employees' share option scheme ("ESOS") reserve*

*Details of share options granted and exercised under the ESOS are as follows:*

	Grant date	Exercise/ vesting period	RM/option	Number of share options	Exercised	Exercisable as at 30- 06-2021
ESOS Eleventh Grant	26.11.2020	03.12.2020	0.1026	40,725,439	(40,725,439)	-
ESOS Twelfth Grant	16.02.2021	19.02.2021	0.08	7,842,148	(7,842,148)	-

All the share options offered were accepted by all the eligible employee on the offer date and were fully exercised within the exercise/vesting period. The outstanding options as at 30 June 2021 is Nil.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 23. FINANCE LEASE LIABILITIES

	<i>Group</i>	
	<b>2021</b>	<b>2020</b>
	<b>RM</b>	<b>RM</b>
<i>Future minimum lease payment</i>		
Not later than 1 year	35,292	3,706
Later than 1 year but not later than 5 years	141,168	-
Later than 5 years	108,753	-
	<u>285,213</u>	<u>3,706</u>
Less: Future finance charges	(47,083)	(282)
	<u>238,130</u>	<u>3,424</u>
<i>Present value of liabilities</i>		
Not later than 1 year	24,925	3,424
Later than 1 year but not later than 5 years	111,889	-
Later than 5 years	101,316	-
	<u>238,130</u>	<u>3,424</u>
<i>Analysed as:</i>		
Due within 12 months	24,925	3,424
Due after 12 months	213,205	-
	<u>238,130</u>	<u>3,424</u>

The finance lease payables bear effective interest at rates ranging from 2.46% to 2.85% (2020: 2.61% to 2.85%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 24. TRADE PAYABLES

	<i>Group</i>	
	2021	2020
	RM	RM
Trade payables	<u>17,649,866</u>	<u>4,344,118</u>

The normal trade credit terms granted by trade payables to the Group ranged from 30 to 90 days (2020: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

#### 25. OTHER PAYABLES AND ACCRUALS

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other payables	10,089,827	10,983,875	1,249,839	1,022,862
Accruals	1,729,759	2,407,795	1,447,899	1,476,499
Provision for contingent liabilities	1,755,174	1,158,750	-	-
Provision for defect liabilities	5,495,238	4,846,715	-	-
	<u>19,069,998</u>	<u>19,397,135</u>	<u>2,697,738</u>	<u>2,499,361</u>

#### 26. AMOUNT DUE TO DIRECTOR/SUBSIDIARY COMPANIES

Amount due to director/subsidiary companies are non-trade in nature, unsecured, interest-free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 27. SHORT TERM BORROWINGS

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
Bank overdrafts	2,870,683	4,272,593	-	-
Bankers' acceptances	3,679,150	3,219,539	-	-
Margin financing	1,042,797	2,023,214	1,042,797	2,023,214
Loan and borrowing	-	978,574	-	-
	<u>7,592,630</u>	<u>10,493,920</u>	<u>1,042,797</u>	<u>2,023,214</u>

As at 30 June 2021, the Group has bank facilities amounted to RM14,000,000 (2020: RM10,000,000). The bank overdraft and bankers' acceptances are secured as follows:

- (i) Legal charge on the freehold land and buildings as mentioned in Note 5;
- (ii) Pledged of fixed deposits with licensed bank as mentioned in Note 19; and
- (iii) Corporate guarantee for RM14,000,000 executed by Metronic Global Berhad.

The borrowings bear effective interest rates ranging from 2.81% to 8.00% (2020: 2.81% to 8.00%) per annum.

The margin financing granted by securities company is secured by quoted shares as disclosed in Note 10 and bear the interest of 9.5%. (2020: 9.5%) per annum.

#### 28. REVENUE

Disaggregation of revenue from contract with customer: -

	<i>Group</i>	
	2021	2020
	RM	RM
Contract work	24,803,630	12,889,350
Maintenance services	4,383,467	5,747,765
Sale of equipment	283,526	408,306
	<u>29,470,623</u>	<u>19,045,421</u>
Timing of transfer of good or service		
At point of time	283,526	408,306
At over time	29,187,097	18,637,115
	<u>29,470,623</u>	<u>19,045,421</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 29. COST OF SALES

	<i>Group</i>	
	2021	2020
	RM	RM
Contract costs ( <i>Note 15</i> )	19,498,428	11,074,977
Maintenance services	897,562	1,417,511
Cost of equipment sold	334,125	385,457
Freight charges	4,543	-
	<u>20,734,658</u>	<u>12,877,945</u>

#### 30. OTHER OPERATING INCOME

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
Gain on foreign exchange - realised	2,517	2,016	-	-
Gain on foreign exchange - unrealised	35,458	22,400	-	-
Interest income	1,210,758	2,136,553	990,725	1,890,641
Other income	649,393	412,178	-	-
Reversals of impairment losses on:			-	-
- trade receivables	83,665	48,045	-	-
- amount due from subsidiary company	-	-	29,412	-
Waiver of debts	1,920,935	-	-	-
	<u>3,902,726</u>	<u>2,621,192</u>	<u>1,020,137</u>	<u>1,890,641</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 31. FINANCE COSTS

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
Bank overdraft interest	295,118	299,955	-	-
Bankers' acceptances interest	87,810	141,557	-	-
Finance lease liabilities interest	10,562	512	-	-
Margin financing interest	96,714	242,858	96,714	242,858
	<u>490,204</u>	<u>684,882</u>	<u>96,714</u>	<u>242,858</u>

#### 32. LOSS BEFORE TAX

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
		Restated		
Loss before tax is stated after charging Auditors' remuneration:				
Statutory audits - current	188,105	168,203	70,000	66,000
- underprovision in prior financial year	2,680	-	-	-
Bad debts written off	174,089	-	508,326	-
Depreciation of property, plant and equipment (Note 5)	418,362	357,767	-	-
Impairment losses on:				
- amount due from associate company	1,248,312	-	-	-
- amount due from related companies	-	-	3,482,453	-
- quoted shares classified as fair value through profit or loss	-	1,608,337	-	1,608,307
- investment in associate company	235,720	-	-	-
- investment in subsidiary companies	-	-	-	500,000
- investment properties	379,751	-	-	-
- inventories	-	625,257	-	-
- other receivables	700,000	298,550	-	-
- property development cost	4,832,581	6,792,260	-	-
- trade receivables	1,375,905	83,665	-	-
Loss on disposal of other investment	1,778,387	1,112,440	1,778,387	1,112,440

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 32. LOSS BEFORE TAX (CONT.)

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
		Restated		
Loss before tax is stated after charging (cont.)				
Rental expenses	127,891	75,870	55,900	39,270
Staff costs ( <i>Note 34</i> )	8,293,627	8,338,742	1,498,310	527,334
Write off of amount due from subsidiary companies	-	-	40,720	-
	<u>-</u>	<u>-</u>	<u>40,720</u>	<u>-</u>

For short-term leases with lease term of 12 months or less and for lease of fair value assets of less than RM21,000, the Group and the Company has availed the exemption in MFRS 16 not to recognised the right-of-use assets and lease liabilities. Instead, payments made for these leases are as expenses when incurred.

### 33. TAX EXPENSE

#### (a) Major components of tax expense

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
Malaysian income tax:				
- current year's provision	282,800	-	237,800	-
- under provision in respect of prior financial year	306,060	-	287,854	-
	<u>588,860</u>	<u>-</u>	<u>525,654</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There were no tax for the foreign subsidiary companies in China, India, Vietnam and Singapore as they were in a tax loss position for the current financial year.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 33. TAX EXPENSE (CONT.)

##### (b) Relationship between tax expense and accounting loss

The reconciliation from the tax amount of the statutory income tax rate to the Group's and Company's tax expenses are as follows:

	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM Restated	2021 RM	2020 RM
Loss before tax	<u>(19,925,740)</u>	<u>(17,505,563)</u>	<u>(8,933,294)</u>	<u>(3,715,981)</u>
Income tax expense at				
Malaysian statutory tax rate of 24% (2020:24%)	(4,782,177)	(4,201,335)	(2,143,991)	(891,835)
- expenses not deductible for tax purposes	4,707,319	3,227,731	1,819,330	1,287,303
- income not subject to tax	(346,573)	-	-	-
- deferred tax assets not recognised during the financial year	704,231	973,604	562,461	-
- unutilised of deferred tax assets previously not recognised		-	-	(395,468)
- under provision of income tax in respect of prior financial year	306,060	-	287,854	-
	<u>588,860</u>	<u>-</u>	<u>525,654</u>	<u>-</u>

The amount of temporary differences of which no deferred tax assets have been recognised in the statements of financial position are as follows:

	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised capital allowances	487,925	17,724,872	-	-
Unabsorbed tax losses	24,420,398	4,126,995	2,343,589	-
Other temporary differences	<u>(238,789)</u>	<u>(116,628)</u>	<u>-</u>	<u>-</u>
	<u>24,669,534</u>	<u>21,735,239</u>	<u>2,343,589</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of these items as it is not probable that the future taxable profits of the Group or of the Company will be available against which the deductible temporary differences can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 33. TAX EXPENSE (CONT.)

