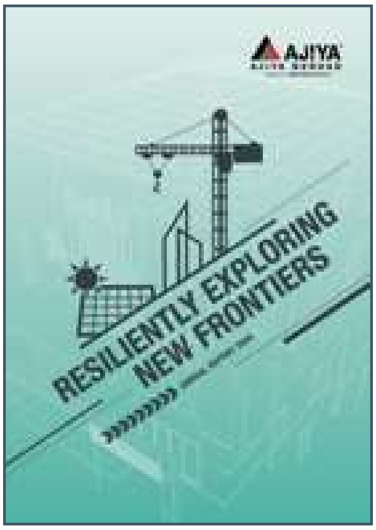
AJIYA

AJIYA BERHAD

Registration No.199601005281(377627-W)

# RESILIENTLY EXPLORING NEW FRONTIERS

ANNUAL REPORT 2020




# COVER RATIONALE

**RESILIENTLY EXPLORING NEW FRONTIERS**

The year 2020 was an unprecedented year brought upon by the COVID-19 pandemic outbreak. Amidst this challenging environment, Ajiya Berhad focused its efforts on prioritising the safety of people and ensuring the sustainability of its business. As we made every effort to remain resilient and relevant to the market, we continue to set our sights on exploring new frontiers and tapping new avenues of opportunity.

By building trust and enduring ties with our diverse stakeholders, exploring new frontiers for opportunity, diversifying our products and leveraging on effective business strategies, we are confident of not just surviving, but thriving as we venture forth into the new normal.

This year's Annual Report cover design aims to portray Ajiya's core activities. The tagline at a 45° angle underscored by an arrow reflects the dynamic stance that the Company has adopted as it continues to explore new frontiers of opportunity to grow in a sustainable manner.

# 25th

# ANNUAL GENERAL MEETING

Virtual Meeting through live streaming from the Boardcast Venue at
**Level 43A, MYEG Tower**
**Empire City Damansara**
**Jalan PJU 8, Damansara Perdana**
**47820 Petaling Jaya, Selangor**

**30th April 2021**

**Friday**
**11.00 a.m.**

Note:
The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue. No shareholders/proxy(ies) should be physically present nor admitted at the Broadcast Venue.

## CORE VALUES

- COMMITMENT
- TEAMWORK
- EFFICIENCY
- RESPONSIBILITY
- PROACTIVE
- KNOWLEDGE

## CORE COMPETENCIES

- RELIABLE QUALITY PRODUCTS & PERFORMANCE
- EFFICIENT MANUFACTURING
- CUSTOMER FOCUS
- TECHNICAL COMPETENCY THROUGH COLLABORATION
- WIDE DISTRIBUTION NETWORK

## CORE VALUE STREAMS [4P]

- PEOPLE
- PRICE
- PRODUCT
- PROCESS

## OUR PURPOSE

TO BUILD TRUST & COMMITMENT TOGETHER

## OUR VISION

TO ENRICH WELLBEING FOR THE COMMUNITY

## OUR MISSION

EXPLORE NEW FRONTIERS

AJIYA®

AJIYA BERHAD

Registration No.199601005281(377627-W)

# WHAT'S INSIDE


**OUR NEW FEATURES IN THIS REPORT**

Please scan this QR code to view our Annual Report online.

This report is also available at www.ajiya.com.

This report has been compiled with information that the Board and Management believe is relevant to stakeholders and provides them a comprehensive view of the Group's performance for the financial year.

Ajiya Berhad continues to improve the quality of its reporting. To contact us, you may email us at "Contact Us" of www.ajiya.com.

## 01 CORPORATE FRAMEWORK


6 Corporate Information
7 Corporate Structure
8 About Us
9 Events Highlights 2020
12 Profile of Directors
16 Profile of Key Senior Management


## 02 PERFORMANCE REVIEW


18 Chairman's Statement
22 Management Discussion and Analysis
32 Operation Network


## 03 CORPORATE GOVERNANCE


34 Corporate Governance Overview Statement
47 Audit Committee Report
51 Statement on Risk Management and Internal Control
53 Sustainability Statement


## 04 FINANCIAL STATEMENTS


70 Directors' Report
74 Statement by Directors
74 Statutory Declaration
75 Independent Auditors' Report
79 Statements of Comprehensive Income
80 Statements of Financial Position
82 Consolidated Statement of Changes in Equity
84 Company Statement of Changes in Equity
85 Statements of Cash Flows
87 Notes to the Financial Statements


## 05 OTHERS


156 Analysis of Shareholdings
159 Analysis of Warrant Holdings
162 List of Top 10 Properties
163 Notice of Annual General Meeting

Form of Proxy
Corporate Directory

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### CHAIRMAN

Dato' Dr. Mohd Aminuddin
bin Mohd Rouse
*(Independent Non-Executive Chairman)*

### MANAGING DIRECTOR

Dato' Chan Wah Kiang

### NON-EXECUTIVE DIRECTOR

Mr. Yeo Ann Seck

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tan Seng Kee *(Senior)*
Dato' Theng Book
Ms. Low Peak Yih
Ms. Lee Xia Lien

**AUDIT COMMITTEE**
Mr. Tan Seng Kee *(Chairman)*
Dato' Theng Book
Ms. Low Peak Yih
Ms. Lee Xia Lien

**NOMINATION COMMITTEE**
Mr. Tan Seng Kee *(Chairman)*
Dato' Dr. Mohd Aminuddin
bin Mohd Rouse
Dato' Theng Book

**REMUNERATION COMMITTEE**
Dato' Theng Book *(Chairman)*
Dato' Dr. Mohd Aminuddin
bin Mohd Rouse
Mr. Tan Seng Kee

**RISK MANAGEMENT COMMITTEE**
Dato' Dr. Mohd Aminuddin
bin Mohd Rouse *(Chairman)*
Mr. Tan Seng Kee
Dato' Theng Book

**SECRETARIES**
Ms. Chong Wui Koon
*SSM PC No.202008000920*
*(MAICSA 7012363)*
Ms. Leong Siew Foong
*SSM PC No.202008001117*
*(MAICSA 7007572)*

**REGISTERED OFFICE**
Suite 9D, Level 9
Menara Ansar
65, Jalan Trus,
80000 Johor Bahru, Johor
Tel : 07 – 224 1035
Fax : 07 – 221 0891

**REGISTRAR**
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony,
No.5, Jalan Professor Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya, Selangor.
Tel : 03-7890 4700
Fax: 03-7890 4670

**AUDITORS**
Ernst & Young
Chartered Accountants
B-15, Medini 9,
Persiaran Medini Sentral 1,
Bandar Medini Iskandar,
79250 Iskandar Puteri, Johor

**PRINCIPAL BANKERS**
AmIslamic Bank Berhad
AmInvestment Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

**STOCK EXCHANGE**
Main Market of Bursa Malaysia
Securities Berhad
Stock Code : 7609
Stock Name : AJIYA

**WEBSITE**
www.ajiya.com

# CORPORATE STRUCTURE

AJIYA
AJIYA BERHAD

## SUBSIDIARY COMPANIES

### MALAYSIA COMPANIES

**METAL BASE**
Asia Roofing Industries Sdn Bhd
ARI Utara Sdn Bhd
ARI Timur (KB) Sdn Bhd
Ajiya STI Sdn Bhd
ARITEQ Eco Sdn Bhd

**GLASS BASE**
Ajiya Safety Glass Sdn Bhd
ASG Marketing Sdn Bhd
LTC Usaha Sdn Bhd

### OVERSEAS COMPANIES

**METAL BASE**
Thai Ajiya Co.,Ltd

**GLASS BASE**
Thai Ajiya Safety Glass Co.,Ltd.

## ASSOCIATE COMPANY

### MALAYSIA COMPANY

**ASTEEL Ajiya Sdn Bhd**

# ABOUT US

**AJIYA BERHAD AND ITS GROUP OF COMPANIES ("AJIYA" OR "AJIYA GROUP") ARE PRINCIPALLY INVOLVED IN THE MANUFACTURING AND SUPPLY OF BUILDING MATERIALS, WITH A 30-YEAR EXPERIENCE IN THE CONSTRUCTION INDUSTRY. AJIYA GROUP WAS ESTABLISHED IN 1990 AS A METAL ROLL FORMING COMPANY AND VENTURED INTO THE BUSINESS OF HIGH VALUE-ADDED SAFETY GLASS PRODUCTS MANUFACTURING IN 1996.**

In the same year, Ajiya was listed on Bursa Malaysia Securities Berhad's Second Board. In 2003, Ajiya's listing status was later transferred to the Main Market of Bursa Malaysia.

Underpinned by its fundamental principle to provide affordable building materials and unique solutions, Ajiya products cater to a wide variety of users, from industrial commercial buildings to common residential houses. The Group's business operations comprise of 2 main business units:-

**AJIYA METAL GROUP**

- Manufacturing of metal roofing system, metal frame products, structural products, roof tile effect products, architectural products, light-weight channel products and Ajiya Green Integrated Building System ("AGiBS"). AGiBS is Ajiya's very-own Industrialised Building System ("IBS") solutions that is developed by combining the Group's key strengths in the Metal Products and Safety Glass divisions.

**AJIYA GLASS GROUP**

- Production of tempered and laminated safety glass, insulating safety glass, decorative safety glass, heat strengthened glass, curve tempered safety glass, Attoch, security, safety and storm protection safety glass that are used for industrial, commercial, recreational, office, and residential buildings, as well as furniture and white goods.

Ajiya has an extensive footprint across Malaysia, notably in the Northern, Southern, Central and Eastern region, and thus enabling it to be a leading building materials supplier in Malaysia. In its pursuit to expand its business horizon beyond Malaysia, Ajiya Group has also ventured into Thailand and has nearly 13 years of experience operating in the country.

To date, Ajiya has a network of 16 factories or warehouses with offices throughout Malaysia and Thailand. With an extensive network of factories, a wide range of affordably priced products, excellent quality services, and continuous improvements, Ajiya is committed to delivering customers satisfaction.

Ajiya Group currently undertaking several initiatives to increase its operation efficiency. The adoption of Industrial Revolution 4.0 and the installation of solar photovoltaic system in its existing factories throughout Malaysia are among others, the initiatives being undertaken at present.

# EVENTS HIGHLIGHTS 2020

## JANUARY

The Managing Director, Dato' Chan was invited to deliver speech at International Conference on Digital Transformation and Applications (ICDXA2020).

Ajiya participated in the ProDEx 2020 exhibition, organized by TARUC.

AGiBS Training.

## FEBRUARY

Corporate Visit by Junior Chamber International (JCI) Alor Setar to Ajiya Sungai Petani Plant.

Knowledge sharing on topic "Occupational Hazard Self-Evaluation Module (OHSEM)" by UUM lecturer in Ajiya Sungai Petani Plant.

Factory visit to Ajiya Bukit Kemuning Plant by JKR Pasir Putih and JKR Tumpat.

"Company Culture & Malaysian Work Culture" visitation by Nabtesco, a Japanese engineering company.

## MARCH

Ajiya participated in the "JobsMalaysia" career fair organized by Pejabat Tenaga Kerja.

## MAY

Internal briefing to foreign workers on the SOP related to COVID-19.

## JUNE

Ajiya hosted webinar titled "Innovative, Sustainable Building Solutions".

# EVENTS HIGHLIGHTS 2020

## JULY

Training workshop on "Corporate Liability Provision (Section 17A) of the MACC Act 2009: The Essential Steps".


Factory visit by YTL Sdn Bhd to Ajiya Segamat Plant.


Ajiya collaborated with MalaysiaGBC to host a webinar on Roofing U-Value & Tempered Safety Glass Workshop.


Conducted the same series of webinar "Innovative, Sustainable Building Solutions" due to encouraging response.

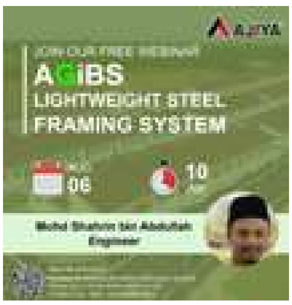
## AUGUST

Presentation of "Long Service Award", "Anugerah Pelajar Cemerlang" and "Hero In Me" blood donor rewards during Annual Gathering.

Presentation of AMG Top Sales Award (Manager Level).

24th Annual General Meeting 2020.


Factory visit by Sunway Iskandar to Ajiya Segamat Plant.

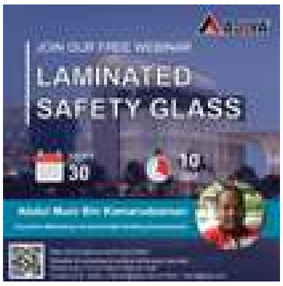



Hosted webinar titled "AGiBS Lightweight Steel Framing System".

# EVENTS HIGHLIGHTS 2020

## SEPTEMBER

Training on "ISO 9001:2015 Quality Management Systems & Risk Management Training".




Hosted the "Laminated Safety Glass" webinar.


Ajiya collaborated with BlueScope to host a webinar on "Steel Strength".

## OCTOBER


Ajiya collaborated with SEDA and Plus Solar to host a webinar titled "How Solar Investment Eases Financial Burden of CMCO 2.0".

Celebration Mid-Autumn Festival.

## NOVEMBER

Video shooting for Clean Energy Transformation Programme.

## DECEMBER

Performance Management Workshop.


Training on "Building Team, Create Performance".


Ajiya witnessed the MOU Signing between FELCRA BEKALAN & PERKHIDMATAN and PRIMA WAHYU. This is a business collaboration under the Integrated Building System for Ajiya Green Integrated Building System (AGiBS).

# PROFILE OF DIRECTORS

## DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE

### Independent Non-Executive Chairman

AGED 75 MALAYSIAN MALE

**QUALIFICATIONS**

- Bachelor of Science (Honours) in Biochemistry from University of Malaya
- Doctor of Philosophy in Agricultural Chemistry from University of Adelaide

**BOARD COMMITTEES MEMBERSHIP**

- Risk Management Committee (Chairman)
- Nomination Committee
- Remuneration Committee

**BOARD MEETING ATTENDANCE IN 2020 : 5/5**

Dato' Dr. Mohd Aminuddin was first appointed to the Board on 27-09-1996 and redesignated as Independent Non-Executive Chairman on 17-01-2012.

He was elected as Chairman of the Board on 27-09-1996. He is also the Chairman of Risk Management Committee and member of the Nomination Committee and Remuneration Committee of the Company.

Dato' Dr. Mohd Aminuddin graduated with a Bachelor of Science (Honours) in Biochemistry from University of Malaya in 1969 and a Doctor of Philosophy in Agricultural Chemistry from University of Adelaide in 1974. He has served in the academic sector, holding various posts in University Putra Malaysia and University Sains Malaysia since 1969.

In 1983, he started his venture into the corporate sector, actively holding various positions in Kumpulan Guthrie Berhad, Berjaya Group Berhad, Konsortium Logistik Berhad, PNSL Berhad and Indah Water Konsortium Sdn Bhd.

Currently, Dato' Dr. Mohd Aminuddin is a director of Star Media Group Berhad, Tanco Holdings Berhad, Karambunai Corp Bhd and ManagePay Systems Bhd.

Dato' Dr. Mohd Aminuddin attended five board meetings held during the financial year ended 30 November 2020.

## DATO ' CHAN WAH KIANG

### Managing Director

AGED 62 MALAYSIAN MALE

**QUALIFICATIONS**

- Bachelor of Science (majoring in Chemistry and Biology) from Campbell University

**BOARD COMMITTEES MEMBERSHIP**

- NIL

**BOARD MEETING ATTENDANCE IN 2020 : 5/5**

Dato' Chan is the founder member of Ajiya Group of companies. He was appointed to the Board as Managing Director on 27-09-1996.

He holds a Bachelor of Science (majoring in Chemistry and Biology) from Campbell University, USA in 1983.

Dato' Chan started his career with a paint manufacturer in 1984 and moved on to various manufacturing companies holding senior positions. With his extensive experience garnered from the manufacturing industry, he decided to venture into the roofing, and subsequently glass business.

Dato' Chan also holds directorship within the Ajiya Group and several other private limited companies. He is a substantial shareholder of the Company through his direct and deemed interest in the Company.

Dato' Chan attended all the five board meetings held during the financial year ended 30 November 2020.

# PROFILE OF DIRECTORS

## MR. TAN SENG KEE

### Senior Independent Non-Executive Director

**AGED 64** **MALAYSIAN** **MALE**

**QUALIFICATIONS**

- Bachelor of Law (Honours) from University of Malaya

**BOARD COMMITTEES MEMBERSHIP**

- Audit Committee (Chairman)
- Nomination Committee (Chairman)
- Remuneration Committee
- Risk Management Committee

**BOARD MEETING ATTENDANCE IN 2020 : 5/5**

Mr. Tan was appointed to the Board on 27-09-1996. He is the Chairman of the Audit Committee and Nomination Committee.

He is also a member of the Remuneration Committee and Risk Management Committee.

Mr. Tan holds a Bachelor of Law (Honours) degree from the University of Malaya in 1980.

Mr. Tan attended all the five board meetings held during the financial year ended 30 November 2020.

## DATO ' THENG BOOK

### Independent Non-Executive Director

**AGED 61** **MALAYSIAN** **MALE**

**QUALIFICATIONS**

- Bachelor of Science (majoring in Chemistry and Statistic)
- Diploma in Business Studies
- Bachelor of Law and Certificate of Legal Practice
- Qualified Mediator and Arbitrator

**BOARD COMMITTEES MEMBERSHIP**

- Remuneration Committee (Chairman)
- Audit Committee
- Nomination Committee
- Risk Management Committee

**BOARD MEETING ATTENDANCE IN 2020 : 5/5**

Dato' Theng was appointed to the Board on 02-05-2000. He is the Chairman of the Remuneration Committee.

He is also a member of the Audit Committee, Nomination Committee and Risk Management Committee of the Company.

Dato' Theng holds a Bachelor of Science majoring in Chemistry and Statistic. He also holds a Diploma in Business Studies, Bachelor of Law and Certificate of Legal Practice. He is a qualified Mediator and Arbitrator. He was in the commercial sector for about 10 years prior to commencing legal practice as an Advocate & Solicitor.

He also sits on the board of Samchem Holdings Berhad.

Dato' Theng attended all the five board meetings held during the financial year ended 30 November 2020.

# PROFILE OF DIRECTORS

## MR. YEO ANN SECK

Non-Executive Director

AGED 65 MALAYSIAN MALE

**QUALIFICATIONS**

- Businessman by Profession

**BOARD COMMITTEES MEMBERSHIP**

- NIL

**BOARD MEETING ATTENDANCE IN 2020 :** 5/5

Mr. Yeo was appointed to the Board on 27-09-1996.

He is a businessman by profession. He has vast experience in the building industry having been involved in the supply of building materials business.

He also sits on the board of several private limited companies.

Mr. Yeo attended all the five board meetings held during the financial year ended 30 November 2020.

## MS. LOW PEAK YIH

Independent Non-Executive Director

AGED 45 MALAYSIAN FEMALE

**QUALIFICATIONS**

- Bachelor of Accountancy from RMIT University, Australia

**BOARD COMMITTEES MEMBERSHIP**

- Audit Committee

**BOARD MEETING ATTENDANCE IN 2020 :** 5/5

Ms. Low was appointed to the Board on 12-02-2009. She is a member of the Audit Committee.

She holds a Bachelor of Accountancy from RMIT University, Australia in 2000. She has more than 10 years experience in auditing and she is currently the Audit Manager in an accounting firm.

She also sits on the board of other private limited company.

Ms. Low attended all the five board meetings held during the financial year ended 30 November 2020.