Unutilised tax losses arising from year of assessment 2021 can be carried forward for a period 7 years for set off against future taxable profits. However, unutilised tax losses which arose up to the year of assessment 2021 to be utilised up to the year of assessment 2028.

#### 34. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
Salaries and wages	6,348,435	6,575,177	414,000	415,210
Defined contribution plan	845,912	965,208	59,160	68,874
Other employee benefit expenses	1,640,033	798,357	379,583	43,250
Share based payment	855,857	-	855,857	-
	<u>9,690,237</u>	<u>8,338,742</u>	<u>1,708,600</u>	<u>527,334</u>

Remuneration to directors, who are also the key management personnel of the Group and of the Company which included in the staff cost above as follows:

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
Salaries and wages	414,000	248,438	414,000	248,438
Defined contribution plan	59,160	35,154	59,160	35,154
Other employee benefit expenses	1,025,149	55,250	-	55,250
Directors fees	209,267	186,450	209,267	186,450
	<u>1,707,576</u>	<u>525,292</u>	<u>682,427</u>	<u>525,292</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 35. LOSS PER SHARE

##### Basic loss per share

The basic loss per ordinary share as at 30 June 2021 is arrived at by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	<i>Group</i>	
	2021	2020 Restated
Loss attributable to owners of the Company (RM)	(20,647,616)	(17,922,398)
Weighted average number of ordinary shares issued as at 30 June	<u>1,508,040,072</u>	<u>1,215,979,234</u>
Basic loss per share (sen)	<u>(1.37)</u>	<u>(1.47)</u>

##### Diluted loss per share

	<i>Group</i>	
	2021	2020 Restated
Loss attributable to owners of the Company (RM)	(20,647,616)	(17,922,398)
Weighted average number of ordinary shares issued as at 30 June	1,508,040,072	1,215,979,234
	<u>410,253,977</u>	<u>410,278,976</u>
	<u>1,918,294,049</u>	<u>1,626,258,210</u>
Diluted loss per share (sen)	<u>(1.08)</u>	<u>(1.10)</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 36. OPERATING SEGMENTS

For management purpose, the Group segment reporting format is determined to be geographical as the Group's risks and rates of return are affected predominantly by the location of where revenue is generated. The Group's geographical segments are divided into two categories.

(i) Malaysia

The operations in this area are system integration specialising in the field of intelligent building management system and integrated security management system, e-project management of mechanical and electrical services, supply of engineering systems and equipment, and marketing and distribution of intelligent healthcare.

(ii) Overseas

The Group has subsidiaries companies and branch in Vietnam, India, People's Republic of China, Singapore and United Arab Emirates. The companies were previously involved in the system integration specialising in the field of intelligent building management system and integrated security management system and supply of engineering systems and equipment. However, all overseas subsidiaries have ceased their operation except Metronic JF System Pte. Ltd. which has not commenced since its date of incorporation.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 36. OPERATING SEGMENTS (CONT.)

The following table provides an analysis of the Group's revenue, results, assets and liabilities by geographical segment.

<i>Group</i> 2021	<i>Note</i>	Malaysia RM	Overseas RM	Elimination RM	Total RM
<b>Revenue</b>					
<b>Continuing operations</b>					
Sales to external customers		29,470,623	-	-	29,470,623
Total revenue		<u>29,470,623</u>	<u>-</u>	<u>-</u>	<u>29,470,623</u>
<b>Group revenue</b>	<i>A</i>				<u><u>29,470,623</u></u>
<b>Results</b>					
Segment results	<i>B</i>	(22,086,201)	1,439,907	-	(20,646,294)
Interest income		1,210,758	-	-	1,210,758
Interest expense		(490,204)	-	-	(490,204)
Loss before tax		<u>(21,365,647)</u>	<u>1,439,907</u>	<u>-</u>	<u>(19,925,740)</u>
Tax expense		(588,860)	-	-	(588,860)
Loss after tax		<u>(21,954,507)</u>	<u>1,439,907</u>	<u>-</u>	<u>(20,514,600)</u>
<b>Assets</b>					
Segment assets	<i>C</i>	<u>162,550,074</u>	<u>49,204</u>	<u>-</u>	<u>162,599,278</u>
<b>Other segment information</b>					
Bad debts expenses		-	174,089	-	174,089
Depreciation of property, plant and equipment		418,362	-	-	418,362
Gain on foreign exchange - unrealised		(35,458)	-	-	(35,458)
Impairment losses on financial assets		3,324,217	-	-	3,324,217
Impairment losses on non financial assets		52,148,052	-	-	52,148,052
Loss on disposal of quoted shares classified as fair value through profit or loss		1,778,387	-	-	1,778,387
Reversal of impairment losses in trade receivables		(83,655)	-	-	(83,655)
Share of loss from associate		64,280	-	-	64,280
Share based payment		854,833	-	-	854,833
Waiver of debts		-	(1,920,935)	-	(1,920,935)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 36. OPERATING SEGMENTS (CONT.)

<i>Group</i> 2020	<i>Note</i>	Malaysia RM	Overseas RM	Elimination RM	Total RM Restated
<b>Revenue</b>					
<b>Continuing operations</b>					
Sales to external customers		19,045,421	-	-	19,045,421
Total revenue		19,045,421	-	-	19,045,421
<b>Group revenue</b>	<i>A</i>				<u>19,045,421</u>
<b>Results</b>					
Segment results	<i>B</i>	(17,239,206)	(1,740,428)	-	(18,979,634)
Interest income		2,158,953	-	-	2,158,953
Interest expense		(684,882)	-	-	(684,882)
Loss before tax		(15,765,135)	(1,740,428)	-	(17,505,563)
Tax expense		-	-	-	-
Loss after tax		(15,765,135)	(1,740,428)	-	(17,505,563)
<b>Assets</b>					
Segment assets	<i>C</i>	116,797,067	470,724	-	117,267,791
<b>Other segment information</b>					
Depreciation of property, plant and equipment		357,767	-	-	357,767
Gain on foreign exchange - unrealised		(22,400)	-	-	(22,400)
Impairment loss on financial assets		1,990,552	-	-	1,990,552
Impairment loss on non financial assets		7,417,517	-	-	7,417,517
Loss on disposal of quoted shares classified as fair value through profit or loss		1,112,440	-	-	1,112,440
Reversal of impairment loss on trade receivables		(48,045)	-	-	(48,045)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 36. OPERATING SEGMENTS (CONT.)

The Group's revenue is derived from numerous customers and there is no one major customer that contributes significantly to the revenue during the current financial year.

*Notes:* Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements are as follows:

- A* Inter-segment revenues are eliminated on consolidation.
- B* Inter-segment results are eliminated on consolidation
- C* Inter-segment assets are eliminated on consolidation.

#### 37. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the parties are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

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 the Company are shown below.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 37. RELATED PARTY DISCLOSURES (CONT.)

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial period:

	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM	2021 RM	2020 RM
Rental of premises paid to a subsidiary company	-	-	12,000	12,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM	2021 RM	2020 RM
Key management personnel compensation:				
Short term employee benefits	<u>1,707,576</u>	<u>525,292</u>	<u>682,427</u>	<u>525,292</u>
Key management personnel balances:				
Staff advance (receivable)	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Advance received (payable)	<u>388,802</u>	<u>250,000</u>	<u>388,802</u>	<u>250,000</u>
Related entity :				
Capital commitment				
Contracted but not provided for	<u>          -</u>	<u>1,160,926</u>	<u>          -</u>	<u>          -</u>

The related party is related by the Group has investment and has common key management personnel in the holding company of the entity.