# PROFILE OF DIRECTORS

## MS. LEE XIA LIEN

Independent Non-Executive Director

**AGED 39** **MALAYSIAN** **FEMALE**

### QUALIFICATIONS

- Bachelor of Accountancy from University of Hull, UK

### BOARD COMMITTEES MEMBERSHIP

- Audit Committee

**BOARD MEETING ATTENDANCE IN 2020 :** 5/5

Ms. Lee was appointed to the Board on 30-04-2018. She is a member of the Audit Committee.

Ms. Lee holds a Bachelor of Accountancy from University of Hull, UK. She has vast experience in auditing and accounting. She started her career in a local audit firm since 2006 and holding various senior position in publication and property development industry. She is currently the Account Manager in a property development, engineering and construction company.

Ms. Lee has attended all the five board meetings held during the financial year ended 30 November 2020.

*Note:*

*Save as disclosed, none of the Directors have:-*

- *any family relationship with any other Director and/or major shareholders of the Company.*
- *any conviction of offences (other than traffic offences) within the past 5 years.*
- *any public sanction or penalty imposed on them by the relevant regulatory bodies.*
- *any conflict of interest with the Company other than the Recurrent Related Party Transaction disclosed in this Annual Report.*

# PROFILE OF KEY SENIOR MANAGEMENT

## TEE SING HUAT

Executive Director
ARI Utara Sdn Bhd

AGED 49 MALAYSIAN

MALE

### QUALIFICATIONS

- Bachelor of Development Science (Hons) from National University of Malaysia (UKM)

Mr. Tee obtained a Bachelor of Development Science (Hons) from National University of Malaysia (UKM).

In 1996, he started his career in Asia Roofing Industries Sdn Bhd holding senior sales position. With his extensive experience garnered from the manufacturing industry, he was appointed a Director of ARI Utara Sdn Bhd ("ARI Utara") on 01-12-2004. He is responsible for the overall business operation of ARI Utara. He is also overseeing several divisions in East Region.

## SIM CHEE LIANG

Executive Director
Ajiya Safety Glass Sdn Bhd

AGED 48 MALAYSIAN

MALE

### QUALIFICATIONS

- Master in Management from North Borneo University College
- Business Administration from TAFE College

Mr. Sim holds a Diploma in Business Administration from TAFE College in 1993 and obtained a Master in Management from North Borneo University College in 2020.

He started his career with MSG Glazing Sdn Bhd in 1993, and later Prime Granite (M) Sdn Bhd before he joined Ajiya Safety Glass Sdn Bhd ("Ajiya Safety Glass") in 1999. Mr. Sim was appointed a Director of Ajiya Safety Glass on 15-08-2011. He is currently heading the Project Division of Sales & Marketing Department. He is also overseeing several divisions in headquarter Segamat and export sales to Singapore.

## KONG CHEUN KOK

Executive Director
Ajiya Safety Glass Sdn Bhd

AGED 48 MALAYSIAN

MALE

### QUALIFICATIONS

- Business Administration from HELP College

Mr. Kong obtained a Diploma in Business Administration from HELP College in 1993.

He had worked in several different industries before joining Ajiya Safety Glass in 2000. He was appointed a Director of Ajiya Safety Glass on 15-08-2011. He is currently heading the Route Sales Division of Sales & Marketing Department. He is also overseeing several divisions of other branches.

# PROFILE OF KEY SENIOR MANAGEMENT

## CHIN SIEW FOO

Executive Director
(Sales & Marketing)
Ajiya Safety Glass Sdn Bhd

**AGED 59** **MALAYSIAN**

**MALE**

### QUALIFICATIONS

- Diploma in Civil Engineering from Federal Institute of Technology
- Diploma in Marketing from Chartered Institute of Marketing, UK

Mr. Chin graduated from Federal Institute of Technology with a Diploma in Civil Engineering in 1983 and Diploma in Marketing from Chartered Institute of Marketing, UK in 1996.

He had worked in several building industries for over 20 years before he joined Ajiya Safety Glass in 2007. He is currently the Executive Director (Sales & Marketing Division) of Ajiya Safety Glass. With his vast experience in overseas exposure, he is now heading the Export Sales Division and Business Development overseas.

## NG YEW CHEOK

General Manager
(Sales & Marketing)
Asia Roofing Industries Sdn Bhd

**AGED 44** **MALAYSIAN**

**MALE**

### QUALIFICATIONS

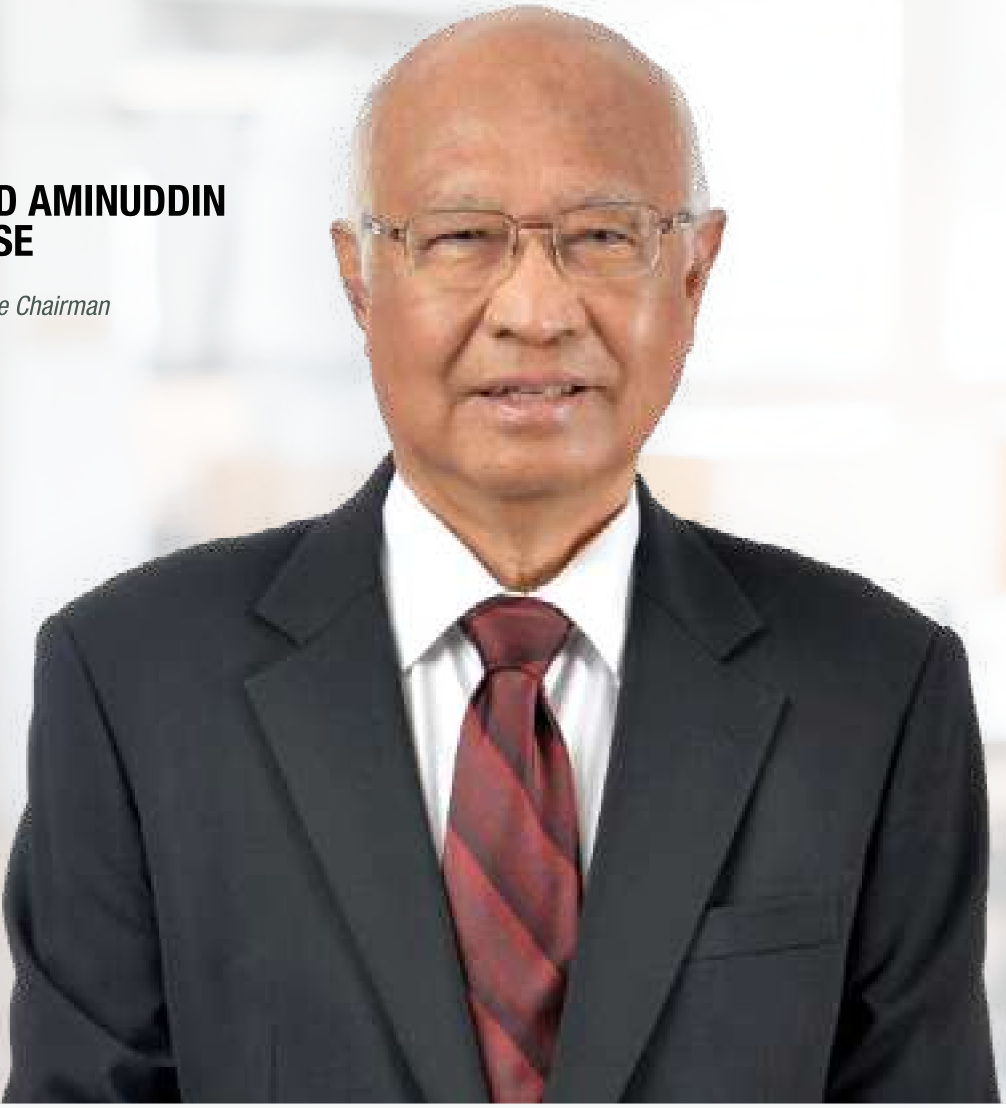
- Bachelor of Arts (Honours) and a Degree in Business Administration from University of Hertfordshire, UK

Mr Ng graduated with a Bachelor of Arts (Honours) and a Degree in Business Administration from University of Hertfordshire, United Kingdom.

Mr Ng joined Asia Roofing Industries Sdn Bhd ("ARI") as Marketing Executive in 2000. He was promoted to General Manager (Sales & Marketing) in 2020. He is a dedicated sales and marketing strategist with over 20 years of experience. He is currently overseeing the performance and growth of ARI's sales and marketing activities.

*Note:*
*Save as disclosed, none of the Directors have:-*
- *any family relationship with any other Director and/or major shareholders of the Company.*
- *any conviction of offences (other than traffic offences) within the past 5 years.*
- *any public sanction or penalty imposed on them by the relevant regulatory bodies.*
- *any conflict of interest with the Company other than the Recurrent Related Party Transaction disclosed in this Annual Report.*

# CHAIRMAN'S STATEMENT



**DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE**

*Independent Non-Executive Chairman*

**DEAR VALUED SHAREHOLDERS,**

**ON BEHALF OF THE BOARD OF DIRECTORS OF AJIYA BERHAD ("AJIYA" OR "THE GROUP"), I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020 ("FY2020").**

# CHAIRMAN'S STATEMENT

The year 2020 was an unprecedented period in modern history. After two consecutive years of slowing growth as a result of rising trade protectionism, the global economy was severely hit by a new virus outbreak that soon led the world into the worst economic meltdown since the 1920 Great Depression. Save for a very few industries, the operational and financial performance of most businesses have been adversely affected as governments across the world imposed lockdown measures to combat the spread of COVID-19. As a company involved in the manufacturing and supply of building materials for the construction industry, Ajiya is also not spared from the health cum economic crisis when the Movement Control Order ("MCO") was first implemented in Malaysia in March 2020.

Nevertheless, Ajiya has successfully managed to end the FY2020 with a full-year net profit, even as sales demand were affected by ongoing market challenges. The Group's domestic operations resumed gradually from May 2020 onwards, following the Malaysian government's approval to re-open the economy. Led by the Group's agility and fast response to market challenges, Ajiya quickly returned to profitability in the third quarter, following a dip in the preceding second quarter.

We have learned a great deal from our experiences during these difficult times. Looking ahead, armed with these experiences and coupled with our commitment, we are confident that we can overcome any arising difficulty. In line with the expected economic rebound in 2021, Ajiya is well-positioned to ride on the recovery wave as sentiment across businesses and consumers improve. Malaysia's Ministry of Finance projected the domestic construction sector to rebound by 13.9% in 2021, as compared to an estimated 18.7% contraction in 2020. Ajiya expects the demand for building materials to improve in tandem with the stronger construction activities and this would benefit the Group across both of its business segments namely Metal Products and Safety Glass as well as its AJIYA Green Integrated Building System ("AGiBS") solutions. We are pleased to report that the Group has been receiving increased enquiries from clients, indicating that a stronger recovery in sales is underway.

## FINANCIAL PERFORMANCE REVIEW

During the financial year under review, Ajiya has continued to be profitable and is supported by a sturdy balance sheet. This was made possible through the Management's improved strategic decisions and business direction. Amid a reduction in revenue in FY2020, the Management has streamlined internal operations and introduced several cost-optimisation measures that have successfully lowered operating expenses. This has in turn ensured that the Group continues to be operationally profit-making.

Ajiya's revenue in FY2020 was lower by RM70.0 million or 21.5% year-on-year ("y-o-y") to RM255.0 million. The decrease was mainly due to lower demand for the Group's products. Meanwhile, the profit net of tax in FY2020 was registered at RM0.40 million as compared to RM4.28 million in the preceding financial year, marking a reduction of RM3.88 million or 90.7% y-o-y.

**AJIYA IS A COMPANY INVOLVED IN THE MANUFACTURING AND SUPPLY OF BUILDING MATERIALS FOR THE CONSTRUCTION INDUSTRY, AJIYA IS ALSO NOT SPARED FROM THE HEALTH CUM ECONOMIC CRISIS WHEN THE MOVEMENT CONTROL ORDER ("MCO") WAS FIRST IMPLEMENTED IN MALAYSIA IN MARCH 2020.**

**IN LINE WITH THE EXPECTED ECONOMIC REBOUND IN 2021, AJIYA IS WELL-POSITIONED TO RIDE ON THE RECOVERY WAVE AS SENTIMENT ACROSS BUSINESSES AND CONSUMERS IMPROVE.**

# CHAIRMAN'S STATEMENT

## SUSTAINABILITY & CORPORATE GOVERNANCE

The Board of Directors of Ajiya strongly believes in the need to embrace uncompromised Economic, Environmental and Social standards in its operations. Ajiya's Vision 2040 "To Enrich Wellbeing For The Community" encompasses the Group's ultimate objective of empowering the society through its high-quality and sustainable product offerings, whilst remaining focused on being the leading metal rollforming and safety glass producer in the Southeast Asia region and beyond.

We continue to place great importance on integrity, transparency and dedication, among others, high on our list of priorities. While we seek to create the utmost value for our shareholders, we place strong focus on good corporate governance and balance the commercial objectives with the environment and social needs of our stakeholders. Ajiya's Board of Directors, the Management and the employees are guided by the Group's Code of Ethics and Conduct, which has been in force since 2013. The Board recognises that a good corporate governance is essential for business sustainability and enhancement of shareholders value.

For more details, the measures implemented by the Board and the Management of Ajiya with regard to sustainability and corporate governance have been elaborated further in our Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control and Sustainability Statement of this Annual Report.

## PROSPECTS

Looking ahead into FY2021, Ajiya expects to ride on the demand recovery for buildings materials, both in Malaysia and within the region. The Group's continued research and development efforts have ensured that Ajiya's products in the market possess advanced and high-quality features compared to products from other competitors. Hence, we are confident that our metal and safety glass offerings will be preferred by our existing and other prospective buyers, which in turn would potentially lift our sales performance to pre-pandemic levels.

Nevertheless, we remain cautiously positive on the year ahead as the market continues to see various challenges. A return to normalcy would require a greater roll-out of vaccination programmes globally, which would help to reinvigorate business and consumer sentiment. Ajiya will consistently put in place several strategies that would enable the Group to capture any arising opportunity.

Based on the latest market trend, it appears that more property developers in Malaysia are looking at launching new property projects in 2021. Coupled with low interest rates and the Home Ownership Campaign that would end on 31 May 2021, the demand for properties is expected to improve and as a result, raise the need for greater building materials supply in the market.

Ajiya stands to be a key beneficiary of such demand, particularly the metal roll-forming division and the safety glass division. We are ever-ready to increase our production capacity to cater to the rising demand for our products. Moving into 2021, we are also positive on the demand for our AGiBS solutions as more property developers adopt the Industrialised Building Systems ("IBS") technology. In addition, there are increased efforts by the Government to promote adoption of IBS in Malaysia. Ajiya is confident that its AGiBS solutions will be a leading choice in the market as it is apt for the development of affordable and quality homes at a quick turnaround time. While a normal property project would traditionally take about 24 months to be completed, AGiBS would be able to slash the construction time to just eight months. The stronger take-up for AGiBS would be a key catalyst for Ajiya's metal roll-forming and safety glass divisions, considering that both divisions supply components to be used under AGiBS.

Going forward, Ajiya expects to maintain its financial resilience, led by its strategic business decisions that among others, strive to improve operational efficiency, optimise costs, increase revenue in hand as well as drive better demand for the Group's metal, safety glass and AGiBS offerings.

# CHAIRMAN'S STATEMENT

**ACKNOWLEDGEMENT**

Ajiya remains steadfast in its pursuit to becoming a leading building materials supplier in Malaysia and Southeast Asia. The post-pandemic period has created a new normal business environment and Ajiya has quickly ensured that its Management and employees at all levels are capable to adapt without compromising the Group's product quality. My heartfelt appreciation goes to all individuals within the Group that have worked tirelessly in making sure Ajiya remains resilient amid ongoing market challenges.

I also wish to express my gratitude to all shareholders of Ajiya for your unwavering support and loyalty to the Group. Moving forward, I have no doubt that the Group will be better positioned to deliver value to shareholders and to improve its financial performance, supported by the strategic decisions made by the Board and the Management of Ajiya.

**CHAIRMAN**
**DATO' DR. MOHD AMINUDDIN BIN MOHD ROUSE**

# MANAGEMENT DISCUSSION & ANALYSIS

**AJIYA BERHAD ("AJIYA" OR "GROUP") WAS INCORPORATED IN MALAYSIA IN 1990 AS A METAL ROLL-FORMING COMPANY. IT WAS LISTED ON BURSA MALAYSIA SECURITIES BERHAD'S SECOND BOARD IN 1996 AND THE LISTING STATUS WAS LATER TRANSFERRED TO THE MAIN MARKET IN 2003.**

## GROUP BUSINESS OVERVIEW

Ajiya Berhad ("Ajiya" or "Group") was incorporated in Malaysia in 1990 as a metal roll-forming company. It was listed on Bursa Malaysia Securities Berhad's Second Board in 1996 and the listing status was later transferred to the Main Market in 2003. The Group is principally involved in the manufacturing and supply of building materials, with 30 years of experience in the construction industry. Ajiya's core principle is to provide affordable materials and unique solutions based on its expertise and technologies. The Group has 2 main business units as follows:

### METAL PRODUCTS

Under the division, Ajiya manufactures metal roofing systems, metal frame products, structural products, roof tile effect products, architectural products and light-weight channel products. In addition, its very-own Industrialised Building System ("IBS") solutions - Ajiya Green Integrated Building System ("AGiBS") - has also been developed by combining the Group's key strengths in the Metal Products and Safety Glass divisions. AGiBS is apt for the development of affordable and quality homes at a quick turnaround time.

### SAFETY GLASS

The Group manufactures tempered and laminated safety glass, insulating safety glass, decorative safety glass, heat strengthened glass, curve tempered safety glass, Attoch, security, safety and storm protection safety glass that are used for industrial, commercial, recreational, office, and residential buildings, as well as furniture and white goods.

# MANAGEMENT DISCUSSION & ANALYSIS

**AJIYA IS POISED TO BECOME A LEADING PLAYER IN THE BUILDING MATERIALS SEGMENT OF MALAYSIA AND THE REGION, WITH A STRONGER PRESENCE IN THE IBS BUSINESS OVER THE LONG RUN.**

Ajiya's products cater to a wide range of buildings covering from industrial and commercial to residential. The Group is devoted to achieving sustainable growth, guided by its commitment for product development, process improvement, and commitment to achieve its Vision 2040 and Mission via its Core Value, Core Competencies as well as Value Streams 4P.

Ajiya is pleased to note that it remains on track to achieve the aforementioned aspirations. It has expanded its geographical footprint in Malaysia and has established its oversea presence in Thailand. The Group has an extensive network of 16 factories/warehouses with offices, strategically located throughout Malaysia and Thailand. With an extensive network of factories, a wide range of affordable priced products, excellent quality services, and continuous improvements, Ajiya is committed to delivering customer satisfaction.

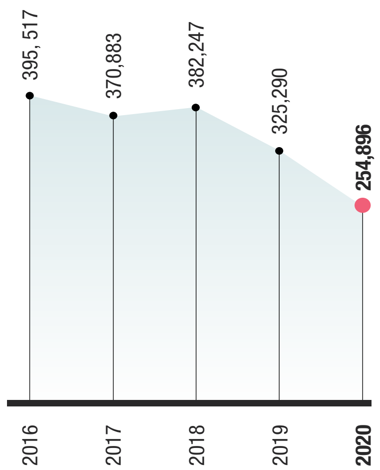
**AJIYA IS DEVOTED TO ACHIEVING SUSTAINABLE GROWTH, GUIDED BY ITS COMMITMENT FOR PRODUCT DEVELOPMENT, PROCESS IMPROVEMENT, AND COMMITMENT TO ACHIEVE ITS VISION 2040 AND MISSION VIA ITS CORE VALUE, CORE COMPETENCIES AS WELL AS VALUE STREAMS 4P.**

**WITH AN EXTENSIVE NETWORK OF FACTORIES, A WIDE RANGE OF AFFORDABLE PRICED PRODUCTS, EXCELLENT QUALITY SERVICES, AND CONTINUOUS IMPROVEMENTS, AJIYA IS COMMITTED TO DELIVERING CUSTOMER SATISFACTION.**

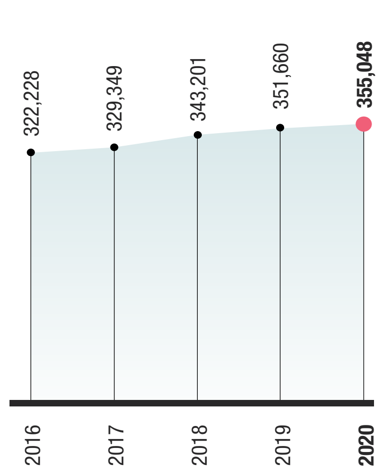
# MANAGEMENT DISCUSSION & ANALYSIS

## FINANCIAL HIGHLIGHTS

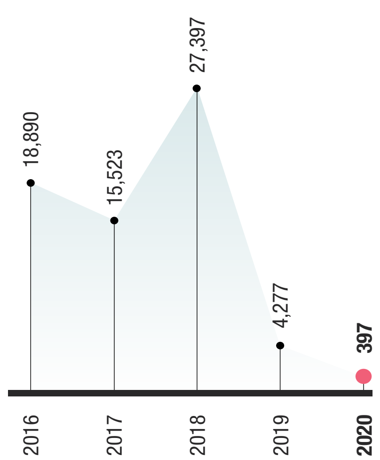
| FINANCIAL RESULTS | 2020 (RM'000) | 2019 (RM'000) | 2018 (RM'000) | 2017 (RM'000) | 2016 (RM'000) |
|---|---|---|---|---|---|
| Revenue | 254,896 | 325,290 | 382,247 | 370,883 | 395, 517 |
| (Loss)/Profit Before Tax | (745) | 5,954 | 31,712 | 18,693 | 24,102 |
| Profit After Tax | 397 | 4,277 | 27,397 | 15,523 | 18,890 |
| Net Profit Attributable to Equity Holders | 1,194 | 5,074 | 24,588 | 13,646 | 14,494 |
| Total Assets | 465,699 | 477,923 | 479,269 | 468,369 | 466,129 |
| Total Borrowings | 4,219 | 5,265 | 1,799 | 6,515 | 9,668 |
| Net Assets | 407,314 | 413,773 | 411,245 | 397,546 | 391,030 |
| Shareholders' Fund | 355,048 | 351,660 | 343,201 | 329,349 | 322,228 |



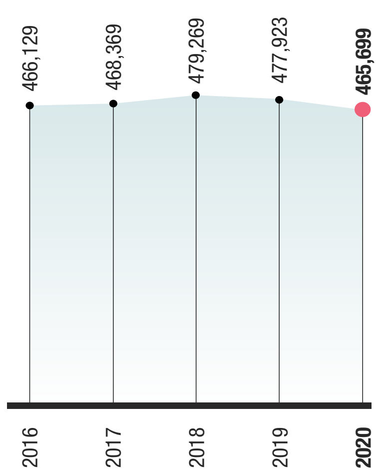
**Revenue** (RM'000)



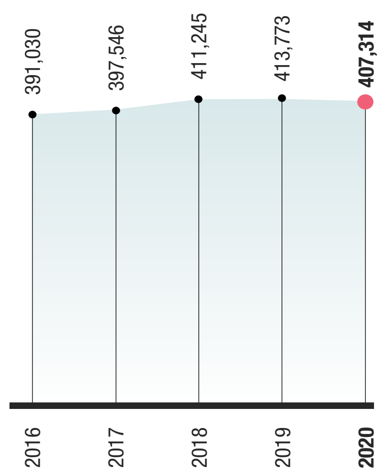
**Shareholders' Fund** (RM'000)



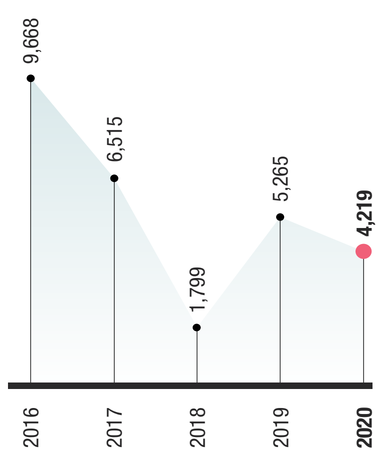
**Profit After Tax** (RM'000)



**Total Assets** (RM'000)



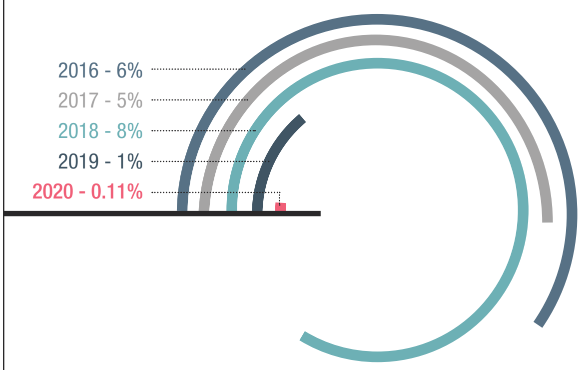
**Net Assets** (RM'000)



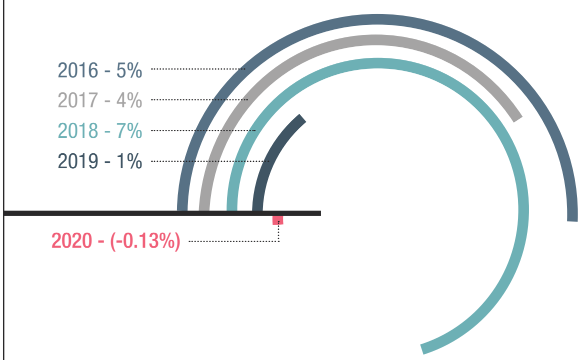
**Total Borrowings** (RM'000)

# MANAGEMENT DISCUSSION & ANALYSIS

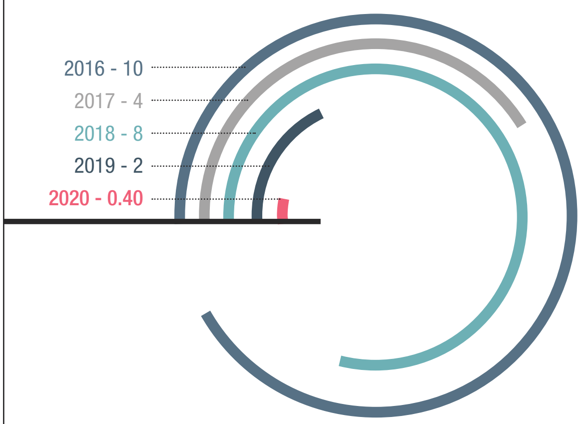
| FINANCIAL RESULTS | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Return on Equity (%) | 0.11 | 1 | 8 | 5 | 6 |
| Return on Total Assets (%) | -0.13 | 1 | 7 | 4 | 5 |
| Gearing Ratio (%) | Net Cash | Net Cash | Net Cash | Net cash | 2 |
| Earnings per Share (sen) | 0.40 | 2 | 8 | 4 | 10 |
| Net Assets Per Share (RM) | 1.19 | 1.18 | 1.14 | 1.08 | 2.14 |
| Gross Dividend per Share (sen) | - | - | - | 1 | 2 |
| Price Earning Ratio | 117 | 25 | 7 | 14 | 6 |
| Gross Dividend Yield (%) | - | - | - | 1.64 | 3.39 |
| Share Price as at the Financial Year End (RM) | 0.47 | 0.42 | 0.57 | 0.61 | 0.59 |



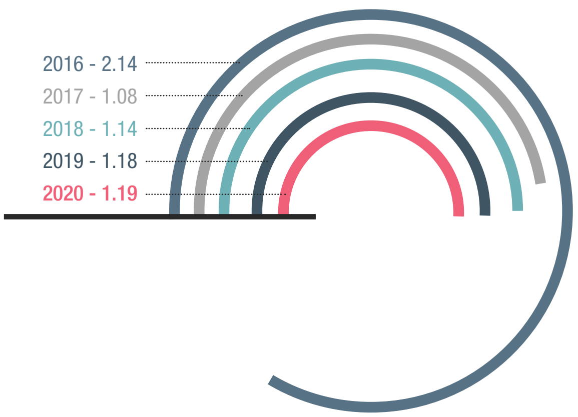

**Return on Equity (%)**




**Return on Total Assets (%)**




**Earnings per Share (sen)**




**Net Assets Per Share (RM)**

# MANAGEMENT DISCUSSION & ANALYSIS

## REVIEW OF FINANCIAL PERFORMANCE

The Group recorded a revenue of RM255.0 million in FY2020 as compared to RM325.0 million in the previous financial year, marking a reduction of 21.5% on a year-on-year ("y-o-y") basis. With movement restrictions lasting for nearly a year in its key operating markets of Malaysia and Thailand, the sales demand for Ajiya's metal and safety glass products have been adversely affected as construction activities were stalled or progressed at a much slower pace for many clients.

Nevertheless, given the reputation that Ajiya has built over the years, the number of repeat customers for the Group's products have been fairly stable. Coupled with the shortage of metal products in the industry and an improved demand for AGiBS as a result of labour shortage, Ajiya's overall performance in FY2020 remained resilient.

In FY2020, Malaysia remains the biggest revenue contributing market for Ajiya. Nearly 93% or RM237.3 million of the annual turnover came from the country while the remaining revenue was contributed by the Group's plants in Thailand.

The Group has maintained a resilient performance in FY2020, owing to its ongoing efforts to streamline business costs and increase operational efficiency. However, profitability for the financial year under review was impacted by a one-off transaction in relation to provision of bad debts. Net profit after tax for the financial year under review was registeres at RM0.40 million as compared to RM4.28 million in FY2019.

Ajiya's financial resilience is strongly reflected in its balance sheet, with the sturdy financial position signalling its preparedness to withstand the impact of any potential external vulnerabilities on its operation in the future.

As of end-FY2020, Ajiya is supported by its cash and bank balances of RM27.1 million, against short-term borrowings of RM4.2 million. In the financial year under review, the Group's cash and bank balances have been partially reallocated into unities money market investments. As a result, Ajiya's current assets under the balance sheet item of other investments have increased from RM74.2 million to RM110.0 million.

Ajiya's net assets as of end-FY2020 stood at RM407.3 million, translating to net tangible assets per share of RM1.19 sen. The Group's current ratio, which is a liquidity indicator that measures its ability to pay short-term obligations, has increased marginally to about 6.20 times, up from 5.69 times in FY2019.

Moving forward, Ajiya's strong balance sheet and healthy cash flow position will be one of the crucial lifeline for its business survival. The Management aims to maintain a low gearing position and will ensure constant attention on cash flow status to create long term sustainability. In addition, efforts will be undertaken to ensure optimisation of cash in other investments in order to generate additional income.

**AS OF END-FY2020, AJIYA IS SUPPORTED BY ITS CASH AND BANK BALANCES OF RM27.1 MILLION, AGAINST SHORT-TERM BORROWINGS OF RM4.2 MILLION.**

## REVIEW OF OPERATIONS

While the movement restriction measures introduced by the governments of Malaysia and Thailand to combat COVID-19 have adversely affected the Group's operations in FY2020, Ajiya's long-term growth has not been derailed and remains on track. The Management has taken the challenges seen in FY2020 as an opportunity to improve internal operations for better efficiency and to enhance the use of resources.

The Group has ensured optimum utilisation of capacity in all its plants and has maintained a utilisation rate of at least 25% to 30% at all times. Meanwhile, it has also undertaken several cost-savings initiatives to maintain its profit margin amidst the market challenges. In line with its Economic, Environmental and Social aspirations and to reduce the cost of electricity across its factories and offices, Ajiya has installed solar photovoltaic systems in its 11 existing factories throughout Malaysia in 2020.

Ajiya has also improved its manpower management in the financial year under review by constantly reviewing its existing manpower and revenue per head to ensure maximisation of productivity level. In addition, a reallocation of workforce or reduction of staff under certain operating sections was done to manage costs, without affecting the quality of the Group's products and services.

Meanwhile, Ajiya engaged in renegotiation of credit terms with clients and suppliers. This includes requesting appropriate credit terms with suppliers to enhance cash flow position. In FY2020, the Group has further enhanced its credit policies by re-negotiation with clients on their credit terms to ensure quicker cash inflow.

# MANAGEMENT DISCUSSION & ANALYSIS

**METAL PRODUCTS**

Ajiya manufactures and supplies various high-quality metal products such as metal roofing systems, metal frames, structural products, architectural products, lightweight channel products across Malaysia and into other regional markets. Under this division, the Group is also involved in providing innovative IBS solutions - its very-own AGiBS, which comprises metal products and safety glass manufactured by Ajiya.

The Metal Products division recorded profit before tax of RM2.85 million in FY2020 as compared to RM7.96 million in the previous financial year. Despite the movement control order introduced in March 2020 that has impacted all players in the entire industry, the division's overall performance in 2020 remained resilient, owing to continued demand for its metal products.

The Group has also benefited from higher average selling price for metal products in FY2020 as a result of the shortage of metal products in the industry. The shortage was caused by the shutdown of mills and factories due to movement restrictions. In addition, an over-reliance on artificially cheap imports in the previous years has stifled domestic production. The closing of international borders have significantly reduced imports and as a result, caused a shortage of metal products.

Ajiya's Metal Products division contributed RM185.6 million or 73% to the total revenue in FY2020. Malaysia remains the main market for Ajiya's Metal Products division, contributing 96% of the division's annual turnover. The remaining 4% of revenue was contributed by the division's operations in Thailand.

The Metal Products division registered an average utilisation rate of about 30%. Below is the list of the major factories and the respective installed capacity:

| METAL FACTORY | * INSTALLED CAPACITY 2020 (MT) |
|---|---|
| Shah Alam, Selangor | 44,000 |
| Segamat, Johor | 96,000 |
| Johor Bahru, Johor | 26,000 |
| Mentakab, Pahang | 10,000 |
| Sungai Petani, Kedah | 70,000 |
| Kota Bahru, Kelantan | 23,000 |
| Phathumthani, Thailand | 21,000 |

*Based on 24 hours operation

The Group's AGiBS solutions, which is a growing catalyst for the Metal Products division, has contributed RM8.2 million in revenue. The in-house developed IBS solutions has been utilised in many construction projects nationwide and has continued to see an increase in demand and queries from prospective customers.

The patented AGiBS comprises 8 series of housing components, namely Ajiya Light Weight Metal Wall Frames, Ajiya Metal Roofing Products, ARIT Truss System/ Components, AriteQ Ceiling Products, AriteQ Sunshade/Louvre Products, Ajiya Safety Glass & Sash, Ajiya Metal Frame Products and Ajiya Composite Floor Decking Products.

With continued government support and growing awareness on the advantages of IBS in the construction industry, Ajiya is highly confident on the prospects of AGiBS, especially with the improving outlook of the residential and commercial property market. AGiBS is apt for the development of affordable and quality homes at a quick turnaround time. Under its Vision 2040, Ajiya aims to provide affordable and sustainable integrated building solutions for the community.

Moving forward into FY2021, as the Group positions itself as a main contractor in IBS construction projects, the demand for AGiBS is expected to grow further. This would in turn spur the demand for Ajiya's metal and safety glass products, hence strengthening the Group's bottomline.

# MANAGEMENT DISCUSSION & ANALYSIS

## SAFETY GLASS PRODUCTS

Under this division, Ajiya is involved in the manufacturing and sales of high-quality safety glass products such as tempered and laminated glass, insulating safety glass, decorative safety glass, security safety and storm protection safety glass, heat strengthened glass, curved tempered safety glass and Attoch. As one of the leading safety glass processors in SouthEast Asia, the Group has supplied safety glass products for various projects and types of uses such as commercial, recreational, industrial, office, residential building, as well as furniture and white goods.

In FY2020, the Safety Glass division registered a loss before tax of RM5.59 million, in comparison to a loss of RM5.21 million a year earlier. Apart from operational interruption, the safety glass industry has also been impacted by an oversupply in the market, which has existed in the last several years. Revenue was RM69.4 million or 27% of the Group's total revenue. Nearly 86% of the Safety Glass division's revenue was derived from the Malaysian operations.

The Safety Glass division recorded an average utilisation rate of about 25%. Below is the list of the major factories and the respective installed capacity:

| SAFETY GLASS FACTORY | * INSTALLED CAPACITY 2020 (MT) |
|---|---|
| Puchong, Selangor | 18,000 |
| Segamat, Johor | 43,000 |
| Bukit Minyak, Pulau Pinang | 5,000 |
| Senai, Johor Bahru | 13,000 |
| Chonburi, Thailand | 10,000 |

*Based on 24 hours operation

Over the years, Ajiya has been actively involved in leading industry associations such as Malaysia Green Building Council ("malaysiaGBC"), Safety Glass Processors Association of Malaysia ("SGPAM") and Federation of Malaysian Manufacturers ("FMM") to further bolster its presence in the Malaysian market. The Group has also worked closely with government-related bodies such as the Construction Industry Development Board ("CIDB"), Standard and Industrial Research Institute of Malaysia ("SIRIM"), Malaysian Investment Development Authority ("MIDA") and Ministry of International Trade And Industry ("MITI") in various programmes and activities related to the safety glass industry. Ajiya's involvement with industry associations and government-related bodies have helped to strengthen its reputation and brand name in the industry. Moving forward, the Group will continue its efforts in growing its presence through collaborations and corporate social responsibility events.

**AJIYA IS INVOLVED IN THE MANUFACTURING AND SALES OF HIGH-QUALITY SAFETY GLASS PRODUCTS SUCH AS TEMPERED AND LAMINATED GLASS, INSULATING SAFETY GLASS, DECORATIVE SAFETY GLASS, SECURITY SAFETY AND STORM PROTECTION SAFETY GLASS, HEAT STRENGTHENED GLASS, CURVED TEMPERED SAFETY GLASS AND ATTOCH.**

Ajiya's key strategies for the Safety Glass division are not limited to enhancing operational efficiency and improving margins, but also to continually strengthen its internal research and development capacity to provide high-quality and innovative products to the market. Moving into FY2021, the Group will step up its marketing initiatives to strengthen its brand awareness. With movement restrictions eased nationwide, the Group will also undertake necessary initiatives to widen its customer base and identify ways to increase sales to existing customers.

# MANAGEMENT DISCUSSION & ANALYSIS

**PROSPECTS AND FUTURE PLANS**

With 2021 set to be a year of recovery for most industries, the Management of Ajiya has lined up a number of key strategies to tap into emerging opportunities. The Group has plans to diversify its business portfolio in order to widen its revenue base and to attain better operating margins. It has identified several prospective businesses that would complement its existing business and help to expand its value chain. Among these options is the plan to position Ajiya as a main contractor in undertaking IBS construction projects nationwide. The Group will leverage on its AGiBS solutions to tap into the growing demand for IBS in the country.