The Group has purchase investment properties from the related entity and has capital commitment as disclosed above.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 38. FINANCIAL INSTRUMENTS

##### (a) Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

- (i) Fair value through profit or loss ("FVPL")
- (ii) Amortised cost ("AC")
- (iii) Fair value through other comprehensive income ("FVOCI")

2021	Group	Company
Financial assets	RM	RM
<b><u>Fair value through other comprehensive income</u></b>		
Other investment	<u>1,224,211</u>	<u>1,224,211</u>
<b><u>Fair value through profit or loss</u></b>		
Other investment	<u>2,756,715</u>	<u>2,145,205</u>
<b><u>At amortised cost</u></b>		
Trade receivables	9,925,513	-
Amount due from contract customer	13,590,975	-
Other receivables	3,164,631	1,239,123
Amount due from subsidiary companies	-	31,415,984
Amount due from associate company	171,378	-
Fixed deposits	68,518,791	55,295,364
Cash and bank balance	<u>9,305,781</u>	<u>8,812,740</u>
	<u>104,677,069</u>	<u>96,763,211</u>
<b>Financial liabilities</b>		
<b><u>At amortised cost</u></b>		
Trade payables	17,649,866	-
Other payables	17,340,239	1,249,839
Amount due to director	388,802	388,802
Finance lease liabilities	238,130	-
Short term borrowings	<u>7,592,630</u>	<u>1,042,797</u>
	<u>43,209,667</u>	<u>2,681,438</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 38. FINANCIAL INSTRUMENTS (CONT.)

##### (a) Categories of financial instruments

2020 Financial assets	Group RM	Company RM
<b><u>Fair value through other comprehensive income</u></b>		
Other investment	1,224,211	1,224,221
<b><u>Fair value through profit or loss</u></b>		
Other investment	3,341,942	2,766,430
<b><u>At amortised cost</u></b>		
Trade receivables	7,877,595	-
Amount due from contract customer	4,234,454	-
Other receivables	4,915,448	1,394,813
Amount due from subsidiary companies	-	3,503,577
Fixed deposits	68,219,023	56,537,723
Cash and bank balance	1,005,251	32,763
	86,251,771	61,436,113
<b>Financial liabilities</b>		
<b><u>At amortised cost</u></b>		
Trade payables	4,344,118	-
Other payables	16,989,340	1,022,862
Amount due to director	250,000	250,000
Amount due to subsidiary companies	-	10,434,210
Finance lease liabilities	3,424	-
Short term borrowings	10,493,920	2,023,214
	32,080,802	13,730,286

##### (b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk and market price risk. The Group's and the Company's overall financial risk management objective is to optimise value for its shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's directors. The audit committee provides independent oversight to the effectiveness of the risk management process.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 38. FINANCIAL INSTRUMENTS (CONT.)

##### (b) Financial risk management (cont'd)

###### (i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

###### Trade receivables

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

The carrying amount of trade receivables is not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

###### Credit risk concentration profile

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or groups of receivables.

The Group applies the simplified approach to providing for loss allowance for impairment prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

The information about the credit risk exposure on the Group's trade receivables using provision matrix are as follows:

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 38. FINANCIAL INSTRUMENTS (CONT.)

##### (b) Financial risk management (cont'd)

##### (i) Credit risk (cont'd)

	<i>Group</i>	
	2021 RM	2020 RM
Not past due	3,370,385	791,719
Past due but not impaired:		
- less than 3 months	1,206,869	359,173
- 3 to 6 months	269,837	341,264
- more than 6 months	3,994,698	4,242,290
	5,471,404	4,942,727
Retention sums	4,560,324	4,327,509
Impaired	(3,476,600)	(2,184,360)
	9,925,513	7,877,595

##### Other receivables and financial assets

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 38. FINANCIAL INSTRUMENTS (CONT.)

##### (b) Financial risk management (cont'd)

##### (i) Credit risk (cont'd)

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

As at the end of the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.8(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 38. FINANCIAL INSTRUMENTS (CONT.)

#### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

##### Maturity analysis

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

<i>Group</i> 2021	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	More than 5 years RM
Trade payables	-	17,649,866	17,649,866	17,649,866	-	-
Other payables and accruals	-	19,069,998	19,069,998	19,069,998	-	-
Amount due to director	-	388,802	388,802	388,802	-	-
Finance lease liabilities	2.46 - 2.85	283,130	285,213	35,292	141,168	108,753
Short term borrowings	2.81 - 9.5	7,592,630	7,592,630	7,592,630	-	-
		44,984,426	44,986,509	44,736,588	141,168	108,753

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 38. FINANCIAL INSTRUMENTS (CONT.)

##### (b) Financial risk management (cont'd)

##### (ii) Liquidity risk (cont'd)

###### Maturity analysis

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (cont.)

<i>Group</i> 2020	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
Trade payables	-	4,344,118	4,344,118	4,344,118	-	-
Other payables and accruals	-	19,397,135	19,397,135	19,397,135	-	-
Amount due to director	-	250,000	250,000	250,000	-	-
Finance lease liabilities	2.61 - 2.85	3,424	3,706	3,706	-	-
Short term borrowings	2.81 - 9.50	9,765,346	9,765,346	9,765,346	-	-
		<u>33,760,023</u>	<u>33,760,305</u>	<u>33,760,305</u>	-	-

The maturity analysis of the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

<i>Company</i> 2021	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
Other payables and accruals	-	2,697,738	2,697,738	2,697,738	-	-
Amount due to director	-	388,802	388,802	388,802	-	-
Short term borrowings	9.5	1,042,797	1,042,797	1,042,797	-	-
		<u>4,129,337</u>	<u>4,129,337</u>	<u>4,129,337</u>	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 38. FINANCIAL INSTRUMENTS (CONT.)

#### (b) Financial risk management (cont.)

##### (ii) Liquidity risk (cont'd)

The maturity analysis of the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows: (cont.)

<i>Company</i> 2020	Weighted Average Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 2 Years RM	2 - 5 Years RM
Other payables and accruals	-	2,499,361	2,499,361	2,499,361	-	-
Amount due to director	-	250,000	250,000	250,000	-	-
Short term borrowings	9.5	2,023,214	2,023,214	2,023,214	-	-
		4,772,575	4,772,575	4,772,575	-	-

##### (iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's and the Company's exposures to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales, purchases and borrowings that are denominated in a foreign currency) and the Group's and the Company's net investments in foreign subsidiaries.

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

<i>Group</i> 2021	Australian Dollar (AUD) RM	Chinese Yuan Renmimbi (RMB) RM	Vietnamese Dong (VND) RM	Indian Rupee (RUPEE) RM	Singapore Dollar (SGD) RM	Total RM
Financial Assets						
Other investment	1,835,181	-	-	-	-	1,835,181
Other receivables and deposits	-	-	-	-	42,227	42,227
	1,835,181	-	-	-	42,227	1,877,408
Financial Liabilities						
Other payables and accruals	-	25,445	15,912	8,366	77,183	126,906
	-	25,445	15,912	8,366	77,183	126,906
Net currency exposure	1,835,181	(25,445)	(15,912)	(8,366)	(34,956)	1,750,502

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 38. FINANCIAL INSTRUMENTS (CONT.)

##### (b) Financial risk management (cont.)

##### (iii) Foreign currency risk (cont.)

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

<i>Group</i> 2020	Australian Dollar (AUD) RM	Chinese Yuan Renmimbi (RMB) RM	Vietnamese Dong (VND) RM	Total RM
Financial Assets				
Other investment	1,224,211	-	-	1,224,211
Trade receivables	-	-	66,859	66,859
Other receivables and deposits	-	-	3,847	3,847
Cash and bank balances	-	-	46,042	46,042
	<u>1,224,211</u>	<u>-</u>	<u>116,748</u>	<u>1,340,959</u>
Financial Liabilities				
Trade payables	-	-	3,927	3,927
Other payables and accruals	-	5,710,107	62,477	5,772,584
Short term borrowings	-	-	-	-
	<u>-</u>	<u>5,710,107</u>	<u>66,404</u>	<u>5,776,511</u>
Net currency exposure	<u>1,224,211</u>	<u>(5,710,107)</u>	<u>50,344</u>	<u>(4,435,552)</u>

<i>Company</i> 2021	Australian Dollar (AUD) RM	Total RM
Financial Assets		
Other investment	<u>1,224,211</u>	<u>1,224,211</u>
<i>Company</i> 2021		
Financial Assets		
Other investment	<u>1,224,211</u>	<u>1,224,211</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 38. FINANCIAL INSTRUMENTS (CONT.)