In addition, Ajiya is also considering forming joint ventures with partners who are equipped with specialised expertise in the building materials landscape, as well as acquiring related businesses for inorganic growth. Through collaborations and equity interests in related businesses, the Management is confident of achieving a better economies of scale, which in turn would lower operating costs and optimise profit margin. Across its 16 factories in Malaysia and Thailand, Ajiya intends to enhance production capability by acquiring new machinery with enhanced technology for the manufacturing of AGiBS' components. The Group is also constantly looking for opportunities to expand its presence within the South East-Asia region.

The Group will participate more actively in various affordable housing projects by government agencies. Ajiya's strong brand name built over the years as well as its high-quality yet cost-effective metal and safety glass products will meet the requirements for these housing projects. The Group will also work more aggressively to strengthen its brand reach in the market in 2021 via a more extensive marketing campaign and education programmes on the importance of IBS adoption.

In 2021, Ajiya will continue its efforts in making its operations more efficient and technology-driven. The Management intends to reduce the reliance on manual processes in the Group's plants and at the same time, digitalise identified administrative works. The shift from paper works to digital databases and a virtual working environment will speed up administrative works and reduce the time taken in decision making.

An example of the Group's digitalisation efforts is the successful migration from the previous enterprise resource planning ("ERP") system into a more integrated Systems Applications and Products ("SAP") in data processing. Under the new system, Ajiya's day-to-day business activities are managed more effectively and the Management has also been empowered to make better decisions as the system generates instant analytical reports. This is part of Ajiya's digital transformation strategy in tandem with its Industry 4.0 initiatives to achieve a seamless business operations.

# MANAGEMENT DISCUSSION & ANALYSIS

**ANTICIPATED OR KNOWN RISKS**

**Re-Introduction of Stricter Movement Control Measures**

Business operations of Ajiya will be significantly interrupted if the government imposes another round of strict lockdown measures that entails business shutdown. Production activities, sourcing of raw materials and labour management will be complicated if travel restrictions are re-introduced. In addition, it may also affect the demand for Ajiya's products as clients will likely face a reduction in construction activities.

Such re-introduction of stricter movement control measures is out of the Group's control. However, the Management will step up its efforts to optimise costs and to realign operations to ensure a sustainable business operations amidst any potential lockdown.

The start of mass vaccination programmes in Ajiya's key operating markets namely, Malaysia and Thailand, offers a fresh lease of optimism that COVID-19 cases will be more controlled and therefore, eliminates any need for a full lockdown. Such confidence would allow businesses to once again plan for investments and operational expansion.

**Economic Uncertainty Risk on Business Sustainability**

Continued economic uncertainties may result in reduced business activities and in turn, adversely affect the Group's cash flow position. In the event there is a large-scale interruption to the Group's cash flow, this may disrupt Ajiya's ability to meet its financial obligations. Hence, the risk of bad debt would arise. In addition, the impact of economic uncertainties would also impair clients' ability to pay on time as agreed by both parties. This may affect the Group's receivables and cash flow position.

Investor and business confidence would be eroded on the back of continued economic uncertainties in the market. This presents a significant risk towards the demand for the Group's products in the market. With the sentiment of consumers likely to be affected due to the dampened macroeconomic conditions, the Group may be susceptible to lower sales in the metal and safety glass segments.

Ajiya is well aware of the current market conditions and has taken a number of measures to ensure that its businesses could weather the business challenges. In addition to business diversification and cost optimisation measures, the Group will work more aggressively in strengthening the reach of its brand name in the market to boost the demand of its products. The focus on operational efficiency will be stepped up in the coming months as Ajiya will undertake a slew of measures in its pursuit of achieving a more sustainable and inclusive growth in the long term.

# MANAGEMENT DISCUSSION & ANALYSIS

**Change of Government Policies**

Inconsistent and frequent changes in government policies would be a significant challenge to business sustainability. The business community often lay out their longer term plans by using government policies and incentives as guidance. Hence, changes in government policies, especially without consultation with industry players, would render the business plans less effective. This would also affect business confidence in the country.

As an important building material supplier in the market, Ajiya remains open to working closely with the government in formulating suitable policies that would further enhance the domestic construction industry. On its part, the Group would also factor in the risk of government policy changes, especially following the change in government, in its business plans. This would provide enough room for the Group to re-align its strategies, in the event there are major changes in government policies.

**Production Costs**

Ajiya is susceptible to currency fluctuations, considering that some of its raw materials are imported from abroad. A weak ringgit is a key factor that raises the cost of raw materials. The ringgit's depreciation against the US dollar would force the Group to either absorb the higher production costs and accept a lower margin, or pass the additional cost to the customers.

Ajiya is well aware of such risk and hence, has taken mitigation measures to reduce the impact of foreign exchange fluctuations on its margins. One such measure is hedging the risk of currency fluctuations with relevant financial instruments.

Amidst the current pandemic, the Group also faces the risk of high raw material costs due to insufficient supply in the market. This is an issue that will be faced by industry players across the board. However, given the long-built relationship between Ajiya and its suppliers, the Group would be at an advantage to procure raw materials at affordable prices without significantly hurting its bottomline.

## DIVIDEND POLICY

The Board of Directors highly values the unwavering support the Group has received from its loyal shareholders over the years. While the Board recognises the importance of rewarding the shareholders for their support, the decision to declare a cash dividend is subject to a number of factors, including the earnings, capital commitment, financial conditions and other factors. In view of ongoing market challenges and the need for Ajiya to maintain a good cash flow position, the Board has not recommended a dividend payment for FY2020.

Nevertheless, once the Group is in a comfortable position to distribute dividends, the Board is committed to resuming the payment of dividends in the future.

# OPERATION NETWORK

# OPERATION NETWORK

**1** Thai Ajiya Co. Ltd.
Pathumthani, Thailand

**5** Asia Roofing Industries Sdn Bhd
Shah Alam, Selangor

**9** Asia Roofing Industries Sdn Bhd
Segamat, Johor

**2** Thai Ajiya Safety Glass Co. Ltd.
Chonburi, Thailand

**6** Ajiya Safety Glass Sdn Bhd
Puchong, Selangor

**10** Asia Roofing Industries Sdn Bhd,
Johor Bahru, Johor

**3** ARI Utara Sdn Bhd
Sungai Petani, Kedah

**7** Asia Roofing Industries Sdn Bhd
Mentakab, Pahang

**11** Ajiya Safety Glass  Sdn Bhd,
Johor Bahru, Johor

**4** ARI Timur (KB) Sdn Bhd
Kota Bharu, Kelantan

**8** Ajiya Safety Glass Sdn Bhd
Segamat, Johor

**12** ASTEEL Ajiya Sdn Bhd
Kuching, Sarawak

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

**THE BOARD OF DIRECTORS (THE "BOARD") OF AJIYA BERHAD (THE "COMPANY" OR "AJIYA") AND ITS SUBSIDIARIES (THE "GROUP") IS PLEASED TO PRESENT THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT WHICH PROVIDES AN OVERVIEW OF THE CORPORATE GOVERNANCE PRACTICES APPLIED BY THE GROUP DURING THE FINANCIAL YEAR ENDED 2020, WITH REFERENCE TO THE 3 KEY PRINCIPLES SET OUT IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE ("THE CODE").**

This Statement is prepared pursuant to Paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is supported with the Corporate Governance Report ("CG Report") of the Company detailing the application of each practice set out in the Code. The CG Report is available on the Company's website at www.ajiya.com.

### CORPORATE GOVERNANCE CULTURE

The Board acknowledges that a good corporate governance delivers long term sustainability and enhancing shareholders value. The Board continues to place emphasis on ensuring responsible and sustainable practice and ethical conduct throughout the Group. Towards this, the governance practices at Ajiya are guided by its standard operating policy and procedures, vision and mission as well as a set of core values to nurture positive corporate culture.

### KEY PRINCIPLES OF THE CODE

The three (3) key principles set out in the Code are:-

a) Board Leadership and Effectiveness
b) Effective Audit and Risk Management
c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Ajiya has applied most of the CG practices for the financial year 2020 except:-

- Practice 7.1 : Detailed disclosure on named basis the remuneration breakdown of individual directors.
- Practice 7.2 : The Board discloses on a named basis the top five senior management's remuneration component in bands of RM50,000.
- Practice 11.2 : Adoption of integrated reporting based on a globally recognised framework
- Practice 12.3 : Leveraging of technology to facilitate voting in absentia and remote shareholders' participation at General Meetings.

The Board has conducted a review of its practices with reference to the Code in March 2021. As a good governance initiative, the Board shall conduct such review on annual basis, as part of the Board's focus area in relation to corporate governance for the year.

The explanation for departure is further disclosed in the CG Report 2020.

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS**

**I BOARD RESPONSIBILITIES**

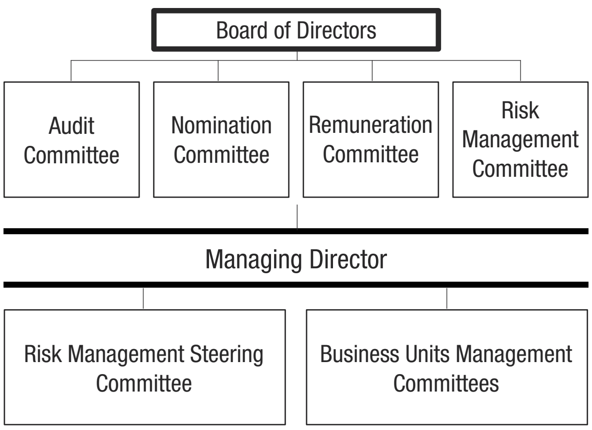
**1. Board Roles and Responsibilities**

The Board is mindful of its responsibilities to create value for the shareholders and ensure business sustainability through board leadership and management. The Board has the overall responsibility to determine the strategic direction, investment proposals and long term success of the Group. The Board exercise oversight on the proper conduct of business, sustainability issues, risk management and internal controls within the framework of effective controls as well as ensuring the effectiveness of corporate governance practices in order to remain relevant with the development of best practices and regulations.

The Board has delegated specific functions to the following Board Committees to assist the Board in the execution of its responsibilities:-

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")
- Risk Management Committee ("RMC")

The governance structure of the Board is as below:




Each of the Board Committee has its own function and responsibilities and operate within its defined Terms of Reference approved by the Board. The ultimate responsibility for decision making lies with the Board.

As for the day-to-day operation, the Board delegated its authorities to the Management Team lead by the Managing Director. The responsibilities and authorities of the Management Team are clearly defined in the Group's Policies and Procedures Manual.

**2. Role of Chairman and Managing Director**

The roles of the Chairman and Managing Director are distinct and separate and the positions are held by different individuals. This segregation ensure a balance of power and authority. In this regard, the Board Chairman of the Company is held by an Independent Non-Executive Chairman.

The Chairman provides leadership and focuses on governance and compliance. He ensure the effective conduct and smooth functioning of the Board. The Chairman also ensures that decisions are taken on a sound and well-informed basis and that strategic issues are considered by the Board.

The Managing Director is responsible for managing the overall business operation and resources of the Group. He is also responsible to ensure due execution of strategies plans, policies and achievement of the Group's corporate vision. The Managing Director is supported by the Management Team to ensure the concerns and issues raised in respect of the Group's daily operations are properly executed.

**3. Company Secretaries**

The Board has direct access to the advice of the Company Secretaries on matters relating to corporate governance best practices, corporate disclosure obligations, security laws and regulations and compliance with the Company's Constitution, statutory and regulatory requirements.

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

**4. Access to Information and Independent Advice**

The Board has full and unrestricted access to information pertaining to the Group's business and affair. The Board interacts with the Management Team for further clarification as and when they deem necessary for informed decision making and effective discharge of the Board's responsibilities. The Board is provided with agenda and board papers prior to each Board meeting. The Board may seek independent professional advices at the expense of the Company on matters relating to the fulfilment of their roles and responsibilities.

**5. Board Charter**

The Board Charter outlines the duties and responsibilities of the Board, Board Committees and matters reserved for the Board. The role of the Chairman, Managing Director and Independent Directors are also clearly defined in the Board Charter.

The Board Charter is reviewed periodically to ensure it reflects the Board's roles and responsibilities and compliance with the prevailing regulations. The last update to the Board Charter was approved by the Board on 24 October 2018.

The Board Charter is available for reference on the Company's website at www.ajiya.com.

**6. Ethic and Integrity**

The Board has in places policies and procedures to uphold the principles of good business conduct, with high standard of integrity and ethical values, all of which form the foundation for the success of the Company.

- Code of Ethics and Conduct

  The Group's Code of Ethics and Conduct provides guidance for proper standards of ethical conduct and sound and prudent business practices for Directors and employees based on principles of integrity, responsibility, trust, discipline and diligence. In July 2020, the Board had reviewed and approved the amendments to the Code of Ethics and Conduct to strengthen the governance on anti-corruption and anti-money laundering.

  The Code of Ethics and Conduct is available for reference on the Company's website at www.ajiya.com.

- Whistle Blowing Policy

  The Whistle Blowing Policy adopted by the Board provides mechanism for the handling of wrongdoings and protection to whistle blowers. This Policy facilitate the reporting of suspected and/or known misconducts, wrongdoing, corruption and instances of fraud and abuse involving the resources of the Group.

  The Whistle Blowing Policy is available for reference on the Company's website at www.ajiya.com.

- Stay Honest, Be Corrupt Free

  The Group is committed to conduct its business affairs in a legal and ethical manner, stay honest and be corrupt free. The Group does not tolerate any form of bribery and corruption, and is committed to act with integrity in all its business dealings.

  The Board has adopted its Anti-Bribery and Anti-Corruption Policy during the financial year following the introduction of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. The Policy sets out the principles of Ajiya in upholding its position on bribery and corruption practices in relation to its business. It also provides guidance to prevent and address improper solicitation, bribery and corruption activities.

  The Anti-Bribery and Anti-Corruption Policy is available for reference on the Company's website at www.ajiya.com.

**7. Board's Key Focus Areas in Relation to CG Practices**

- Key Matters 2020

| FOCUS AREA | ACTIVITIES |
|---|---|
| Finance and Operations | Reviewed and endorsed the Group's budget 2020<br>Reviewed and approved quarterly financial results and annual audited financial statements<br>Reviewed internal audit findings<br>Reviewed and approved the revised Risk Management Framework |
| Strategic Plans | Reviewed and endorsed the Group's mission vision and core value statement<br>Discussed on business direction, operation and major investment of the Group<br>Discussed on potential business diversification |
| Corporate Governance & Sustainability | Reviewed Sustainability Report, Statement on Risk Management and Internal Control<br>Reviewed Board composition and effectiveness<br>Discussed on resources and succession planning of Senior Management<br>Formulated and approved Anti-Bribery and Anti-Corruption Policy. |

- Looking Ahead to 2021

a) Continue our effort on Embracing Innovation and Digital Transformation.
b) Review of Board Policies to ensure effectiveness and compliance with evolving regulatory requirements and the changing needs of the Group.
c) Continue evaluating and exploring business diversification, joint venture, merger and acquisition.

## II BOARD COMPOSITION

**1. Board Composition and Diversity**

There was no change in the Board's composition during the financial year. The Board currently comprises seven (7) members with majority being Independent Non-Executive Directors. The composition are as follows:-
- Independent Non-Executive Chairman
- Managing Director
- Non-Executive Director
- 4 Independent Non-Executive Directors

This composition complied with the provisions as set out in the MMLR to have at least two (2) directors or one-third of the Board (whichever is higher) are independent directors. The profile of each Director is set out in the Directors' Profile of this Annual Report.

The present Directors, with their diverse background and professional specialization, collectively, bring the Board a wealth of experience and expertise. Based on the review of the Board Diversity Matrix conducted during the financial year, the Board considered that its present composition is optimal and had all the necessary skills, experience and qualities to lead the Group.

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

The Board is of the view that, while it is important to promote gender diversity on the Board, the selection criteria based on merit and contribution that the candidate will bring to the Board remain our priority. Hence the Board does not set any specific target for female Directors but the Board endeavours to promote more female Directors on the Board, as guided by the Board Diversity Policy of the Company. Currently there are 2 female members on the Board, representing 29% of the total Board members.

The current Board composition and diversity are as follow:-

| Director | Gender | | Age | | | | Ethnic | | Industry Knowledge/ Experience | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Male | Female | 35-39 years | 40-49 years | 60-69 years | 70-79 years | Bumiputera | Chinese | Legal | Accounting | Manufacturing & Construction | Science & Technology |
| **Dato' Dr. Mohd Aminuddin bin Mohd Rouse** | ✓ | | | | | ✓ | ✓ | | | | | ✓ |
| **Dato' Chan Wah Kiang** | ✓ | | | | ✓ | | | ✓ | | | ✓ | ✓ |
| **Mr. Tan Seng Kee** | ✓ | | | | ✓ | | | ✓ | ✓ | | | |
| **Dato' Theng Book** | ✓ | | | | ✓ | | | ✓ | ✓ | | | ✓ |
| **Mr. Yeo Ann Seck** | ✓ | | | | ✓ | | | ✓ | | | ✓ | |
| **Ms. Low Peak Yih** | | ✓ | | ✓ | | | | ✓ | | ✓ | | |
| **Ms. Lee Xia Lien** | | ✓ | ✓ | | | | | ✓ | | ✓ | | |

The Board also values the merits of gender diversity at management and executive level for better decision making and competitive advantages. As at 30 November 2020, 33% of the managerial and executive positions of the Group are held by female employees.

### 2. Appointment to the Board

Appointment of new Board member is governed by the Company's Nomination Policy. The Nomination Committee will consider the benefit of all aspects in order to strengthen the Board's existing skill and diversity before submitting the recommendation to the Board for decision. For appointment of Independent Director, consideration will also be given on whether the candidates meet the requirements of independence as defined in the MMLR. Candidates will be sourced from a wide range of independent source, apart from the existing Board members, management and major shareholders.

### 3. Re-election of Directors

In accordance with the Company's Constitution, one third of the Directors shall retire by rotation at every Annual General Meeting and that a Director who is appointed during the year shall retire at the next Annual General Meeting. The Constitution also provided that all Directors shall retire from office once at least in each three years but shall be eligible for re-election.

In this regards, Dato' Theng Book and Mr Yeo Ann Seck shall retire and be eligible for re-election to the Board subject to the shareholders' approval at the 25th Annual General Meeting.

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

**4. Board Independence**

The Board comprises of 2 Non-Independent Directors and a strong presence of 5 Independent Non-Executive Directors. The presence of a majority of Independent Directors in the Board provides effective check and balance to safeguard the interest of all stakeholders and that the relevant issues are subjected to independent judgment and objective deliberation by the Board.

The tenure of Independent Directors of the Company is tabled as below:-

| INDEPENDENT DIRECTORS | TENURE | | |
|---|---|---|---|
| | Above 12 years | 9 to 12 years | Below 9 years |
| Mr. Tan Seng Kee - Senior | ✓ | | |
| Dato' Dr. Mohd Aminuddin bin Mohd Rouse | | ✓ | |
| Dato' Theng Book | ✓ | | |
| Ms. Low Peak Yih | ✓ | | |
| Ms. Lee Xia Lien | | | ✓ |

The Board Charter provides that the tenure of an Independent Director shall not exceed a cumulative term of nine years. The Board may, subject to the assessment of the Nominating Committee, recommend for such Director to remain as Independent Director subject to annual shareholders' approval.

The Nomination Committee reviews the independence of directors annually based on the specific criteria. Following the annual assessment conducted during the year and the independence confirmation from each Independent Director, the Board concurred with the Nomination Committee to retain Dato' Dr. Mohd Aminuddin bin Mohd Rouse, Mr. Tan Seng Kee, Dato' Theng Book and Ms Low Peak Yih as Independent Directors subject to the shareholders' approval at the forthcoming Annual General Meeting.

The Board is of the view that their tenure of service do not impair the independence of the Independent Directors. The Independent Directors have demonstrated independence in their conduct and that each of them is independent of the management and free from any relationship which could interfere the exercise of independent judgement on issues affecting the Group. Their knowledge and experience in the Group's operation and their insights of the industry has provided a check and balance in the Board's deliberations and decision making process. All the Independent Directors contribute positively and discharge their duty with due care and diligence. They approached transaction that requires Board's approval with an inquiring mind and they participated actively in the meetings without fear or favor. They expressed their concerns and thoughts openly and constructively. They have pursued or followed through each and every issue until these issues are resolved professionally.

Mr. Tan Seng Kee and Dato' Theng Book and Ms Low Peak Yih shall be subjected to 2 tiers voting process at the forthcoming Annual General Meeting as they have served the Company for cumulative terms of more than 12 years.

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

**5. Directors' Meeting Attendance and Time Commitment**

The Board ordinarily schedules five (5) board meetings in a year with additional meetings to be convened as and when necessary. All Directors are provided with the meeting papers prior to the scheduled Board meetings.

Directors are expected to devote sufficient time to discharge their responsibilities effectively. It is the Board policy that each Director shall holds not more than five (5) directorships in public listed companies. Directors are also required to inform the Chairman and/or Company Secretaries should they wish to accept new directorship in other public listed companies, as outlined in the Company's Board Charter.

An annual meeting calendar with the scheduled meeting dates for each Board meeting, Board Committees meeting and Annual General Meeting is prepared and circulated in advance to all Directors. The meeting agenda and board papers are distributed seven (7) days in advance electronically and/or by hard copy. Reminders are also sent in advance prior to the meetings.

The details of Directors' attendance are set out as follows:

| DIRECTORS | NO. OF MEETINGS ATTENDED | | | | | |
|---|---|---|---|---|---|---|
| | Board | AC | NC | RC | RMC | AGM |
| Dato' Dr. Mohd Aminuddin bin Mohd Rouse | 5/5 | 5/5 | 1/1 | 2/2 | 1/2 | 1/1 |
| Dato' Chan Wah Kiang | 5/5 | 5/5 | n/a | n/a | n/a | 1/1 |
| Mr. Tan Seng Kee | 5/5 | 5/5 | 1/1 | 2/2 | 2/2 | 1/1 |
| Dato' Theng Book | 5/5 | 5/5 | 1/1 | 2/2 | 2/2 | 1/1 |
| Mr. Yeo Ann Seck | 5/5 | 5/5 | n/a | n/a | n/a | 1/1 |
| Ms. Low Peak Yih | 5/5 | 5/5 | n/a | n/a | n/a | 1/1 |
| Ms. Lee Xia Lien | 5/5 | 5/5 | n/a | n/a | n/a | 1/1 |

**6. Directors' Training & Development**

During the financial year, all the Directors had attended relevant training, seminar and forum to keep abreast with regulatory updates and development in the business environment.

The Company Secretaries regularly provide updates to the Board members on new guidelines, corporate governance practices and regulatory requirements to be observed by the Directors and the Company. In addition, the External Auditors also briefed to the Board on latest regulatory updates and new standard to the Malaysian Financial Reporting Standards.

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

The training programmes attended by the Directors during the financial year are tabulated as below:

| Attended By | Seminar/Program/Briefing |
|---|---|
| Dato' Aminuddin bin Mohd Rouse | • Post-Budget Powertalk |
| Dato' Chan Wah Kiang | • Digital Transformation in Business Strategy and Management<br>• Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009 : The Essential Steps<br>• How Solar Investment Eases Financial Burden of CMCO 2.0<br>• Better Place For People Health & Wellbeing - Designing With Nature |
| Mr. Tan Seng Kee | • Breach of Fiduciary Duty in a Downturn<br>• Funding Your Business with SPAC |
| Dato' Theng Book | • Executive Certificate in Islamic Finance |
| Mr. Yeo Ann Seck | • SST 2.0 : Kemudahan Dan Penyata Cukai Jualan |
| Ms. Low Peak Yih | • Post Budget 2020 : Market Outlook<br>• The New Normal : Biz & Management Innovation in a New Crisis |
| Ms. Lee Xia Lien | • Updates of the 2018 & 2019 Malaysian Financial Reporting Standards : Preparing MFRS - Compliant Financial Statements<br>• The New Normal : Biz & Management Innovation in a New Crisis<br>• Business Intelligence Redefined – Power Pivot<br>• Asia Pacific Thought Leadership Virtual Forum : Rethinking Business Partnering – the New Way Forward<br>• Women Shaping the Future in the Boardroom<br>• Covid 19 – IFRS Update<br>• Alternative Fund Raising – Leveraging Non-Listed Opportunities in the Capital Market Forum<br>• Digital Transformation<br>• Beyond Covid-19 : Towards Sustainable Organisations and Practices<br>• Pandemic as Opportunity : Growth and Innovation in Uncertain Times |

| Key Training/Seminar Programme in Summary | |
|---|---|
| Corporate Governance | 14.3% |
| Finance & Taxation | 38.1% |
| Business & Management Innovation | 14.3% |
| Technology & Digitization | 14.3% |
| Energy & Green Environment | 9.5% |
| Sustainability | 9.5% |

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

7. Board Assessment

The Board through the Nomination Committee oversee the assessment of the Board, Board Committees, individual Directors, Board Committees members as well as Independent Directors. The annual assessment was conducted according to the procedures set out in its Evaluation Policy, based on self and peer rating model.

The Nomination Committee comprises entirely of Independent Non-Executive Directors. The Committee is chaired by the Senior Independent Non-Executive Director.

The Nomination Committee also assist the Board on nomination of new members to the Board and Board Committees and ensure the Board comprises the requisite mix of skills. The roles and responsibilities of the Nomination Committee are guided by its Terms of Reference.

The Nomination Committee met once during the financial year ended 30 November 2020 and all members have attended the meeting. The pertinent issues discussed and recommendation made by the Committee are reported by the Committee Chairman to the Board.

The activities carried out by the Nomination Committee for the financial year included the following:-

- Reviewed the size, composition and competencies of the Board, taking into account the complexity of the Group's operation. This was carried out based on the Board Diversity Matrix.
- Conducted annual assessment of the effectiveness of the Board, Board Committees and each individual Directors.
- Assessed the independence of the Independent Directors and review the retention of Independent Directors who have served the Board for more than nine (9) and twelve (12) years.
- Recommended to the Board for re-election of Directors who are due for retirement by rotation and eligible for re-election at the forthcoming Annual General Meeting.

Based on the results of the assessment carried out for the current financial year, the Nomination Committee was satisfied with the performance of each Director and the Board Committees. The Nomination Committee also satisfied that the Board has the right size and the Board composition is well balanced.

There was no appointment of new member to the Board during the financial year.

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

### III REMUNERATION

The Remuneration Policy of the Company sets out the remuneration principles and guidelines for Directors and Key Senior Management. The structure of the Remuneration Policy is aligned with the business strategies and long term objectives of the Group. The Board is assisted by the Remuneration Committee in implementing this Policy. The role and responsibilities of the Committee are guided by its Terms of Reference.

The remuneration of Directors of the Company for the financial year ended 30 November 2020 categorised into appropriate components and bands are as follows:-

| | GROUP | COMPANY |
|---|---|---|
| **Executive Director** | | |
| Salary | 658,676 | |
| Bonus and Incentive | 296,832 | |
| Other Benefits * | 82,063 | 3,000 |
| Fees | 40,000 | 20,000 |
| **Non-Executive Directors** | | |
| Salary | 144,000 | |
| Other Benefits * | 26,360 | 17,000 |
| Fees | 120,000 | 120,000 |
| **Total** | 1,367,931 | 160,000 |

** Inclusive of meeting allowance paid to the Directors for each Board meeting attended.*

| | No. of Directors | |
|---|---|---|
| **RANGE OF REMUNERATION (RM)** | Executive | Non-Executive |
| 50,000 and below | - | 5 |
| 150,001 to 200,000 | - | 1 |
| 1,050,001 to 1,100,000 | 1 | - |

*Inclusive of amount drawn in subsidiary companies*

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

**PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT**

**I AUDIT COMMITTEE**

The Audit Committee comprises entirely of Independent Non-Executive Directors. The Chairman of the Audit Committee is the Senior Independent Non-Executive Director, he is not the Chairman of the Board.

None of the members of the Audit Committee are former key audit partners. It is a requirement under the Terms of Reference of Audit Committee a former key audit partner has to observe a cooling off period of at least two years before being appointed as a member of the Audit Committee.

The Audit Committee maintains a formal and professional relationship with the External Auditors in seeking their professional advice to ensure compliance with applicable standards and statutory requirements. The Audit Committee annually assesses the independence, suitability and performance of the External Auditors. The Audit Committee also reviews the nature and extent of non-audit services by the External Auditors to the Group. The Board was satisfied with the External Auditors' overall performance for the financial year ended 2020. The engagement partner responsible for the Group's audit is rotated at least every five (5) financial years. The current audit engagement partner for the Group took effect from 1 December 2019.

The Terms of Reference of the Audit Committee are available on the Company's website at www.ajiya.com. More information about the activities carried out by the Audit Committee during the year are set out in the Audit Committee Report of this Annual Report.

**II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

The Board is responsible for establishing and maintaining a sound system and framework of risk management and internal controls.

The Board is assisted by the Risk Management Committee in identifying and reviewing the framework and process for managing risk within the Group. The Risk Management Committee comprises entirely of Independent Non-Executive Directors. Risk Management Committee is assisted by Risk Management Steering Committee ("RMSC") at the operational level to ensure a risk management framework is embedded throughout the Group. The role and responsibilities of the Risk Management Committee are guided by its Terms of Reference.

The Board through the Audit Committee, continued to provide independent assessment of the adequacy of risk management process and internal control system. With the support from the Audit Committee, Risk Management Committee, Internal Audit Department and RMSC, the Board is of the view that the system of internal control and risk management in place during 2020, is sound and sufficient to safeguard the Group's assets and shareholders' interest.

A review of the state of risk management and internal controls within the Group during the financial year is set out in the Statement on Risk Management and Internal Control of this Annual Report.

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

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

### I Communication with Stakeholders

The Board values the importance of maintaining regular and fair communication with its shareholders and other stakeholders. As such, the Board is committed to ensure a timely and equal dissemination of information to its shareholders and stakeholders.

The Group had formalized an Investor Relation Policy and Disclosure Policy in handling disclosure of material information to shareholders and investors. The policies ensure communication with the public are made in accordance with the obligation imposed by Bursa Securities and other regulators. Investors' feedback and enquiries may be directed to "Contact Us" section of the Company's website.

The Group engages with its stakeholders through various channels, including the Company's corporate website, announcement via Bursa Link, quarterly results, annual reports, general meetings, dialogues with investing public and financial analysts, roadshows with local communities and customers and participation in industrial association activities and institutional forum. Further details on stakeholders engagement and partnership building are available in the Sustainability Report of this Annual Report.

Notwithstanding the above, the Board is always mindful of the legal requirement governing the release of material and price-sensitive information.

### II Conduct of General Meetings

The Company considers shareholders' general meetings remain the principal event for dialogue and interaction between the shareholders, Directors and Senior Management of the Group.

The Company adopts the practice of dispatching at least 28 days notice of Annual General Meeting. The Chairman of the Board chaired the Annual General Meeting in an orderly manner and shareholders are invited to raise questions at the meeting. At the 24th Annual General Meeting, the Chairman presented to shareholders the responses to questions submitted in advance by the Minority Shareholders Watchdog Group, which were also displayed at the Annual General Meeting. The Managing Director also presented an overview of the Group's business and major developments to the shareholders.

To ensure effective meeting procedures, the Company has leveraged on information technology where electronic polling system was adopted. An independent scrutineer was appointed to validate the votes casted.

Minutes of last Annual General Meeting is made available to the shareholders on the Company's website at www.ajiya.com.

**COMPLIANCE STATEMENT**

The Corporate Governance Overview Statement was approved by the Board of Directors on 25 March 2021.

# CORPORATE GOVERNANCE
## OVERVIEW STATEMENT

**ADDITIONAL DISCLOSURE STATEMENTS**

1. **Directors' Responsibilities Statement**

The Directors are required under the Companies Act, 2016 to prepare financial statements which have been drawn up in accordance with the applicable approved accounting standards which give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and of the results and cash flows of the Company and the Group for the financial year.

In addition, the Main Market Listing Requirements set out that the Board must ensure an additional statement is included in the Company's Annual Report explaining the Board's responsibility for preparing the annual audited financial statements.

The Directors are of the view that, in preparing the financial statements of the Company and the Group for the year ended 30 November 2020, the Board has adopted appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates and that the financial statements are prepared on the going concern basis.

The Directors are responsible for ensuring that the Company keeps adequate accounting records that disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 2016 and all applicable accounting standards in Malaysia.

The Directors also have general responsibilities for taking such steps to safeguard the assets of the Group, and to prevent fraud and other irregularities.

The Statement by Directors pursuant to Section 251(2) of the Companies Act, 2016 is set out on page 74 of this Annual Report.

2. **Audit Fees and Non-Audit Fees**

Detail of audit fees and non-audit fees paid to the Company's External Auditors for the financial year ended 2020 were as follows:

| | Audit Fees (RM) | Non-Audit Fees (RM) |
|---|---|---|
| Group | 207,000 | 15,500 |
| Company | 99,000 | 15,500 |

The non-audit services rendered are in respect of the review of Statement of Risk Management and Internal Control and the assessment of the adoption of new Malaysian Financial Reporting Standards for financial year ended 2020.

3. **Material Contracts**

There were no material contracts (not being contracts entered into in the ordinary course of business) subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year by the Company and its subsidiaries which involve the interest of the Directors, Executive Director and substantial shareholders.

4. **Utilisation of Proceeds**

There were no proceeds raised from the Company's corporate proposal during the financial year under review.

5. **Revaluation of Landed Properties**

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

6. **Employees Share Option Scheme**

The Group has not implemented the Employees Share Option Scheme during the financial year under review.

7. **Recurrent Related Party Transactions of a Revenue Nature ("RRPT")**

The Company had, at the last Annual General Meeting, obtained a shareholders' mandate for RRPT entered into by the Company and the Group. The details of the RRPTs are disclosed in Note 34 of the Financial Statements for the financial year ended 30 November 2020 and in the Circular to Shareholders dated 31 March 2021.

# AUDIT COMMITTEE REPORT

The Audit Committee overseeing the financial reporting, internal control system, external auditing, governance control and regulatory compliance of the Group.

The Board is pleased to present the Audit Committee Report for the financial year ended 30 November 2020.

## 1. COMPOSITION

The Audit Committee was established on 12 November 1996 with duties and responsibilities guided by its Terms of Reference.

The Audit Committee consists of four (4) members, all of whom are Independent Non-Executive Directors. The Chairman of the Audit Committee is the Senior Independent Non-Executive Director, who is not the Chairman of the Board. The Audit Committee members possess professional experience in either finance or legal aspect and able to understand, analyse and objectively review matters under the purview of the Audit Committee.

All the Independent Non-Executive Directors satisfy the test of independence under the Bursa Malaysia Securities Berhad Main Market Listing Requirement ("MMLR"). The composition of the Audit Committee meets the requirement of paragraph 15.09(a), (b) and (c) of the MMLR and Practice 8.1, 8.2, 8.3, 8.4 and 8.5 under Principles B set out in the MCCG 2017.

| | | |
|---|---|---|
| Chairman | : | Mr. Tan Seng Kee<br>(Senior Independent Non-Executive Director) |
| Members | : | Dato' Theng Book<br>(Independent Non-Executive Director)<br>Ms. Low Peak Yih<br>(Independent Non-Executive Director)<br>Ms. Lee Xia Lien<br>(Independent Non-Executive Director) |

## 2. MEETINGS

The Audit Committee held five (5) committee meetings during the financial year 2020. The meetings were properly convened with notice and agenda distributed prior to the meetings.

The Managing Director, Financial Controller, Head of Internal Auditor and External Auditors were invited to attend the meetings to provide clarification on audit issues, financial and business operation of the Group. Other Board members and relevant members of the Management Team also attended the meetings by invitation.

The External Auditors attended three (3) Audit Committee meetings held during the financial year. A separate meeting between the Audit Committee and the External Auditors without the presence of executive board members and Management of the Group was held twice during the financial year to discuss on audit feedback.

All proceedings of the Audit Committee meetings are duly minuted and confirmed at the next following Audit Committee Meeting. Minutes of the Audit Committee meetings are included in the Board meeting papers to keep the Board updated on activities of the Audit Committee. The Chairman of the Audit Committee also briefed the Board on matters of significant concern raised in the Audit Committee meeting.

The attendance of members at meetings held during the year is tabled as follows:-

| Audit Committee Members | No. of Meetings Attended |
|---|---|
| Mr. Tan Seng Kee | 5/5 |
| Dato' Theng Book | 5/5 |
| Ms. Low Peak Yih | 5/5 |
| Ms. Lee Xia Lien | 5/5 |

## 3. TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are available on the Company's website at www.ajiya.com.

# AUDIT COMMITTEE REPORT

**4. SUMMARY OF ACTIVITIES**

During the financial year, the Audit Committee carried out the following activities:-

**(i) Financial Reporting**

a. Quarterly Financial Results

The Audit Committee reviewed the quarterly financial results for the four quarters 2020 of the Company and the Group, held in January 2020, April 2020, July 2020 and October 2020.

b. Audited Financial Statements

On 3 March 2020, the Audit Committee discussed with the Management and the External Auditors, the audited financial statements for the financial year ended 30 November 2019.

c. Accounting Standards and Other Relevant Regulatory Requirements

In its review of the quarterly results and audited financial statements, the Audit Committee took note of the changes of accounting standards and impacts on the financial performance or position of the Group with adoption of the new accounting standards.

The following were the primary areas of financial reporting judgement and disclosure considered by the Audit Committee in relation to financial statements for financial year ended 2020:

i) Impact on outbreak of COVID-19 on financial reporting

The Group had considered and appropriately taken up the effects from the COVID-19 pandemic in respect of the judgements and assumptions used in the preparation of its financial statements for financial year ended 2020. The area of audit emphasis included the going concern assessment, impairment of assets and impairment on receivables balances. The Group did not expect any going concern issue as the business operation is financed through minimum bank borrowings and no concern of breaking debt covenants. The Audit Committee was satisfied that the effect of the COVID-19 pandemic on financial reporting had been considered and appropriately taken up as well as disclosed in the financial statements.

ii) MFRS 16 Leases

During the financial year, the Group has adopted the new accounting standard, MFRS 16 Leases.

In the review of the quarterly financial results and annual audited financial statements, the Audit Committee remains focus on ensuring the integrity of the financial reporting. The Audit Committee deliberated and analysed with the Management, Group Financial Controller and External Auditors to ensure that they are prepared in compliance with applicable financial reporting standards and regulatory requirements, before submission to the Board for approval.

**(ii) Matters relating to External Audit**

a. The Audit Committee had on 14 January 2020, reviewed with the External Auditors, the audit results in respect of their audit for the financial year ended 30 November 2019. In the meeting, the Audit Committee reviewed with the External Auditors the key audit matters and the adoption of new accounting standards.

b. The Audit Committee reviewed with the External Auditors the final draft of Financial Statements for the financial year ended 30 November 2019, held on 3 March 2020.

c. On 20 October 2020, the External Auditor presented the Audit Plan for financial year ended 2020 which outlined the engagement team, audit timetable, group scoping, areas of audit emphasis, key audit matters, internal control considerations and proposed audit fees.