#### (b) Financial risk management (cont.)

##### (iii) Foreign currency risk (cont.)

###### Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to Australian Dollar ("AUD"), Chinese Yuan Renmimbi (RMB), Vietnamese Dong (VND), Indian Rupee (RUPEE) and Singapore Dollar (SGD).

The following table demonstrates the sensitivity to a reasonably possible change in the AUD, RMB, VND, SGD and RUPEE, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	<i>Group</i>		<i>Company</i>	
	2021	2020	2021	2020
	RM	RM	RM	RM
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
Effects on profit after tax/equity				
Strengthened by 10%				
- RMB	1,934	356,784	-	-
- VND	1,209	(5,645)	-	-
- AUD	85,474	108,745	39,040	39,040
- SGD	(2,657)	-	-	-
- RUPEE	636	-	-	-
Weakened by 10%				
- RMB	(1,934)	(356,784)	-	-
- VND	(1,209)	5,645	-	-
- AUD	(85,474)	(108,575)	(39,040)	(39,040)
- SGD	2,657	-	-	-
- RUPEE	(636)	-	-	-

##### (iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposures to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's policy to manage their interest rate risk is to hedge all material floating rate borrowings using interest rate swaps.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 38. FINANCIAL INSTRUMENTS (CONT.)

##### (b) Financial risk management (cont'd)

##### (iv) Interest rate risk (cont'd)

###### Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	<i>Group</i>	
	2021	2020
	RM	RM
	Increase/ (Decrease)	Increase/ (Decrease)
Effects on profit after tax/equity		
Increase of 100 basis points (bp)	187,225	118,484
Decrease of 100 bp	<u>(187,225)</u>	<u>(118,484)</u>

##### (v) Market price risk

Market price risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market price (other than interest or exchange rates).

The Group's investments in quoted equity instruments are subject to market price risk.

###### Sensitivity analysis for equity price risk

A 10% increase in the market price of the quoted shares as at the end of the reporting period would have increased equity by RM260,955 (2020: RM118,484). A 10% decrease in market price would have had equal but opposite effect on equity.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 38. FINANCIAL INSTRUMENTS (CONT.)

##### (c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments, except for:

- (i) Quoted shares in fair value through profit or loss (“FVTPL”) financial assets  
Quoted shares in FVTPL financial assets are carried at fair value by reference to their quoted closing prices at the end of the reporting period.
- (ii) Unquoted shares in fair value through other comprehensive income (FVTOCI financial assets)
- (iii) Unquoted shares in FVTOCI financial assets are carried at fair value assessed by management at the end of the reporting period. The management regularly reviews significant unobservable inputs and valuation adjustments.

Other long-term financial assets and liabilities are reasonable approximation of fair value because they are floating are instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types or arrangements.

It is not practical to determine the fair value of finance lease liabilities which are at fixed rate due to lack of market information of comparable instruments with similar characteristic and risk profile.

The following table provides the fair value measurement hierarchy of the Group’s and the Company’s financial instruments.

	<i>Group</i>	
	2021	2020
	RM	RM
		Restated
<u>Level 1</u>		
Quoted shares	2,756,175	3,341,942
<u>Level 3</u>		
REIT	1,224,211	1,224,211
Property, plant and equipment	8,192,909	8,192,909
Investment properties	791,351	791,351
	10,208,471	10,208,471

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 38. FINANCIAL INSTRUMENTS (CONT.)

##### (c) Fair value measurement (cont.)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments. (cont.)

	<i>Company</i>	
	2021	2020
	RM	RM
<u>Level 1</u>		
Quoted shares	<u>2,145,205</u>	<u>2,145,205</u>
<u>Level 3</u>		
REIT	<u>1,224,211</u>	<u>1,224,211</u>

##### Policy on transfer between levels

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

There was no transfer between the fair value measurement hierarchy.

- (i) Level 1 - Quoted shares (unadjusted) in active markets for identical assets and liabilities
- (ii) Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

##### Transfer between Level 1 and Level 2

There have been no transfers between Level 1 and Level 2 during the financial year.

- (iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

#### 39. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company'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 and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company 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 years ended under review.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

### 39. CAPITAL MANAGEMENT (CONT.)

The Company monitors capital using gearing ratio. The gearing ratio is calculated as total debts divided by equity attributable to the owners of the Company. The gearing ratio at 30 June 2020 and 30 June 2021 are as follows:

	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM	2021 RM	2020 RM
		Restated		
Trade payables	17,649,866	4,344,118	-	-
Other payables and accruals	19,069,998	19,397,135	2,697,738	2,499,361
Amount due from directors	388,802	250,000	388,802	250,000
Amount owing to subsidiary companies	-	-	-	10,434,210
Finance lease liabilities	238,130	3,424		
Short term borrowings	7,592,630	10,493,920	1,042,797	2,023,214
	44,939,426	34,488,597	4,129,337	15,206,785
<i>Less:</i> Fixed deposits	(68,518,791)	(68,219,023)	(55,295,364)	(56,537,723)
Cash and bank balances	(9,305,781)	(1,005,251)	(8,812,740)	(32,763)
Net debt	(32,885,146)	(34,735,677)	(59,978,767)	(41,363,701)
Total equity	117,427,435	82,738,735	130,726,298	84,986,171
Total capital	84,542,289	48,003,058	70,747,531	43,622,470
Gearing ratio	**	**	**	**

\*\* Not meaningful as the Group and the Company are in net cash position

There were no changes in the Group's and the Company's approach to capital management during the financial years under review.

The Group and the Company are not subject to any externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 40. CONTINGENT LIABILITIES

##### Corporate Guarantees

	<i>Group</i>		<i>Company</i>	
	2021 RM	2020 RM	2021 RM	2020 RM
(i) Secured:				
Performance and financial guarantees issued by the licensed banks to third parties	<u>8,890,014</u>	<u>7,802,510</u>	<u>-</u>	<u>-</u>
(ii) Unsecured:				
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	<u>29,800,000</u>	<u>35,800,000</u>	<u>29,800,000</u>	<u>25,800,000</u>
Corporate guarantees given to performance for project granted to subsidiary companies	<u>43,042,826</u>	<u>43,042,826</u>	<u>43,042,826</u>	<u>43,042,826</u>

The above bank guarantees and letters of credit are secured on the freehold land and buildings, leasehold buildings and fixed deposits with licensed banks of the Group.

#### 41. CAPITAL COMMITMENTS

	<i>Group</i>	
	2021 RM	2020 RM
Approved and contracted but not provided for	<u>25,152,200</u>	<u>21,160,926</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- a) On 11 March 2020, the World Health Organisation declared the Coronavirus (“COVID-19”) outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order (“MCO”) starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operate.

The Group and the Company are unable to reasonably estimate the financial impact of COVID-19 for the financial year ending 30 June 2021 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the COVID-19 will have adverse effects on the Group’s and the Company’s sales, operations and supply chains. The Group and the Company will continuously monitor the impact of COVID-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group’s and the Company’s operations.

- b) On 29 September 2020, the Company announced that the Company had on 21 September 2020 incorporated Metronic Medicare Sdn. Bhd. The Company acquired an 100% controlling interest in the equity shares of Metronic Medicare for a total purchase consideration of RM2.

Assets and liabilities recognised at the acquisition date, are as follows:

	<b>Fair value RM</b>
Cash and cash equivalents	2
Total identified net assets acquired	<u>2</u>
Fair value of consideration transferred	<u>2</u>

- c) On 1 October 2020, the Company announced that its wholly owned subsidiary, Metronic Smart Tech Sdn. Bhd. (“MST”), had entered into a Joint Venture Agreement (“JVA”) with JF Strategic Management Pte. Ltd. (“JFSM”) for the purpose of undertaking:-
- (i) The design, research, development and production of an automated storage and retrieval system based on technologies of Industry 4.0 to be used for smart factories on technologies of Industry 4.0 including but limited to Smart Factory;
  - (ii) To design, planning and development of smart factories within the estate of JTC which focusses on technologies of Industry 4.0 including but not limited to Smart Factory;
  - (iii) The design, planning and development of (“Logistic Hub”) for Industry 4.0.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT.)