The External Auditors also explained to the Committee the mechanism of MFRS 16 Leases and others important regulatory updates. At the meeting, the External Auditors confirmed that a letter of independence has been provided to the Management on their independence in relation to the audit engagement for financial year ended 2020, in accordance with the By-law (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

# AUDIT COMMITTEE REPORT

d. At the same meeting held on 20 October 2020, the Audit Committee reviewed the provision of audit and non-audit fees by the External Auditors for the financial year 2020. The Audit Committee having reviewed the nature and amount of the non-audit fees, was satisfied that the non-audit services would not impair the independence of the External Auditors.

   The details of the audit fees and non-audit fees paid to the External Auditors for the financial year ended 2020 are set out in the Additional Disclosure Statements of this Annual Report.

e. The Audit Committee held two private sessions with the External Auditors in March 2020 and October 2020 without the presence of the executive board members and management, for a greater exchange of free views and opinion concerning audit matters. There were no major concerns raised that needed the attention of the Board of Directors.

f. The Audit Committee had in October 2020 conducted a review of the External Auditors' performance, suitability and independence of the External Auditors based on, amongst others, the calibre of External Auditors, the quality process, sufficiency of resources, independency and objectivity, audit scope and planning, audit fees and communication. The results were tabled to the Audit Committee at its meeting held on 28 January 2021. The Audit Committee was satisfied with the External Auditors' overall performance.

**(iii) Matters relating to Internal Audit**

a. The Audit Committee reviewed and approved the annual Internal Audit Plan 2020 at the meeting held on 14 January 2020. The annual Internal Audit Plan was developed based on risk based approach, outlining the areas of coverage, audit scope and adequacy of resources of Internal Audit Department.

   At the same meeting, the Head of Internal Audit also presented the status of audit plan for the whole last financial year 2019, all were completed according to the plan.

b. The Audit Committee reviewed and deliberated the Summary of Audit Findings tabled by the Internal Auditors at each meeting held on 14 January 2020, 7 July 2020 and 20 October 2020. The Audit Committee discussed the audit findings and recommendations for improvement and status of implementation of corrective actions.

   The Audit Committee also reviewed the progress of audit plan against the approved annual audit plan.

c. During the year, the Audit Committee conducted an assessment on Internal Auditors' performance. The assessment focused on the scope, adequacy of resources and manpower competency as well as collaboration with External Auditors. The Audit Committee was satisfied with the effectiveness of the Internal Audit function.

d. The Audit Committee reviewed the Statement on Risk Management and Internal Control year 2019 presented by the Head of Internal Audit at the meeting held on 3 March 2020.

e. At each Audit Committee meeting, the Audit Committee reviewed the Internal Auditors' findings on whistle blowing cases, if any.

**(iv) Related Party Transaction**

a. At each Audit Committee meeting, the Committee reviewed the Related Party Transaction and Recurrent Related Party Transaction entered into by the Company and/or its subsidiaries with related parties and ensure disclosure requirements of the Main Market Listing Requirements are adhered to.

b. On 3 March 2020, the Audit Committee reviewed the Circular to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a revenue or trading nature.

**(v) Annual Report**

a. The Audit Committee had, on the 3 March 2020, reviewed and recommended for the Board's approval the Corporate Governance Overview Statement, CG Report, Audit Committee Report as well as the Annual Report 2019.

# AUDIT COMMITTEE REPORT

**5. AUDIT COMMITTEE PERFORMANCE ASSESSMENT**

The Board through the Nomination Committee, carried out an annual assessment on the performance of the Audit Committee. The Audit Committee members also conducted an evaluation of each individual Committee members based on self and peer rating model.

Based on the assessment, the Board was satisfied that the Audit Committee and its members have discharged their duties, function and responsibilities in accordance with the Audit Committee's Terms of Reference.

**6. TRAINING AND REGULATORY UPDATING**

During the financial year, the Audit Committee members had attended relevant training programmes and seminars to keep abreast with regulatory changes and development, details as set out in the Corporate Governance Overview Statement of this Annual Report.

**7. INTERNAL AUDIT FUNCTION**

The Group's internal audit function is performed by its in-house Internal Audit Department. The Internal Audit Department provides independent and objective assurance on the state of risk management and internal control of key operation and governance procedures within the Group. The Internal Audit function is independent of the activities of other operating departments. The Head of Internal Audit has direct access to the Chairman of Audit Committee.

The Internal Audit function is carried out according to the Internal Audit Charter and guided by the standards of International Professional Practice Framework issued by the Institute of Internal Auditors. The Internal Audit Charter was endorsed by the Audit Committee and approved by the Board, setting out the objective, authority, scope and responsibilities of the Internal Audit Department.

The Internal Audit Department carried out its activities based on a risk-based annual audit plan approved by the Audit Committee. The audit scope encompassed the audit of key risk processes and operations of strategic business within the Group. The audit covered the reviews of adequacy and effectiveness of internal controls, the extent of compliance with the established Group policies, procedures and statutory requirements. The Internal Auditors reported audit findings and followed up on status implementations of agreed corrective action. The Internal Audit reports are presented to the Audit Committee for deliberation.

The Internal Auditors work collaboratively with Risk Management Steering Committee to review and assess the risk governance framework and risk management processes in respect of its adequacy and effectiveness in managing the key risks facing the Group.

During the financial year, the Audit Committee carried out annual assessment of the work of Internal Audit Department and was satisfied with the overall performance of the Internal Audit function. The Committee also reviewed the manpower and succession planning of the department.

The cost incurred in relation to the Internal Audit function for the financial year under review was RM160,000 (FY 2019: RM210,000).

**8. COMPLIANCE STATEMENT**

This Report was approved by the Board of Directors on 25 March 2021.

# STATEMENT ON RISK MANAGEMENT
## AND INTERNAL CONTROL

**INTRODUCTION**

**PARAGRAPH 15.26(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD REQUIRES THE BOARD OF DIRECTORS OF A PUBLIC LISTED COMPANY TO INCLUDE IN ITS ANNUAL REPORT A STATEMENT ABOUT THE STATE OF THE COMPANY'S RISK MANAGEMENT AND INTERNAL CONTROL. THIS STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH THE 'STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL: GUIDANCE FOR DIRECTORS OF LISTED ISSUERS'.**

This statement does not cover associates where risk management and internal control are managed by the respective management teams.

**BOARD'S RESPONSIBILITY**

The Group recognizes that effective risk management and a sound system of internal control are fundamental to good corporate governance. The Board acknowledges its responsibility to maintain a good risk management and internal control system to address all key risks which the Group considers relevant and material to its operations while the management plays an integral role in assisting the implementation of the Board's policies on risk management and internal control.

In view of the inherent limitations in any system of risk management and internal control, the Board recognizes that the system is designed to manage rather than eliminate the risks of failure to achieve business objectives and plans, and therefore can only provide reasonable and not absolute assurance against material misstatement of management and financial information, financial loss or fraud.

**RISK MANAGEMENT**

The Group has established a Risk Management Framework which is guided by the ISO 31000: 2018 Risk Management – Guidelines. This framework outlines the policy and ongoing processes for identifying, evaluating, managing and monitoring of the key risks faced by the Group. The Risk Management is embedded in the Group's operations and management.

The Board is assisted by a Risk Management Committee ("RMC") to oversee the management of risks that arise from the business operations in the Group. In addition, a Risk Management Steering Committee ("RMSC") was formed to facilitate the Group's wide risk management at the management level. This Committee ensures the effective implementation and maintenance of the Risk Management Framework. RMSC is chaired by the Managing Director and supported by several Heads of Departments, who are the risk owners themselves. The Head of departments and business units are responsible for managing the risks in their department or business unit. Changes in the key business risks or emergence of new key risks shall also be highlighted and discussed in the monthly management meeting.

During the year, the Group's business units and key process owners have reviewed their operations to identify their respective key risks. This is followed by risk assessments undertaken by the key process owners and RMSC to ascertain the risk exposures and impacts on the business objectives. Process owners have implemented remedial actions and shall ensure that controls to manage these risks are adequate and operating as intended. The significant risks and its action plans were updated into the Risk Report and subsequently, reported to the RMC for further deliberation. The Board has reviewed and approved the revised Risk Appetite Statement for adoption in the Group.

**INTERNAL CONTROL SYSTEM**

Key elements of internal control are :

- Organisation Structure

  The Group has a clearly defined organisational structure with clear lines of responsibilities and appropriate levels of delegation and authority.

# STATEMENT ON RISK MANAGEMENT
## AND INTERNAL CONTROL

- Policies and Procedures

  The Group has established internal policies and procedures covering key business units and operations. These policies and procedures are regularly reviewed and updated to ensure its relevancy in addressing the changing environment, operational requirement and changes of risk.

- Audit Committee

  The Board has empowered the Audit Committee with the duty of reviewing and monitoring the effectiveness of the Group's risk management and system of internal control. The Audit Committee reviews the Group's financial reports, internal and external audit reports, and with the assistance of Internal Audit department, the internal control system.

- Internal Audit Function

  The Group's Internal Audit department performed periodic audits on the various operating units within the Group according to the internal audit plan approved by the Audit Committee.

  The Internal Audit department checks on the compliance with existing policies and procedures and statutory requirements, as well as effectiveness of internal controls. The internal control deficiencies were highlighted to the relevant management for improvement of the controls. Summary of audit findings of significant risks or control deficiencies were highlighted to the Audit Committee on a quarterly basis for review and deliberation. Follow-ups on status of implementation of agreed action plans were also conducted to ensure corrective action are implemented accordingly.

  Audit reviews were carried out half yearly for selected key processes of the subsidiary in Thailand to ensure the relevant procedures are in place. The Group Internal Audit Department had followed up on remedial actions agreed to be taken by the relevant department to ensure the matters were satisfactorily addressed.

**ASSURANCE FROM MANAGEMENT**

The Board has received assurance from the Managing Director and Financial Controller that the Group's risk management and internal control have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

**REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS**

The External Auditors, Messrs Ernst and Young have reviewed this Statement on Risk Management and Internal Control pursuant to guidance published in Recommended Practice Guide 5 (RPG5) (revised): Guidance for Auditors on Review of Directors 'Statement on Risk Management and Internal Control' issued by Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 30th November 2020.

The External Auditors has reported to the Board that nothing has come to their attention that causes them to believe that this Statement has not been prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidance for Directors of Listed Issuers or is factually inaccurate.

**CONCLUSION**

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and is of the view that the Group's risk management and system of the internal control is generally adequate to safeguard the interests of shareholders, customers, employees and Group's assets.

The Board and the Management will continue to take necessary measures to maintain and where required, to improve the Group's risk management and internal control system in meeting the Group's strategic objectives.

This statement was approved by the Board of Directors on 25 March 2021.

ECONOMIC • ENVIRONMENTAL • SOCIAL

# SUSTAINABILITY STATEMENT

At Ajiya, sustainability is the core principle that is embedded into the Group's business activities. We operate our business in a socially responsible and ethical manner whilst creating long term value for our stakeholders.

This Sustainability Statement for the financial year ended 2020 provides an overview of our sustainability performance, our endeavors and commitment as well as the overall impact to the economic, environmental and social.

# SUSTAINABILITY STATEMENT

### OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

Ajiya is committed to carry out its business in a socially responsible, accountable and sustainable manner to enhance the quality of life of our community while pursuing its commercial objectives.

Ajiya's Vision 2040 "To Enrich Wellbeing for the Community", clearly summarises the Group's ultimate objective of empowering the society through its high-quality and sustainable product offerings, whilst remaining focused on being the leading metal rollforming and safety glass producer in the Southeast Asia region. We aim to produce products sustainably and impact the world positively.

### SUSTAINABILITY GOVERNANCE

The Board of Directors of Ajiya places sustainability at the core of its business operation. The Board is the main driver in overseeing and ensuring sustainable practices and initiatives are embraced into our business strategy, and aligned with the Group's vision and mission.

The Board is supported by the Management Team in managing sustainability related matters. The Management Team and the Sustainability Team manage the implementation and evaluate overall sustainability risks and opportunities and ensure that these are in line with the Group's policies and others relevant requirements.

#### BOARD OF DIRECTORS

- Ensures all businesses embrace sustainability with commitments
- Approves sustainability strategy

#### MANAGEMENT TEAM

- Approves sustainability targets and disclosures
- Oversees implementation of sustainability strategy

#### SUSTAINABILITY TEAM

- Develops sustainability strategy and recommend revisions to the management
- Evaluates overall sustainability risks and opportunities
- Oversees departments/functions in ensuring robustness of system of sustainability management
- Considers input of all departments/ functions in sustainability processes
- Develops plan and timeline for disclosure

#### ON-GROUND MEMBERS

- Supports strategy implementation
- Ensures processes and controls are in place within its departments/ functions
- Reports on performance of processes and controls
- Reports management targets

# SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT

The involvement of stakeholder is essential to our sustainability journey particularly in addressing sustainability concerns. The Group consistently engage with our stakeholders via various methods and platforms.

The table below illustrate our key focus areas and methods of engagement with a diverse group of stakeholders:

| STAKEHOLDERS | KEY FOCUS AREA | METHODS OF ENGAGEMENT |
|---|---|---|
| Shareholders | • Profitability<br>• Dividend<br>• Shareholders' value/responsibility | • Annual General Meetings<br>• Company website<br>• Annual Reports |
| Clients/Customers, Suppliers and Industry Partners | • Product and service quality<br>• Timely delivery of products/ projects<br>• Payment terms and timeliness<br>• Product innovation | • Customer satisfaction survey and supplier evaluation form<br>• Customer service platforms including phone calls and emails<br>• Face-to-face meetings<br>• Events and site visits<br>• Declarations |
| Regulators and Government Authorities | • Compliance with laws and regulations<br>• Certifications/awards<br>• Industry best practices and updates | • Compliance and certification exercises<br>• Periodic site visits and audits<br>• Company representation at initiatives/technical working groups<br>• Briefings and trainings |
| Employees | • Business performance and direction<br>• Career development<br>• Learning and development<br>• Employee welfare and benefits<br>• Employee wellness<br>• Health and safety | • Regular communications via email circulation<br>• Annual performance appraisal<br>• Forums, trainings and workshops<br>• Sports clubs i.e. Y2K and One AJIYA Club<br>• Employee events including festive celebrations and annual gathering<br>• Declarations |
| Local Community, Industry Associations, Academia and Non-Governmental Organisations ("NGOs") | • Company reputation and branding<br>• Corporate social responsibility<br>• Best management practices and industry-related research<br>• Partnerships | • Community outreach and development programmes<br>• Public events e.g. forums and symposiums<br>• Annual Report<br>• Educational site visits<br>• Briefings and trainings |

# SUSTAINABILITY STATEMENT

## 1. MATERIALITY ASSESSMENT

The Group remained its sustainability efforts by mapping the Group's initiatives against the 17 Sustainable Development Goals (SDGs) by the United Nations (UN) and have identified the goals that we are contributing to.

The Group and the sustainability team identify and prioritise sustainability matters on the matrix by taking into considerations the perspectives and interests of internal and external stakeholders; factors that may affect our financial stability and economic growth; the significance of the economic, environmental and social impact.

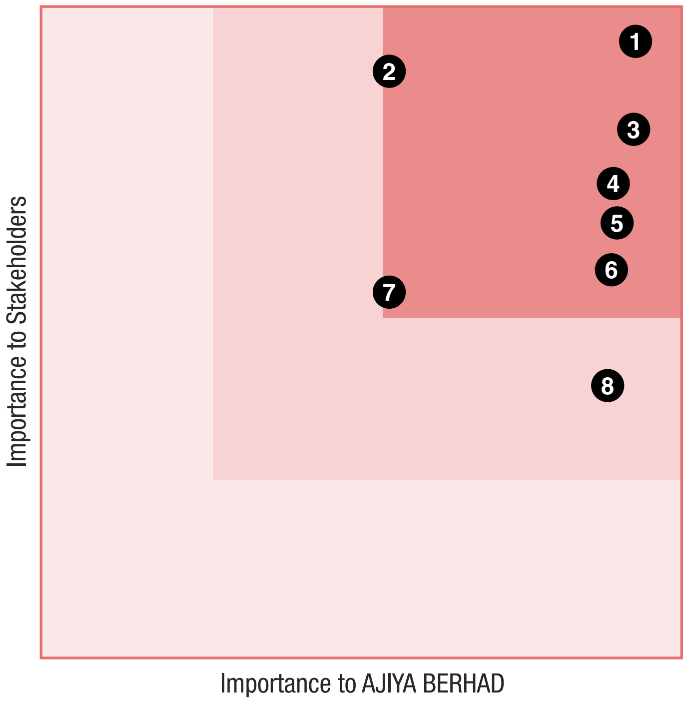
## 2. SCOPE OF SUSTAINABILITY STATEMENT

The scope of materiality covers our Group's business operations in metal roll forming and safety glass processing in Malaysia for the financial year ended 30 November 2020.

## 3. MATERIALITY MATRIX

For financial year 2020, we identified 20 sustainability material matters based on economic, environmental and social aspects that are relevant to our business. We distributed our survey questionnaire and conducted ranking process which resulted in the selection of 8 material sustainability matters that are best represent our priority areas and materiality matrix.

The following is the plotted materiality matrix:




1. Quality Products & Services
2. Digital Transformation
3. Safety and Health at Workplace
4. Community Investment & Development
5. Corporate Governance
6. Quality Education for a Better Society
7. Conservation of Energy and Environment
8. Individual Development Plans for Employees

# SUSTAINABILITY STATEMENT

## SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Our vision 2040 'To Enrich Wellbeing for the Community' is in line with the United Nation 2030 agenda for Sustainable Development which provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. Our approach also aligned with the 11th Malaysia plan 2016-2020, which focus on providing Malaysian with wellbeing and prosperity. Ajiya continues to supports SDGs, albeit the Group's businesses performance being affected by Covid-19 pandemic.

The following table summarises our material issues, mapping against the UN SDGs:

| CATEGORY | MATERIAL MATTER | DESCRIPTION | SDG |
|---|---|---|---|
| Governance | Quality Products and Services | To deliver quality products and services through quality management practices. | 8 DECENT WORK AND ECONOMIC GROWTH |
| | Digital Transformation | To embrace technological advancement in all aspects of business to improve productivity, traceability and data privacy. | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |
| | Corporate Governance | To ensure that good governance is practiced throughout the Group for business sustainability and also enhancing shareholders value. | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |
| Social | Safety and Health at Workplace | To ensure the safety and health of employees at workplace. | 8 DECENT WORK AND ECONOMIC GROWTH |
| | Community Investment and Development | Community enrichment by investing in community development and nurturing skills from the ground. | 17 PARTNERSHIPS FOR THE GOALS |
| | Quality Education for a Better Society | To invest in quality education to nurture the talents of next generation. | 4 QUALITY EDUCATION |
| | Individual Development Plans for Employees | To increase opportunities for employee's career growth and advancement to broaden their skills and add value to the company. | 8 DECENT WORK AND ECONOMIC GROWTH |

# SUSTAINABILITY STATEMENT

## SUPPORTING UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (con't)

The following table summarises our material issues, mapping against the UN SDGs (con't):

| CATEGORY | MATERIAL MATTER | DESCRIPTION | SDG |
|---|---|---|---|
| Environmental | A. Usage of Renewable Energy | To expand the infrastructure and technology to supply renewable energy for the company's usage by reducing the need for unrenewable energy in daily operations. | 7 AFFORDABLE AND CLEAN ENERGY |
| | B. Promoting Green Building Solution | To promote the use of green building materials as well as increasing out market presence. | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE |

# SUSTAINABILITY STATEMENT

1

## QUALITY PRODUCTS AND SERVICES

Since its inception, Ajiya has always emphasized on the importance of quality products and services. With our Purpose, "To Build Trust and Commitment Together", Ajiya remains committed to producing quality products and providing excellent services to our stakeholders.

Our business divisions adopted the management system certified under the relevant benchmark standards. Our Metal Division adheres to the requirements of ISO 9001:2015, MS 2500:2012 by Standard and Industrial Research Institute of Malaysia (SIRIM). Alongside, we are also certified by bomba and JKR and comply with CiDB IBS for our Truss and Ajiya Green Integrated Building System (AGiBS) products.

Meanwhile, our Glass Division comply with the requirements for MS 1498:2017. Besides, our Glass Division has obtained "Perakuan Pematuhan Standard" (PPS) for Tempered Safety Glass and Laminated Safety Glass in Buildings.

It is our policy to conduct customer satisfaction survey annually. The survey measures the satisfaction levels towards our product in terms of quality, sale process and our services. This enables the Group to continue to ameliorate the businesses. This year we have collected a total of 470 customer feedback.

Below is the result of the overall excellent performance against satisfactory level for FY2020:

| | ASIA ROOFING INDUSTRIES SDN BHD | ARI UTARA SDN BHD | ARI TIMUR (KB) SDN BHD | AJIYA GLASS GROUP | | |
|---|---|---|---|---|---|---|
| | Quality and Services | Quality and Services | Quality and Services | Sales process | Product Quality | Customer Service |
| Overall Performance | 74% | 85% | 77% | 80.4% | 77.75% | 77% |

*0% unsatisfied, 100% Satisfied

**AJIYA HAS ALWAYS EMPHASIZED ON THE IMPORTANCE OF QUALITY PRODUCTS AND SERVICES. WITH OUR PURPOSE, "TO BUILD TRUST AND COMMITMENT TOGETHER", AJIYA REMAINS COMMITTED TO PRODUCING QUALITY PRODUCTS AND PROVIDING EXCELLENT SERVICE TO OUR STAKEHOLDERS.**

# SUSTAINABILITY STATEMENT

2

## DIGITAL TRANSFORMATION

Digital transformation is the integration of digital technology into all areas of a business, fundamentally changing how a company operates and delivers value to customers. Thus, in ensuring that the Ajiya Group is staying relevant, we have been consistently looking into adopting new systems and technologies within the Group for administrative and manufacturing operations.

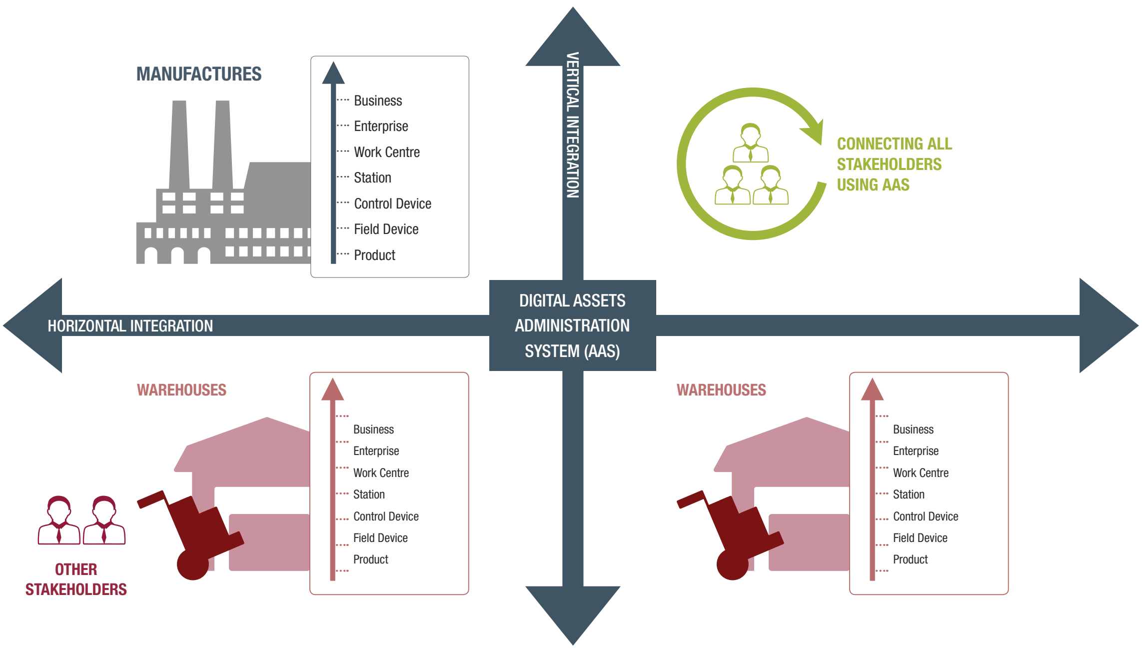
The Group embarked on a journey of digital transformation through a few collaboration projects with external consultants and higher learning institution.

These collaboration projects involved the establishment of an Asset Administration System ("AAS"), a software which allow stakeholders to connect into the manufacturing chain without concern about the interoperability among different functional software developed by the individual stakeholder.

As the pilot project, one roll forming machine located in Ajiya's Bukit Kemuning plant is to be digitized and the asset data is to be channeled into the AAS database for monitoring and control. The asset data in AAS database can then be acquired by relevant functional software. These projects also include interoperation between AAS and the existing software system such as Production Data Acquisition System, ERP and other in-house software.

In addition to the above, there are also projects related to the automation of certain production processes to achieve higher production efficiency and traceability. The combined application of robotic systems and digital technologies will bring together people, process, data and things to make networked connection more relevant. With the extended use of these systems and technologies for tracking, monitoring and analysis, our day to day business operation will be managed better, more effective and efficient.

Meanwhile, by reducing reliance on travel and paper-based evidence, as well as increasing ability to collaborate virtually, we aim to effectively reduce our carbon footprint upon completion and implementation of these projects. The digital technologies applied in these projects such as artificial intelligence (AI) and the internet of things (IoT) will help us effectively achieve our sustainability goals.



# SUSTAINABILITY STATEMENT

3

## SAFETY AND HEALTH AT THE WORKPLACE

SANITIZING OF OFFICE PREMISES BEFORE THE START OF THE DAY.

Our Safety and Health Committee ("OSHA Committee") continues to play its role in reviewing safety and health issues at work place on a periodical basis. Ajiya strives to achieve zero harm at work and ensure safety and health of our people by implementing amongst others, the following measures:

- Complying with the laws, regulations and Ajiya's standard operating policies and procedures.
- Identifying, implementing, monitoring and reinforcing safe behaviours at our workplace to eliminate unsafe acts and practices.
- Periodic meetings as well as 5S and safety awareness messages are regularly enforced and communicated to all employees.
- Proper signages are displayed at all workplaces where potential hazard is identified.
- Work instruction and/or operation manual are displayed at each work equipment.
- Appropriate personal protective equipment (PPE) are provided.

While placing the importance on safety, the Group discern the voice of our employees. The OSHA Committee has provided a suggestion box at our office entrance. In the future, the Committee will be focusing on enhancing the safety and welfare of overtime workers.

Aside from the above mentioned action plans, various safety training were arranged for the employees throughout the Group, such as Occupational Hazard Self-Evaluation Module conducted by the UUM lecturer, Occupational Safety and Health updates by Federation of Malaysian Manufactures, Latihan Pengendalian Mesin Yang Selamat, Latihan Penggunaan dan Pengurusan Bahan Kimia, Covid -19 Management Guidelines at Workplace.

In 2020, the total number of injury incidences reported throughout the entire Group is 9. This is a huge drop from last year's figures which stood at 19. Moving forward, the Group is aiming to further reduce the number of incidences.

In line with UN SDG 8, Ajiya aims to continuously promote safe and secure working environments for all its employees.

# SUSTAINABILITY STATEMENT

4

## COMMUNITY INVESTMENT AND DEVELOPMENT

Ajiya recognise that community investment and sustainable development are of paramount importance. We focus on social-economic development programs by organizing various education programs such as hosting factory visits to our factories and conduct training program to the public.

We hosted factory visits for various groups of professionals, government officials, and students alike. Our visitors include representatives from Jabatan Kerja Raya (JKR) from different states such as Kelantan, Kuala Lumpur, Koeprasi Usahawan Kotraktor (KuKoH), higher learning institution such as Tunku Abdul Rahman University College (TARUC) and JCI Alor Setar are among others. We aim to host as many factory visits as possible, allowing fellow professionals to have opportunities to learn more about sustainable building materials manufacturing processes.

Nonetheless, due to the impact of Covid-19 where no mass gathering is allowed in Malaysia this year, we continue our social effort by digitizing our factory visitation. Our Metal Group has organized a virtual factory visit that enables university students to observe and understand manufacturing activities despite the MCO restriction. Throughout the virtual visit, we furnished students with our production flow, order processing and quality control processes.

Aside from technical factory visits, we organized Ajiya Green Integrated Building System (AGiBS) training. In which, we train participants of the session on how to fabricate wall systems using AGiBS. This value-added activity aims to increase the participant's knowledge of integrated building systems (IBS) in modern construction. We have successfully hosted a physical AGiBS training session, participated by 28 professionals and students from various external entities. We have also introduced and organized numerous webinars focus on promoting our total green building materials that were participated by more than 200 professionals. These webinars were "Innovative, Sustainable Building Solution", "Malaysian Green Building Council – Roofing U-Value and Tempered Safety Glass Workshop", "AGiBS Lightweight Steel Framing System" and "Steel Strength".

In addition, Ajiya has always believed in giving contributions back to the community through various social and community development programs either in monetary or in-kind contributions. This year, we focused on school community services such as financial aid for the construction of Keramat Library by Colllab – UCSI Education, Persatuan Kebajikan Skizorfenia Malaysia, Autism Center and many others societies for the disabled.

**STUDENTS FROM UCSI - COLLLAB IS INSTALLING ROOF PANELS THAT WERE SPONSORED AND MANUFACTURED BY AJIYA.**

# SUSTAINABILITY STATEMENT

5

## CORPORATE GOVERNANCE

Aside from focusing on improving the Group's business performance, Ajiya continues to place great importance on integrity, transparency and dedication, which are essential for business sustainability and enhancing shareholders value. The Board and the Management are committed to promote good corporate culture within the Group, in which we reinforce ethical and professional behavior among our employees.

Further details of the corporate governance practices applied by the Group during the financial year ended 2020 is available in the Corporate Governance Overview Statement of the Annual Report 2020 and the Corporate Governance Report 2020.

The Board has in place policies and procedures to promote good corporate governance. These policies are, among others, the Code of Ethics and Conduct, Corporate Disclosure Policy and Whistleblowing Policy.

During the year, the Board has adopted the Anti-Bribery and Anti-Corruption Policy for the Group. The Management has attended trainings on anti-bribery to better understand the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Amendment Act 2018.

It is our commitment to stay honest and be corrupt free. Ajiya's Anti-Bribery and Anti-Corruption Policy set out the principles of Ajiya in upholding its position on bribery and corruption practices. All employees are required to declare that they have read, understand and abide by the policy. External parties who have regular business dealing or performing the work or services for or on behalf of Ajiya are required to signify their agreement to comply with the relevant part of our Policy.


Below are the list of corporate governance training sessions and seminars attended by the employees :

| Training Title |
|---|
| Corporate Liability Provision (Section 17A) of the MACC Act 2009: The Essential Steps. |
| ISO 9001:2015 Quality Management Systems & Risk Management Training |
| Managing Changes to Our Employment Laws |
| Discovering the Technical and Practical Application of Beneficial Ownership Framework |
| Section 17A: Corporate Liability – Role of Internal Auditor |
| Technical Briefing for Company Secretaries of Listed Issuers |
| Managing Business Partner's Risk |

Our dedication towards training employees for better corporate governance stems from UN SDG 16, target 16.6: develop effective, accountable, and transparent institutions. We believe that we can continue to contribute positively to Malaysia's economy by having good corporate governance.

BRIEFING OF AJIYA'S ANTI-BRIBERY AND ANTI-CORRUPTION POLICY TO EMPLOYEES

# SUSTAINABILITY STATEMENT

6

## QUALITY EDUCATION FOR A BETTER SOCIETY

Quality education is determined when learners have both theoretical frameworks and practical applications and strategies. In Ajiya, we always trust in inclusive and quality education as we believe that it is the foundation of a better society.

As Ajiya believes in fostering a culture of continuous innovation and creative thinking, we collaborated with several universities by providing research opportunities to the students. These students were given opportunities to research a system that enhances the manufacturing process efficiency and productivity as well as the effectiveness in thermal insulation of our roofing. Aside from that, we have hired a total of 16 interns and equipped them with practical knowledge. The industrial trainee program helps the interns to prepare for professional works in their future workplace.

The Group also contributes to improving vocational education through the participation of curriculum advisory panels.

Besides, the Group also uphold the importance of education of our employees' children. We presented them the award of "Anugerah Pelajar Cemerlang" for students who excel academically. This award is a sign of encouragement and recognition of the children's efforts, which we hope will inspire them to pursue greater excellence.

These efforts are in line with UN SDG 4 (Quality Education) that aims, by the year 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.

Additionally, under the Ajiya scholarship programs that we have sponsored, it benefited 47 students to pursue their higher learning education.


FIRST VIRTUAL FACTORY VISIT ORGANIZED FOR UNIVERSITY STUDENTS

DATO' CHAN IS GIVING SPEECH ON "DIGITAL TRANSFORMATION IN BUSINESS STRATEGY AND MANAGEMENT"

# SUSTAINABILITY STATEMENT

7

## CONSERVATION OF ENERGY AND ENVIRONMENT

### A. USAGE OF RENEWABLE ENERGY

Solar energy is one of the most recognised renewable energy available in current time. Ajiya Group has converted most of our energy usage into installing the solar photovoltaic (PV) system. In 2019, we have installed solar panels at most of our factory locations, amounting to a solar capacity of 2.3MWp. This year, we have added a few more solar panels and made a total of 3.3 MWp. Our list of factories with solar installation is as follows:


WEST MALAYSIA

According to NEM calculator by SEDA Malaysia, our installed solar capacity of 4 million KW/h is equivalent to avoiding approximately 2000 tons of carbon dioxide from being emitted into the atmosphere each year which is comparable to approximately 800,000 tree seedling grown for 10 years to absorb the carbon dioxide.

With the installation of SOURCE (an AI and IoT solution), it helps us to monitor the factory energy consumption against the energy maximum demand. This has enabled us to avoid the hefty charges incurred by maximum demand, and hence improve our production efficiency.

We also promote to the community on the importance and benefits of green energy for a better environment. During the year, Ajiya had collaborated with our solar installer in organizing a webinar entitled "How Solar Investment Ease Financial Burden of CMCO 2.0" and creating a short video to encourage more people into installing solar panels.

VIDEO SHOOTING IN PROGRESS FOR CLEAN ENERGY TRANSFORMATION PROGRAMME (CETP) BY SOLAR INSTALLER

# SUSTAINABILITY STATEMENT

7

## CONSERVATION OF ENERGY AND ENVIRONMENT (CON'T)

### B. PROMOTING GREEN BUILDING SOLUTIONS (SUSTAINABLE ENVIRONMENT)

In particular, the Federal Government places great importance on the development of affordable alternatives to the traditional construction materials that are localized to minimize imports of foreign components. Millennials these days demand fast, efficient, high quality, and affordable products.

While Ajiya continues to promote the usage of our green building materials in modern construction, we are also working towards being a total building solution provider. Currently, one could build a complete house with our Ajiya Green Integrated Building System (AGiBS) which comprises 8 of our metal and safety glass manufactured products. In assent with the UN SDG no. 7, Ajiya intent to move forward by adding a solar PV system making it our 9th series and gradually become a green building solutions provider.

**AJIYA GREEN INTERGRATED BUILDING SYSTEM OR AGiBS IS A TYPE OF IBS THAT PROVIDE MULTIPLE BENEFITS SUCH AS:**

- Fast and Easy to Transport to Site
- Faster Completion Time of Projects of 3-6 months (depending on project scale)
- Seamless Finishing
- Fire Resistance
- Reduce Foreign Labour Dependency by 99.99%
- Minimal Debris / Wastage on Site < 1%
- Solid & High Impact Wall Steel Framing System
- Sustainable Building Materials


FACTORY VISIT BY JCI

AGIBS TRAINING

# SUSTAINABILITY STATEMENT

8

## INDIVIDUAL DEVELOPMENT PLANS FOR EMPLOYEES

The success of a company comes from quality employees, as they are the backbone as well as the front-liners of the company. For that reason, at Ajiya, we always place importance on upskilling and improving the knowledge of our employees.

The Group had engaged a sales consultant since 2019 for Ajiya Metal Group's Sales Transformation Journey. Since then, a series of marketing strategies has been implemented, including the establishment of a set of sales training kits for the existing and newly employed employees.

To supplement our internal training, we invited our insulation supplier to provide training to our employees for product knowledge enhancement and hence improve their performance in delivering quality service. Moving forward, we are going to invite our supplier to provide a 3-tier training; beginner, intermediate, and advanced level.

Aside from above mentioned trainings on product knowledge and marketing skills, we have organized other performance based training such as 'Building Team, Creating Performance' where managers were exposed to the knowledge of identifying team issues, and solutions to their respective team challenges and "Performance Planning Training" program to coach managers in setting department's key priority that is in line with the Group's direction.

To ensure the career growth of our employees are tracked and gaps are addressed, the Group conducts annual performance appraisal. The work performance of all employees at all levels will be reviewed by their respective managers. Any perceived issues in the career advancement of employees will be addressed in person with the respective supervisors.

**WE ALWAYS PLACE IMPORTANCE ON UPSKILLING AND IMPROVING THE KNOWLEDGE OF OUR EMPLOYEES, INCLUDING THE ESTABLISHMENT OF A SET OF SALES TRAINING KITS FOR THE EXISTING AND NEWLY EMPLOYED EMPLOYEES.**

# SUSTAINABILITY STATEMENTS

8

## INDIVIDUAL DEVELOPMENT PLANS FOR EMPLOYEES (CON'T)

Apart from the training programmes detailed earlier in this statement, below are the list of other major training programmes attended by employees throughout the year 2020:

| DATE | TRAININGS |
|---|---|
| JANUARY | Product Training Project 1 |
| | Latihan Pengendalian Jenangkut & Forklift |
| FEBRUARY | Knowledge sharing on topic "Occupational Hazard Self-Evaluation Module (OHSEM)" |
| | Latihan Pengendalian Mesin yang Selamat – Overhead Crane |
| MARCH | Latihan Pengendalian Mesin yang Selamat – Bending (Ceiling) |
| | Project Updates and Training |
| MAY | Vprot In-house Technical Training (External) – Backupfy, Office 365 & Exchange |
| JUNE | Covid 19 Workshop – Reflect, Response and Rebound |
| AUGUST | Latihan Pengendalian Mesin yang Selamat – Rollform & Power Press |
| | Occupational Safety and Health |
| SEPTEMBER | ISO 9001:2015 Quality Management Systems & Risk Management Training |
| | FMM Selangor & Kuala Lumpur Forum 2020 'The Strict 60 Days, can Equity Stretch it? Filing Representation for Reinstatement on Time' |
| | Latihan Penggunaan & Pengurusan Bahan Kimia |
| | Safety Glass Product Knowledge |
| OCTOBER | Latihan Pengendalian Mesin yang Selamat – Bending (SR & STD/Fire Door Mesin Baru) |
| | Performance Planning –Setting Key Priority |
| NOVEMBER | Performance Management : - Conducting Appraisal |
| | Covid-19 Management Guidelines At Workplace |

# FINANCIAL STATEMENTS


| | |
|---|---|
| **70** | Directors' Report |
| **74** | Statement by Directors |
| **74** | Statutory Declaration |
| **75** | Independent Auditors' Report |
| **79** | Statements of Comprehensive Income |
| **80** | Statements of Financial Position |
| **82** | Consolidated Statement of Changes in Equity |
| **84** | Company Statement of Changes in Equity |
| **85** | Statements of Cash Flows |
| **87** | Notes to the Financial Statements |

# DIRECTORS' REPORT

**DIRECTORS' REPORT**

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 November 2020.