- d) On 15 October 2020, the Company purchased an additional 99,998 ordinary shares in Metronic Smart Tech Sdn. Bhd., a subsidiary of the Group at a price of RM1 per share.
- e) On 20 November 2020, the Company announced that its wholly owned subsidiary, Metronic Medicare Sdn. Bhd. (“MMSB”), had entered into a Memorandum of Agreement (“MOA”) with Medigen Vaccine Biologics (“MVC”) to obtain exclusive distribution rights for MVC’S Covid-19 Vaccine in Malaysia (“the Territory”) and potential other areas (“other Territories”).
- f) On 26 November 2020, the Company announced that the Company had made an offer of 40,725,439 number of options on 26 November 2020 to eligible persons to subscribe for new shares in the Company under the Company’s ESOS.
- g) On 9 December 2020, Metronic Smart Tech Sdn. Bhd. acquired an 80% controlling interest in the equity shares of Metronic JF System Pte. Ltd., a company incorporated in Singapore, for a total consideration of RM1,218,880.

Assets and liabilities recognised at the acquisition date, are as follows:

	<b>Fair value RM</b>
Cash and cash equivalents	1,523,600
Total identified net assets acquired	<u>1,523,600</u>
Non-controlling interest	<u>(304,720)</u>
Fair value of consideration transferred	<u><u>1,218,880</u></u>

- h) On 14 December 2020, the Company announced that its wholly owned subsidiary, Metronic Engineering Sdn. Bhd. (“MESB”), has on 10 December 2020 received a Letter of Acceptance (“LOA”) dated 25 September 2020 from WCT TSR Sdn. Bhd. (Company Registration No.: 201901000871) (“WCT TSR”) for a project known as Audio Visual and Information Technology Works for Cadangan Membina 1 Block Bangunan Podium Kompleks Membeli Belah 8 Tingkat Di Atas Lot 795, 796, 797, 799, 800 dan Sebahagian Lot 743, 746, 802 & 803, Rezab Jalan & Laman, Mukim Bandar Kuala Lumpur, 50150 Daerah Kuala Lumpur, Wilayah Persekutuan.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT.)

- i) On 14 December 2020, the Company announced that its wholly-owned subsidiary, Metronic Engineering Sdn. Bhd. (“MESB”) had on 20 October 2020 received a Letter of Acceptance (“LOA”) dated 9 October 2020 from Samsung C&T Corporation UEM Construction JV Sdn Bhd (Company Registration No.: 201501039352) for a project known as Hotel Audio Visual and Information Technology Works for Cadangan Membina 1 Blok Bangunan Perdagangan Bercampur 118 Tingkat, di atas Lot 795, 796, 797, 799, 800 dan Sebahagian Lot 746, Rezab Jalan & Laman, Mukim Bandar Kuala Lumpur, 50150 Daerah Kuala Lumpur, Wilayah Persekutuan.
- j) On 5 January 2021, the Company announced that Metronic Medicate Sdn. Bhd. (“MMSB”) had on 31 December 2020, mutually agreed to terminate the Memorandum of Agreement (“MOA”) with Medigen Vaccine Biologics (“MVC”) with immediate effect.
- k) On 2 February 2021, the Company announced that its wholly owned subsidiary, Metronic Medicare Sdn. Bhd. (“MMSB”) has entered into a Joint Research and Development Agreement with Joysbio (Tianjin) Biotechnology Co. Ltd. (“Joysbio”) to undertake a research program for SARS-CoV-2 Neutralizing Antibody Test Kit.
- l) On 16 February 2021, the Company announced that the Company had made an offer of 7,842,148 number of options on 16 February 2021 to eligible persons to subscribe for new shares in the Company under the Company’s ESOS.
- m) On 23 February 2021, the Company announced that Metronic’s existing ESOS will be terminated with effect from 23 February 2021 in accordance to the By-Laws governing the ESOS in view of the Board does not intend to grant any further options under the existing ESOS.
- n) On 23 February 2021, the Company announced that its wholly owned subsidiary Metronic Medicare Sdn. Bhd. (“MMSB”) has been awarded with a Letter of Intent (“LOI”) by Genesprint Limited (“Genesprint”) for the proposed acquisition of the SARS-COV-2 Nab Immune System Rapid Test Kit.
- o) On 23 February 2021, the Company announced that its wholly owned subsidiary Metronic Medicare Sdn. Bhd. (“MMSB”) has been awarded with a Letter of Intent (“LOI”) by MTPS Innotech Company Limited (“MTPS”) for the proposed acquisition of the SARS-COV-2 Nab Immune System Rapid Test Kit.
- p) On 26 February 2021, the Company announced that the Company proposes to undertake the proposed establishment of an employees’ share option scheme (“ESOS”) involving up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of Metronic and its subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 42. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT.)

- q) On 8 March 2021, the Company announced that the Company Bursa Securities had vide its letter dated 8 March 2021 approved the listing of such number of additional new ordinary shares, representing up to 15% of the total number of issued shares of Metronic (excluding treasury shares, if any), to be issued to eligible directors and employees of Metronic and its Subsidiaries (“Proposed ESOS”). The effective date for the implementation of the ESOS is 1 April 2021.
- r) On 12 March 2021, the Company announced the completion of Private Placement exercise following the listing and quotation of 315,500,000 and 58,237,000 placement shares on the Main Market of Bursa Securities.
- s) On 24 March 2021, the Company announced that the Company received a notice in writing from Messrs. Jamal, Amin & Partners (“JAP”) on their resignation as Auditor of the Company with immediate effect.
- t) On 16 April 2021, the Company announced that it has deliberated and resolved to extend the timeframe for the utilization of proceeds raised from the Proposed Rights Issue with Warrants. The total proceeds raised from the Proposed Rights Issue with Warrants was RM41.7million.
- u) On 27 April 2021, the Company announced that the Company had entered in a Heads of Agreement (“HOA”) with S Tin Construction Sdn. Bhd. (“S Tin”) to record the HOA relating to the proposed disposal by Tee Kai Soon and Neng Mun Haig (“the Vendor”) and acquisition by the Company of 525,000 ordinary shares in S Tin, which represented 70% of the issued and paid-up share capital of S Tin.
- v) On 1 June 2021, the Company announced that the Company had on 24 May 2021 acquired 62,500,000 Rights Shares together with 31,250,000 Free Warrants in Sanichi Technology Berhad (“STB”) for a total purchase consideration of RM5,100,000, which represent approximately 4.45% of the existing total number of issued shares in STB.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 43. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

- a) On 1 July 2021, the Company announced that its wholly owned subsidiary Metronic Medicare Sdn. Bhd. (“MMSB”) had on 26 February 2021 executed and provided the Sale and Purchase Agreement (“SPA”) for the supply of Thirty Million (30,000,000) units of Covid-19 Immune System Test Kit to MTPS Innotech Company Limited (“MTSP”) and the SPA was subsequently executed by MTPS on 20 May 2021 being the effective date of the SPA.
- b) On 1 July 2021, the Company announced that its wholly owned subsidiary Metronic Medicare Sdn. Bhd. (“MMSB”) had on 26 February 2021 executed and provided the Sale and Purchase Agreement (“SPA”) for the supply of twenty million (20,000,000) units of Covid-19 Immune System Test Kit to Genesprint Group Limited (“Genesprint”) and the SPA was subsequently executed by MTPS on 20 May 2021 being the effective date of the SPA.
- c) On 2 July 2021, the Company announced that the Company had on 1 July 2021 entered into a Memorandum of Understanding (“MOU”) with Earthtech Energy Sdn. Bhd. to regulate their working relationship in the formulation of a joint venture for the Solar Power Purchase Project.
- d) On 30 September 2021, the Company announced the completion of Private Placement exercise following the listing and quotation of 88,744,924 placement shares on the Main Market of Bursa Securities.
- e) On 15 October 2021, the Company announced that the Company had on 15 October 2021 entered into a Subscription and Joint Venture Agreement (“the SJV Agreement”) with Earthtech Energy Sdn Bhd and Mr Chew Keng Yaw to regulate their joint venture arrangement to undertake the business activities of carrying out the design, research and development, production and/or installation of solar power equipment to be marketed and sold as well as to provide after-sales services support thereafter.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 44. MATERIAL LITIGATIONS

- a) The Company and its wholly owned subsidiary, Metronic Integrated System Sdn Bhd ("the Defendants") or collectively referred as "the Companies" have been served a writ of summon by Hew Chai Seng (the Plaintiff) on 25th February 2014 for infringement of trademark.

On 16 December 2015, the Kuala Lumpur High Court Judge after full trial granted Judgement in favour of the Plaintiff and allowed the Plaintiff's claim with costs of RM 50,000 and for general damages to be assessed.

On 11 January 2016, the Company filed the appeal to Court of Appeal however the Appeal was dismissed. On 23 May 2017 the Companies filed Notice of Motion to seek leave to Appeal to Federal Court. The Notice of Motion was also dismissed.

On 10 April 2018, the Deputy Registrar of Kuala Lumpur High Court awarded general damages of RM1,677,040 to the Plaintiff together with the interest of 5% per annum on RM1,677,040 calculated from 25 February 2014 until full settlement and cost of proceeding of RM20,000 to the Plaintiff.

The Company subsequently on 15 April 2018 filed an appeal against the award and applied for stay of execution. On 5 July 2018, the Court approved the Company's application for stay of execution until the appeal is being heard by the High Court. The Court, based on hearing 4 April and 18 April 2019 had ordered as follows: -

- (i) The Judge has allowed partly the appeal whereby the Judge reduced the sum of damages granted by the Registrar to RM 1,158,750.00.
- (ii) RM 10,000.00 costs to be paid subject to allocator.
- (iii) Interest calculated at 5%.

The Company subsequently filed appeal to the Court of Appeal on 24 April 2019 and the application for stay of execution. The Court on 8 October 2019, granted stay subject to MGB/MISSB deposit RM1,158,750 into solicitors joined account.

Further to the appeal hearing on 30 July 2021, the Court of Appeal has dismissed the appeal with cost of RM10,000.00 subject to allocator and the judgement sum that being held under the joint account to be released to the Plaintiff or Plaintiff's solicitor.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 44. MATERIAL LITIGATIONS (CONT.)

- (b) On 19 May 2016, Metronic Microsystem (Beijing) Co. Ltd (“MMBCL”), a wholly-owned subsidiary of the Company, has filed a legal claim against 英泰格瑞房地产投资顾问有限公司, which has occupied MMBCL’s property in Beijing at No. 18, Level 8, Top Fine International Centre, Dong San Huan Middle Road, Chao Yang District, Beijing, People’s Republic of China (“Beijing Property”), for outstanding rental and late payment charges amounting to RMB7.25 million (approximately RM4.41 million) (“Claim”). The amount comprises outstanding rental amounting to RMB5.81 million (approximately RM3.5 million) and late payment charges of RMB1.44 million (approximately RM0.9 million).

The case was heard before the Beijing Chaoyang Municipal Council Court on 8 December 2016 and 2 June 2017, respectively. The Beijing Chaoyang Municipal Council Court had appointed a professional valuer to conduct a valuation on the Beijing Property. Based on the valuation report provided, MMBCL had on 11 May 2018 submitted the justification of Claim to the Beijing Chaoyang Municipal Court.

On 19 October 2018, the Beijing Chaoyang Municipal Council Court had awarded the outstanding rental amounting to RMB3.97 million (approximately RM2.4 million) payable to MMBCL. The outstanding rental however has yet to be paid.

Necessary documents had been submitted to court on 10 July 2019, pending the court’s execution order for rental payment from tenant. The progress has been slow due to Covid 19 pandemic in China.

Note:- (1) Based on BNM’s exchange rate of RMB1:RM0.6085 as at the LPD.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 44. MATERIAL LITIGATIONS (CONT.)

- (c) On 3 June 2019, the Company announced that it had initiated investigation on unauthorized transfer of office ownership for its property held by its wholly owned subsidiary, Metronic Microsystem (Beijing) Co. Ltd. had acquired 1 unit office in Beijing, China at Room 801, Level 8, Top Fine International Centre, Dong San Huan, Middle Road, Chao Yang District, Beijing, China measuring 700.53 square metre at a purchase consideration of approximately RM4.0 million. The current valuation price of the said property is at RM15.8 million.

The Board of Directors, in the announcement, informed that Mr Tan Ew Chew (“TEC”) was advisor for the Company from 1 January 2013 to 16 May 2017 and Mr Tan Kian Hong (“TKH”), son of TEC, was director of MGB from 8 February 2013 to 10 April 2017. During the controlling time under both TEC and TKH in July 2016, the ownership of the above office unit in Beijing has been allegedly transferred to a third party without consent and/or Board resolution from the Company. Once the above made aware to the new Board of Directors in 2017, the Board of Directors requested lawyer in China to investigate on the above and found that the said office has been transferred to third party with the name of Shouguang Yaoweiping (“Shouguang”) in China. Subsequently in October 2018, the Court from China via documents issued, confirmed the said transfer of property to Shouguang.

The Company also announced that on 3 June 2019, it had lodged a police report on investigation against TEC and TKH on the alleged breach of trust and causing the Company from suffering a loss of more than RM15.7 million.

The case is now pending action from relevant authorities. No progress due to Movement Control Order (MCO) imposed by Malaysia Government. The Management will seek legal advice upon receiving the police report on the findings.

#### 45. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES

- a) In prior financial year, the Group had charged depreciation for investment properties which are measured at fair value model. The error has been corrected by restating each of the affected financial statements line items for the prior periods, as shown below.
- b) In prior financial year, the Group had under or over charged depreciation for property, plant and equipment. The error has been corrected by restating each of the affected financial statements line items for the prior periods, as shown below.
- c) In last financial year, the Group had exchanged their collection from other receivables with investment in quoted shares. However, this transaction was not recorded in the financial statements. The error has been corrected by restating each of the affected financial statements line items for the prior periods, as shown below.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 45. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT.)

These adjustments and changes in certain comparative amounts to conform with the current year financial statements presentation for the group are as follows:

	As previously stated RM	Effects of prior year adjustments RM	As restated RM
<b>At as 30 June 2020</b>			
<b>Statement of financial position</b>			
<b>Assets</b>			
Property, plant and equipment	8,903,966	119,560	9,023,526
Investment properties	2,313,236	331,057	2,644,293
Other investments	3,990,641	575,512	4,566,153
Other receivables and deposits	5,428,662	(363,214)	5,065,448
<b>Liabilities</b>			
Current tax liabilities	-	40,441	40,441
<b>Equity</b>			
Accumulated losses	73,247,884	(622,474)	72,625,410
<b>Statement of comprehensive income</b>			
Other operating income	2,449,336	171,856	2,621,192
Other operating expenses	22,443,246	5,631	22,437,615
Loss after tax	17,683,050	177,487	17,505,563
Total comprehensive income for the financial year	18,287,513	177,487	18,110,026

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 30 JUNE 2021

#### 45. PRIOR YEAR ADJUSTMENTS AND CHANGES IN COMPARATIVES (CONT.)

These adjustments and changes in certain comparative amounts to conform with the current year financial statements presentation for the group are as follows: (cont.)

	As previously stated RM	Effects of prior year adjustments RM	As restated RM
<b>At as 30 June 2020</b>			
<b>Statement of cash flows</b>			
Loss before tax	(17,683,050)	177,487	(17,505,563)
Net cash used in operating activities	(1,858,542)	(5,631)	(1,864,173)
Net cash used in investing activities	654,818	403,656	1,058,474
Net cash used in financing activities	6,971,825	(575,512)	6,396,313
<b>At as 30 June 2019</b>			
<b>Statement of financial position</b>			
<b>Assets</b>			
Property, plant and equipment	10,668,881	119,560	10,788,441
Investment properties	465,925	325,427	791,352
<b>Equity</b>			
Accumulated losses	(55,752,462)	444,987	(55,307,475)

#### 46. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements for the financial year ended 30 June 2021 were authorised for issue by the Board of Directors in accordance with a resolution of the directors.

## LIST OF PROPERTIES AS AT 30 JUNE 2021

Location	Description / Existing use	Land area sq. ft	Built - up area sq. ft	Date of certificate of fitness	Approximate age of building / Tenure	Net book value as at 30.06.2021 RM'000	Last date of revaluation or if none, date of acquisition
<b>Metronic Engineering Sdn Bhd</b> No. 2 Jalan Astaka U8/83 Bukit Jelutong Seksyen U8 40150 Shah Alam Selangor Darul Ehsan	3-storey semi-detached office cum factory	23,838	25,112	Friday, 17 November, 2000	19 years / Freehold	7,967	Friday, 5 October, 2012
Lot 1888 College Heights Garden Resort Nilai Seremban	Vacant residential land	12,340	N/A	N/A	N/A / Freehold	245	Friday, 28 August, 1998
Unit no. 3F-47 3rd Floor Lot 1 JB Water Front City Jalan Tun Sri Lanang 80000 Johor Bahru Johor	Shop lot for investment purposes	N/A	475	Friday, 23 February, 2001	18 years / Leasehold for 99 years expiring on 4 December 2095	285	Saturday, 20 February, 1993
No: 19 Jalan Kemboja 4C/12 Section BS8, Bukit Sentosa III 48300 Rawang Selangor	single storey terrace house	2,131.25 (198 square metres)	2,691	N / A	Freehold Geran 80986, Lot 12604 Mukim Serendah Daerah Ulu Selangor Negeri Selangor	99	Thursday, 20 September, 2012

# ANALYSIS OF SHAREHOLDINGS

## AS AT 30 SEPTEMBER 2021

Total Issued Share : 2,168,523,079 Ordinary Shares  
 Types of Shares : Ordinary Share  
 Voting Rights : One vote per Ordinary Share

### DISTRIBUTION OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2021

Size of Shareholdings	No. of Shareholders	No. of Shares	Percentage of Shareholdings (%)
Less than 100	1,195	38,772	0.0018
100 to 1,000	779	446,932	0.0206
1,001 to 10,000	3,908	25,354,722	1.1692
10,001 to 100,000	8,116	367,740,545	16.9581
100,001 to less than 5% of issued shares	2,999	1,774,942,108	81.8503
5% and above of issued shares	-	-	-
<b>Total</b>	<b>16,997</b>	<b>2,168,523,079</b>	<b>100.0000</b>

### DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares	Percentage	No. of Shares	Percentage
1. Tan Sri Dato' Sri Mohamed Apandi Bin Ali	-	-	-	-
2. Datuk Seri Tan Choon Hwa	18,637,000	0.859	-	-
3. Hoo Wai Keong	-	-	-	-
4. Doris Wong Sing Ee	-	-	-	-
5. Dato' Kua Khai Shyuan	333,333	0.015	-	-
6. Muhammad Faliq Bin Mohd Redzuan	-	-	-	-
7. Ong Tee Kein	-	-	-	-

### SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest	
	No. of Shares	Percentage	No. of Shares	Percentage
1. Cita Realiti Sdn Bhd	150,341,885	6.933	-	-
2. Sanichi Technology Sdn Bhd	127,238,100	5.868	-	-
3. Dato' Sri Pang Chow Huat	139,843,658	6.449	9,973,332 <sup>^</sup>	0.460

<sup>^</sup> Deemed interested by virtue of the shares held by his spouse, Datin Chen Choon Lee.

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### AS AT 30 SEPTEMBER 2021

#### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2021)

Name	No. of Shares	Percentage of Shareholdings (%)
1. M & A NOMINEE (TEMPATAN) SDN BHD MAJESTIC SALUTE SDN BHD FOR LIOW WEI KIM	70,000,000	3.2280
2. M & A NOMINEE (TEMPATAN) SDN BHD MAJESTIC SALUTE SDN BHD FOR ONG YEE LUNG	57,268,000	2.6409
3. M & A NOMINEE (TEMPATAN) SDN BHD MAJESTIC SALUTE SDN BHD FOR CHAN KIAN SIN	54,536,600	2.5149
4. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG CHOW HUAT	46,581,559	2.1481
5. SANICHI TECHNOLOGY BERHAD	45,000,000	2.0751
6. M & A NOMINEE (TEMPATAN) SDN BHD MAJESTIC SALUTE SDN BHD FOR FLORENCE WONG WEI WEI	18,744,924	0.8644
7. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHEE CHOON (E-KPG)	15,000,000	0.6917
8. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM HOCK GUAN	14,200,000	0.6548
9. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PURCON CAPITAL SDN BHD	14,200,000	0.5857
10. OOI CHIENG SIM	11,500,000	0.5303
11. CHOK PUI WOON	11,450,000	0.5280
12. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGE YING CHOON	11,200,000	0.5165
13. HUANG JEN SOONG	11,100,000	0.5119
14. PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	11,000,000	0.5073
15. DATO' SRI KER CHERK YEE	10,000,000	0.4611
16. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA	10,000,000	0.4611
17. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEU ING DEE (E-KKU/BFT)	9,900,000	0.4565
18. YIN YIT FUN	9,120,000	0.4206
19. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SU YOU (E-KKU/BFT)	9,000,000	0.4150
20. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR MEH KOK CHAU	8,950,000	0.4127
21. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHOON HWA (7007201)	8,637,000	0.3983
22. CHUNG KIN CHUAN	8,600,000	0.3966
23. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY HOCK SOON (MY1055)	8,000,000	0.3689
24. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN SEOH	7,000,000	0.3228
25. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VERTICAL SOURCES SDN BHD (021)	7,000,000	0.3228
26. LING SII NEN	6,400,000	0.2951
27. TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OON BOON LENG	6,368,800	0.2937
28. GAN SIEW LIAT	6,000,000	0.2767
29. LEONG SOON POH	6,000,000	0.2767
30. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SU YOU (E-KKU)	6,000,000	0.2767

# ANALYSIS OF WARRANT HOLDINGS

## AS AT 30 SEPTEMBER 2021

Total Issued Warrants	:	410,253,977
Total Exercised Warrants	:	0
Total Outstanding	:	410,253,977

### DISTRIBUTION OF WARRANT HOLDINGS AS AT 30 SEPTEMBER 2021

Size of Warrant Holdings	No. of Warrants Holders	No. of Warrants	Percentage of Warrants Holdings (%)
Less than 100	105	7,142	0.0017
100 to 1,000	156	92,602	0.0226
1,001 to 10,000		4,927,432	1.2011
10,001 to 100,000	1,893	86,394,069	21.0587
100,001 to less than 5% of issued warrants	730	318,832,732	77.7159
5% and above of issued warrants	0	0	0.0000
<b>Total</b>	<b>3,586</b>	<b>410,253,977</b>	<b>100.0000</b>

### DIRECTORS' WARRANT HOLDINGS AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS

None of the Directors hold any warrants in the Company as per the Register of Director's Warrant holdings.

### THIRTY LARGEST WARRANT HOLDERS (BASED ON REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2021)

Names	No. of Warrants	Percentage of Warrants Holdings (%)
1. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HO BING NI	10,800,000	2.6325
2. CHOK PUI WOON	9,000,000	2.1938
3. ANG TIAN FU	7,000,000	1.7063
4. SYED MOHD AZUDIN BIN SYED IDRUS	5,850,000	1.4259
5. MD NOR BIN MANSOR	5,640,000	1.3748
6. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM HOCK GUAN	5,150,000	1.2553
7. MAYBANK NOMINEES (TEMPATAN) SDN BHD KWOK KHO LEE	5,000,000	1.2188
8. LIEW SEE KIM	4,457,300	1.0865
9. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HENRY WONG SEE HIENG (E-KKU)	4,100,000	0.9994
10. GAM TONG KEONG	3,500,000	0.8531
11. BONG HON LIONG	3,300,000	0.8044
12. AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEONG KIM FONG	3,126,900	0.7622
13. YIN YIT FUN	2,850,000	0.6947
14. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGIAM SEE HOW (E-TJJ)	2,550,000	0.6216
15. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING SU YOU (E-KKU/BFT)	2,500,000	0.6094

## ANALYSIS OF WARRANT HOLDINGS (CONT'D) AS AT 30 SEPTEMBER 2021

### THIRTY LARGEST WARRANT HOLDERS (CONT'D) (BASED ON REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2021)

Names	No. of Warrants	Percentage of Warrants Holdings (%)
16. AFFIN HWANG NOMINEES (ASING) SDN BHD TYXEROS TRADING PTE.LTD. (B)	2,500,000	0.6094
17. VICTOR CHAI CHENG WAH	2,471,000	0.6023
18. GAN HOO SUN	2,200,000	0.5363
19. TAN KHAI LUN 2,200,000	0.5363	
20. SARINA BINTI AHMED	2,200,000	0.5363
21. LEE KIM TWEE 2,000,000	0.4875	
22. MIOR AHMAD AZLAN BIN MIOR HABIDIN	2,000,000	0.4875
23. TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHIEW KEE	2,000,000	0.4875
24. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEW CHOON HENG (E-TSA)	2,000,000	0.4875
25. LING SU YOU	1,956,600	0.4769
26. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SEONG PENG	1,900,000	0.4631
27. MOHAMMAD NURDIN BIN NORAZAN	1,889,800	0.4606
28. ZAMARI BIN ZAHARI	1,816,400	0.4428
29. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAI PENG WAH (E-KLG/BTG)	1,600,000	0.3900
30. MAYBANK NOMINEES (TEMPATAN) SDN BHD SHAH RIZAL BIN MOHD ZAWAWI	1,545,000	0.3766

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting ("18<sup>th</sup> AGM") of the Company will be held on a fully virtual and entirely via remote participation and online remote voting from the Online Meeting Platform of Mlabs VGM operated by Mlabs Research Sdn Bhd in Malaysia via the link at <https://rebrand.ly/MetronicAGM>, on Monday, 29 November 2021 at 3.30 p.m. or at any adjournment thereof for the following purposes:

## AS ORDINARY BUSINESS

Please refer to  
Explanatory  
Note to Ordinary  
Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2021 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 79 of the Company's Articles of Association:-
  - a) Tan Sri Dato' Sri Mohamed Apandi Bin Ali
  - b) Datuk Seri Tan Choon Hwa
  - c) Mr Ong Tee Kein
3. To re-elect the following Directors who retire pursuant to Article 86 of the Company's Articles of Association:-
  - a) Mr Hoo Wai Keong
  - b) Dato' Kua Khai Shyuan
  - c) En Muhammad Faliq Bin Mohd Redzuan
4. To approve the payment of Directors' fees of RM168,750 for the financial year ended 30 June 2019.
5. To approve the payment of Directors' benefits of RM3,000 for the financial year ended 30 June 2019.
6. To approve the payment of Directors' fees of RM209,267 for the financial year ended 30 June 2021.
7. To approve the payment of Directors' benefits of RM52,600 for the financial year ended 30 June 2021.
8. To re-appoint Messrs Chengco PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company.

Ordinary Resolution 1  
Ordinary Resolution 2  
Ordinary Resolution 3

Ordinary Resolution 4  
Ordinary Resolution 5  
Ordinary Resolution 6

Ordinary Resolution 7

Ordinary Resolution 8

Ordinary Resolution 9

Ordinary Resolution 10

Ordinary Resolution 11

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

9. Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 12

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 10. Proposed Adoption of New Constitution

### Special Resolution 1

"THAT approval be and is hereby given for the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 29 October 2021 accompanying the Company's Annual Report 2021 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

### 11. To transact any other business of which due notice shall have been given.

#### BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482 & SSM PC No. 201908002253)  
THIEN LEE MEE (LS 0009760 & SSM PC No. 201908002254)  
Company Secretaries

Selangor  
Date: 29 October 2021

#### NOTES:

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. The main venue of the 18<sup>th</sup> AGM for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the Meeting to be at the main venue, is the online meeting platform operated by Mlabs Research Sdn Bhd at its Portal at <https://reband.ly/MetronicAGM> in Malaysia. Shareholders/proxies are strongly advised to participate and vote remotely at the 18<sup>th</sup> AGM through live streaming and online remote voting through the RPV facilities.
2. A member of the Company entitled to attend and vote at this meeting may appoint up to two (2) proxies to attend and vote in his stead. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
7. To be valid the proxy form duly completed must be deposited at the Share Registrar's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 November 2021 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 18<sup>th</sup> AGM.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of polling.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### Explanatory Notes to Ordinary Business:

a. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 June 2021

This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 ("Act") does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

### Explanatory Notes to Special Business:

a. Ordinary Resolution 12 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 12 if passed, is a renewal of general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

The general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions at any time without convening a general meeting as it would be both costs and time consuming to organise a general meeting.

The Company has allotted 156,826,100 new ordinary shares via Private Placement under the general mandate granted to the Directors at the AGM held on 29 November 2018. The total proceeds of RM5.1 million was raised from the Private Placement and the details of utilization of proceeds as below:-

<b>Purpose</b>	<b>Proposed Utilisation (RM'000)</b>	<b>Actual Utilisation (RM'000)</b>	<b>Balance to be Utilised (RM'000)</b>
Development of smart city solutions in Malaysia	4,948	3,232	1,716
Expenses in relation to the private placement	160	160	-

b. Special Resolution 1 - Proposed Adoption of New Constitution

The proposed Special Resolution 1, if passed, will streamline the Company's existing Memorandum and Articles of Association with the new Companies Act 2016, and to align to amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as well as for better clarity and to enhance administrative efficiency. The proposed new Constitution of the Company is set out in Appendix II of the Circular to Shareholders dated 29 October 2021 despatched together with the Company's Annual Report 2021.



**METRONIC GLOBAL BERHAD**  
 [Registration No. 200301029648 (632068-V)]  
 (Incorporated in Malaysia)

CDS Account No.																				
No. of Shares Held																				

**FORM OF PROXY**

I / We \_\_\_\_\_  
 (FULL NAME IN BLOCK LETTERS)

(NRIC No. / Passport No. / Company Registration No. \_\_\_\_\_)

of \_\_\_\_\_  
 (FULL ADDRESS)

(Contact No. \_\_\_\_\_ and Email Address \_\_\_\_\_)

being a member/members of **METRONIC GLOBAL BERHAD**, hereby appoint

<b>Name of Proxy (1)</b>	<b>NRIC No./Passport No.</b>	<b>% of Shareholdings to be Represented</b>
<b>Address</b>		
<b>Contact No.</b>		<b>Email Address</b>

and/or failing him/her

<b>Name of Proxy (2)</b>	<b>NRIC No./Passport No.</b>	<b>% of Shareholdings to be Represented</b>
<b>Address</b>		
<b>Contact No.</b>		<b>Email Address</b>

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Eighteenth Annual General Meeting ("18<sup>th</sup> AGM") of the Company to be held on a fully virtual and entirely via remote participation and online remote voting from the Online Meeting Platform of Mlabs VGM operated by Mlabs Research Sdn Bhd in Malaysia via the link at <https://rebrand.ly/MetronicAGM>, on Monday, 29 November 2021 at 3.30 p.m. and at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To re-elect Tan Sri Dato' Sri Mohamed Apandi Bin Ali who retires pursuant to Article 79 of the Company's Articles of Association.		
2.	To re-elect Datuk Seri Tan Choon Hwa who retires pursuant to Article 79 of the Company's Articles of Association.		
3.	To re-elect Mr Ong Tee Kein who retires pursuant to Article 79 of the Company's Articles of Association.		
4.	To re-elect Mr Hoo Wai Keong who retires pursuant to Article 86 of the Company's Articles of Association.		
5.	To re-elect Dato' Kua Khai Shyuan who retires pursuant to Article 86 of the Company's Articles of Association.		
6.	To re-elect En Muhammad Faliq Bin Mohd Redzuan who retires pursuant to Article 86 of the Company's Articles of Association.		
7.	To approve the payment of Directors' fees of RM168,750 for the financial year ended 30 June 2019.		
8.	To approve the payment of Directors' benefits of RM3,000 for the financial year ended 30 June 2019.		
9.	To approve the payment of Directors' fees of RM209,267 for the financial year ended 30 June 2021.		
10.	To approve the payment of Directors' benefits of RM52,600 for the financial year ended 30 June 2021.		
11.	To re-appoint Messrs Chengco PLT as Auditors of the Company.		
12.	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016.		
SPECIAL RESOLUTION			
1.	Proposed Adoption of New Constitution		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ..... day of ..... 2021

\_\_\_\_\_  
 Signature(s) of member(s)

Fold this flap for sealing

NOTES:

1. Please refer to the Administrative Guide for the procedures to register and participate in the virtual meeting. The main venue of the 18<sup>th</sup> AGM for the purpose of complying with Section 327(2) of the Companies Act 2016, which requires the Chairman of the Meeting to be at the main venue, is the online meeting platform operated by Mlabs Research Sdn Bhd at its Portal at <https://reband.ly/MetronicAGM> in Malaysia. Shareholders/proxies are strongly advised to participate and vote remotely at the 18<sup>th</sup> AGM through live streaming and online remote voting through the RPV facilities.
2. A member of the Company entitled to attend and vote at this meeting may appoint up to two (2) proxies to attend and vote in his stead. A proxy may, but need not, be a member of the Company. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
7. To be valid the proxy form duly completed must be deposited at the Share Registrar's office at Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 November 2021 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 18<sup>th</sup> AGM.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of polling.

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AFFIX

The Share Registrar  
**METRONIC GLOBAL BERHAD [200301029648 (632068-V)]**  
Level 5, Block B, Dataran PHB  
Saujana Resort, Section U2  
40150 Shah Alam  
Selangor

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## **Metronic Global Berhad**

200301029648 (632068-V)

No. 2, Jalan Astaka U8/83, Seksyen U8,  
Bukit Jelutong 40150 Shah Alam, Selangor Darul Ehsan.  
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