**PRINCIPAL ACTIVITIES**

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are manufacturing and trading of roofing materials, manufacturing and trading of all kinds of glass, trading of building materials and investment holding.

Other information relating to the subsidiaries are disclosed in Note 17 to the financial statements.

**RESULTS**

| | Group<br>RM | Company<br>RM |
|---|---|---|
| Profit net of tax for the year | 397,109 | 3,015,806 |
| Profit net of tax attributable to: | | |
| Owners of the parent | 1,194,539 | 3,015,806 |
| Non-controlling interest | (797,430) | - |
| | 397,109 | 3,015,806 |

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

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 by the Company 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.

**DIRECTORS**

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are :

Dato' Dr Mohd Aminuddin bin Mohd Rouse (Chairman)
Dato' Chan Wah Kiang (Managing Director)
Yeo Ann Seck
Dato' Theng Book
Tan Seng Kee
Low Peak Yih
Lee Xia Lien

# DIRECTORS' REPORT

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are :

Chan Wah Hang
Tee Sing Huat
Tey Hiang Heng
Chan Wah Beow
Sim Chee Liang
Kong Cheun Kok
Chau Hwa Kwang
Chin Siew Foo
Amonthep Punyapongpat
Somchai Punyapongpaet
Tan Chor Ho
Lee Chong Jin (resigned on 16 June 2020)

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

**INDEMNIFYING DIRECTOR OR OFFICER**

No indemnities have been given or insurance premium paid, during or since the end of the year, for any person who is or has been a director or officer of the Company.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

| | <------------------ Number of Ordinary Shares | | | ------------------> |
|---|---|---|---|---|
| | 1 December 2019 | Bought | Sold | 30 November 2020 |
| Dato' Chan Wah Kiang | 60,568,640 | - | - | 60,568,640 |
| Yeo Ann Seck | 43,927,944 | - | - | 43,927,944 |
| Dato' Dr Mohd Aminuddin Bin Mohd Rouse | 40,000 | - | - | 40,000 |
| Lee Xia Lien | 20,000 | - | - | 20,000 |

# DIRECTORS' REPORT

**DIRECTORS' INTERESTS (CONT"D)**

| | <------------------- Number of Ordinary Shares -------------------> | | | |
|---|---|---|---|---|
| | **1 December 2019** | **Bought** | **Sold** | **30 November 2020** |
| **Indirect/ deemed Interest** | | | | |
| Dato' Chan Wah Kiang # | 30,975,652 | - | - | 30,975,652 |

| | <---------------- Number of Warrants 2017/2021 ----------------> | | | |
|---|---|---|---|---|
| | **1 December 2019** | **Bought** | **Sold** | **30 November 2020** |
| Dato' Chan Wah Kiang | 27,520,820 | - | - | 27,520,820 |
| Yeo Ann Seck | 19,691,000 | - | (5,271,000) | 14,420,000 |

# Deemed interest through Avia Kapital Sdn. Bhd. by virtue of Section 8(4) of the Companies Act 2016.

By virtue of Section 8(4) of the Companies Act 2016, Dato' Chan Wah Kiang and Yeo Ann Seck are also deemed interested in shares of all the subsidiaries to the extent the Company has an interest.

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

**SUBSEQUENT EVENTS**

Details of subsequent events are disclosed in Note 40 to the financial statements.

**OTHER STATUTORY INFORMATION**

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps :

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

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

# DIRECTORS' REPORT

**OTHER STATUTORY INFORMATION (CONT'D)**

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

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

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

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

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

(f) In the opinion of the directors:

(i) 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 will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

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

**AUDITORS**

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 8 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 March 2021.

**DATO' CHAN WAH KIANG** | **DATO' THENG BOOK**

# STATEMENT BY DIRECTORS

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

We, Dato' Chan Wah Kiang and Dato' Theng Book, being two of the directors of Ajiya Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 79 to 155 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 November 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 March 2021.

**DATO' CHAN WAH KIANG**

**DATO' THENG BOOK**

# STATUTORY DECLARATION

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

I, Tan Siew Hoon, being the officer primarily responsible for the financial management of Ajiya Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 79 to 155 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )
the abovenamed Tan Siew Hoon at )
Segamat in the State of Johor Darul )
Ta'zim on 25 March 2021 )

**TAN SIEW HOON**

Before me,

J278
Hasbah Binti Baba
Pesuruhjaya Sumpah
Segamat

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF AJIYA BERHAD (INCORPORATED IN MALAYSIA)

**Report on the audit of the financial statements**

*Opinion*

We have audited the financial statements of Ajiya Berhad, which comprise the statements of financial position as at 30 November 2020 of the Group and of the Company, and the statements of 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 79 to 155.

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 November 2020, 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 audit 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' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF AJIYA BERHAD (INCORPORATED IN MALAYSIA)

**1. Impairment assessment of property, plant and equipment ("PPE")**

The Group is required to perform an impairment test of the cash generating unit ("CGU") or groups of CGU when there is an indication that a CGU or groups of CGU may be impaired by comparing the carrying amount with its recoverable amount.

Certain subsidiaries of the Company which are involved in the manufacturing of glass and metal roll forming products recorded loss during the financial year ended 30 November 2020, indicating that the carrying amount of PPE of these subsidiaries amounted to RM86 million, which represents 19% of the Group's total assets, may be impaired. Accordingly, management performed an assessment of the recoverable amounts of CGU using fair value less costs of disposal (''FVLCD") method.

In respect of the lands and buildings within the groups of CGU, management has engaged the independent valuers to estimate their fair values. Given the significance of the lands and buildings to the groups of CGU and the judgements and estimations involved in the valuation, we have identified this to be an area of audit focus.

In addressing the matter above, we performed, amongst others, the following audit procedures:

- Assessed the competence, objectivity, independence, experience and expertise of the independent valuers;
- Obtained an understanding of the methodologies adopted by the independent valuers in estimating the fair value of the lands and buildings and assessed whether such methodology is consistent with those used in the industry;
- Had discussions with independent valuers to obtain an understanding of the property related data used as input to the valuation models and assessed the reasonableness of those inputs by comparing them with the available market data; and
- Evaluated the adequacy of the Group's disclosures made in the financial statements for those assumptions to which the outcome of the valuation is most sensitive.

The Group's disclosures on the impairment assessment of PPE are included in Note 2.20, Note 3.2(e) and Note 13 to the consolidated financial statements.

**2. Revenue recognition**

Revenue from sale of finished goods recognised by the Group during the year amounted to RM246 million. Given the magnitude of revenue recognised in the financial statements for the year, we identified revenue recognition as an area of audit focus. Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.

In addressing this, we have involved the component auditors in performing, amongst others, the following audit procedures:

- Obtained an understanding of and tested the internal controls over the timing and amount of revenue recognised;
- Inspected the terms of significant sales transactions on sampling basis to determine the point of transfer of control and assessed whether revenue was recognised in accordance with the terms stated in the respective sales invoices;
- Inspected samples of documents which evidenced the sales of goods to customers; and
- Tested the recording of sales transactions close to the year end, including credit notes issued after the year end, to establish whether the transactions were recorded in the correct accounting period.

We also used data analytics to perform correlation analysis between revenue, trade receivables and cash and bank balances.

The Group's disclosures on revenue recognition are included in Note 2.9 and Note 4 to the consolidated financial statements.

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF AJIYA BERHAD (INCORPORATED IN MALAYSIA)

*Information other than the financial statements and auditors' report thereon*

The directors of the Company are responsible for the other information. The other information comprises the directors' report 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 on the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

*Responsibilities of the directors for the financial statements*

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

# INDEPENDENT AUDITORS' REPORT
## TO THE MEMBERS OF AJIYA BERHAD (INCORPORATED IN MALAYSIA)

*Auditors' responsibilities for the audit of the financial statements* (cont'd)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 17 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.

**Ernst & Young PLT**
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

**Lee Ming Li**
02983/03/2022 J
Chartered Accountant

Johor Bahru, Malaysia
Date: 25 March 2021

# STATEMENTS OF COMPREHENSIVE INCOME
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Revenue** | 4 | 254,895,656 | 325,289,586 | 1,390,549 | - |
| Cost of sales | 5 | (218,618,617) | (278,717,074) | - | - |
| **Gross profit** | | 36,277,039 | 46,572,512 | 1,390,549 | - |
| **Other items of income** | | | | | |
| Interest income | | 3,439,694 | 3,108,034 | 1,942,943 | 1,213,317 |
| Other operating income | 6 | 5,106,903 | 5,288,353 | 493,156 | 1,647,898 |
| **Other items of expense** | | | | | |
| Administrative expenses | | (45,553,457) | (49,023,680) | (651,897) | (745,522) |
| Finance costs | 7 | (128,703) | (169,702) | (57,027) | (62,259) |
| Share of profit of associate | 18 | 113,487 | 178,067 | - | - |
| **(Loss)/ Profit before tax** | 8 | (745,037) | 5,953,584 | 3,117,724 | 2,053,434 |
| Income tax credit/ (expense) | 11 | 1,142,146 | (1,676,832) | (101,918) | (110,036) |
| **Profit net of tax** | | 397,109 | 4,276,752 | 3,015,806 | 1,943,398 |
| **Other comprehensive (loss)/ income:** | | | | | |
| Foreign currency translation | | (974,693) | 2,286,336 | - | - |
| **Other comprehensive (loss)/ income for the year, net of tax** | | (974,693) | 2,286,336 | - | - |
| **Total comprehensive (loss)/ income** | | (577,584) | 6,563,088 | 3,015,806 | 1,943,398 |
| **Profit net of tax attributable to:** | | | | | |
| Owners of the parent | | 1,194,539 | 5,073,823 | 3,015,806 | 1,943,398 |
| Non-controlling interests | | (797,430) | (797,071) | - | - |
| | | 397,109 | 4,276,752 | 3,015,806 | 1,943,398 |
| **Total comprehensive (loss)/ income attributable to:** | | | | | |
| Owners of the parent | | 299,851 | 7,398,112 | 3,015,806 | 1,943,398 |
| Non-controlling interests | | (877,435) | (835,024) | - | - |
| | | (577,584) | 6,563,088 | 3,015,806 | 1,943,398 |
| **Earnings per share attributable to owners of the parent (sen per share)** | | | | | |
| Basic | 12 | 0.40 | 1.70 | | |
| Diluted | 12 | 0.40 | 1.70 | | |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION
## AS AT 30 NOVEMBER 2020

| | Note | Group 2020 RM | Group 2019 RM | Company 2020 RM | Company 2019 RM |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 13 | 152,265,150 | 152,325,090 | - | - |
| Investment properties | 14 | 22,064,202 | 22,005,210 | - | - |
| Land use rights | 15 | - | 2,290,885 | - | - |
| Intangible assets | 16 | 770,000 | - | - | - |
| Right-of-use assets | 29 | 3,536,163 | - | - | - |
| Investments in subsidiaries | 17 | - | - | 58,627,074 | 53,087,074 |
| Investment in associate | 18 | 1,044,953 | 731,466 | 400,000 | 200,000 |
| Other investments | 19 | 85,960 | 110,520 | - | - |
| Other receivables | 22 | 927,561 | 2,110,404 | - | - |
| Amounts due from subsidiaries | 20 | - | - | - | 3,300,000 |
| Deferred tax assets | 27 | 6,294,000 | 2,875,000 | - | - |
| | | 186,987,989 | 182,448,575 | 59,027,074 | 56,587,074 |
| **Current assets** | | | | | |
| Inventories | 21 | 57,580,442 | 71,669,196 | - | - |
| Trade and other receivables | 22 | 82,043,410 | 101,583,100 | 1,000 | 1,000 |
| Amounts due from subsidiaries | 20 | - | - | 2,156,247 | 2,418,740 |
| Other current assets | 23 | 264,201 | 423,588 | - | - |
| Tax recoverable | | 1,689,559 | 1,254,221 | 32,354 | 110,516 |
| Other investments | 19 | 109,990,589 | 74,202,215 | 53,416,208 | 50,216,785 |
| Cash and bank balances | 24 | 27,142,476 | 46,342,211 | 628,640 | 3,071,043 |
| | | 278,710,677 | 295,474,531 | 56,234,449 | 55,818,084 |
| **Total assets** | | 465,698,666 | 477,923,106 | 115,261,523 | 112,405,158 |
| **Equity and liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Loans and borrowings | 25 | 4,218,760 | 5,264,654 | 1,881,207 | 2,031,653 |
| Government grants | 28 | 100,827 | 100,826 | - | - |
| Trade and other payables | 26 | 40,120,036 | 46,460,999 | 225,216 | 234,211 |
| Tax payable | | 374,332 | 133,480 | - | - |
| Lease liabilities | 29 | 55,057 | - | - | - |
| | | 44,869,012 | 51,959,959 | 2,106,423 | 2,265,864 |
| **Net current assets** | | 233,841,665 | 243,514,572 | 54,128,026 | 53,552,220 |

# STATEMENTS OF FINANCIAL POSITION
## AS AT 30 NOVEMBER 2020

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Non-current liabilities** | | | | | |
| Goverment grants | 28 | 1,193,114 | 1,293,941 | - | - |
| Lease liabilities | 29 | 6,965 | - | - | - |
| Deferred tax liabilities | 27 | 12,315,610 | 10,895,657 | - | - |
| | | 13,515,689 | 12,189,598 | - | - |
| **Total liabilities** | | 58,384,701 | 64,149,557 | 2,106,423 | 2,265,864 |
| **Net assets** | | 407,313,965 | 413,773,549 | 113,155,100 | 110,139,294 |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 30 | 98,878,598 | 98,878,598 | 98,878,598 | 98,878,598 |
| Treasury shares | 30 | (4,217,075) | (4,217,075) | (4,217,075) | (4,217,075) |
| Foreign currency translation reserve | 31 | 2,690,984 | 3,585,672 | - | - |
| Other reserve | 31 | 6,524,250 | 3,436,850 | - | - |
| Retained earnings | 31 | 251,170,923 | 249,976,384 | 18,493,577 | 15,477,771 |
| | | 355,047,680 | 351,660,429 | 113,155,100 | 110,139,294 |
| Non-controlling interests | | 52,266,285 | 62,113,120 | - | - |
| **Total equity** | | 407,313,965 | 413,773,549 | 113,155,100 | 110,139,294 |
| **Total equity and liabilities** | | 465,698,666 | 477,923,106 | 115,261,523 | 112,405,158 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

| | <---------------------------- Attributable to owners of the parent ----------------------------> | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | <-------------------- Non-Distributable --------------------> | | | | Distributable | | | |
| | Share capital (Note 30) | Treasury shares (Note 30) | Foreign currency translation reserve (Note 31(a)) | Other reserve (Note 31(b)) | Retained earnings (Note 31(c)) | Total | Non-controlling interests | Total |
| | RM | RM | RM | RM | RM | RM | RM | RM |
| **2020** | | | | | | | | |
| **Opening balance at 1 December 2019** | 98,878,598 | (4,217,075) | 3,585,672 | 3,436,850 | 249,976,384 | 351,660,429 | 62,113,120 | 413,773,549 |
| Total comprehensive income | - | - | (894,688) | - | 1,194,539 | 299,851 | (877,435) | (577,584) |
| **Transactions with owners** | | | | | | | | |
| Return of capital to non-controlling interests | - | - | - | - | - | - | (210,000) | (210,000) |
| Acquisition of non-controlling interests (Note 17) | - | - | - | 3,087,400 | - | 3,087,400 | (8,627,400) | (5,540,000) |
| Dividends | - | - | - | - | - | - | (132,000) | (132,000) |
| **Closing balance at 30 November 2020** | 98,878,598 | (4,217,075) | 2,690,984 | 6,524,250 | 251,170,923 | 355,047,680 | 52,266,285 | 407,313,965 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

| | <---- Attributable to owners of the parent | | | | | ----> | | |
|---|---|---|---|---|---|---|---|---|
| | <---- Non-Distributable | | | ----> | Distributable | | | |
| | Share capital (Note 30) | Treasury shares (Note 30) | Foreign currency translation reserve (Note 31(a)) | Other reserve (Note 31(b)) | Retained earnings (Note 31(c)) | Total | Non-controlling interests | Total |
| | RM | RM | RM | RM | RM | RM | RM | RM |
| **2019** | | | | | | | | |
| **Opening balance at 1 December 2018** | 98,878,598 | (3,456,789) | 1,261,383 | 728,997 | 245,789,196 | 343,201,385 | 68,043,456 | 411,244,841 |
| Effect of adopting MFRS 9 | - | - | - | - | (886,635) | (886,635) | (217,459) | (1,104,094) |
| **As restated as at 1 December 2018** | 98,878,598 | (3,456,789) | 1,261,383 | 728,997 | 244,902,561 | 342,314,750 | 67,825,997 | 410,140,747 |
| Total comprehensive income | - | - | 2,324,289 | - | 5,073,823 | 7,398,112 | (835,024) | 6,563,088 |
| **Transactions with owners** | | | | | | | | |
| Purchase of treasury shares (Note 30) | - | (760,286) | - | - | - | (760,286) | - | (760,286) |
| Return of capital to non-controlling interests | - | - | - | - | - | - | (650,000) | (650,000) |
| Acquisition of non-controlling interest (Note 17) | - | - | - | 2,707,853 | - | 2,707,853 | (4,107,853) | (1,400,000) |
| Dividends | - | - | - | - | - | - | (120,000) | (120,000) |
| **Closing balance at 30 November 2019** | 98,878,598 | (4,217,075) | 3,585,672 | 3,436,850 | 249,976,384 | 351,660,429 | 62,113,120 | 413,773,549 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

| | Non-distributable Share capital (Note 30) RM | Treasury shares (Note 30) RM | Distributable Retained earnings (Note 31(c)) RM | Total RM |
|---|---|---|---|---|
| **2020** | | | | |
| **Opening balance at 1 December 2019** | 98,878,598 | (4,217,075) | 15,477,771 | 110,139,294 |
| Total comprehensive income | - | - | 3,015,806 | 3,015,806 |
| **Closing balance at 30 November 2020** | 98,878,598 | (4,217,075) | 18,493,577 | 113,155,100 |

| | Non-distributable share capital RM | Treasury shares RM | Distributable retained earnings RM | Total RM |
|---|---|---|---|---|
| **2019** | | | | |
| **Opening balance at 1 December 2018** | 98,878,598 | (3,456,789) | 13,534,373 | 108,956,182 |
| Total comprehensive income | - | - | 1,943,398 | 1,943,398 |
| Purchase of treasury shares (Note 30) | - | (760,286) | - | (760,286) |
| **Closing balance at 30 November 2019** | 98,878,598 | (4,217,075) | 15,477,771 | 110,139,294 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Operating activities** | | | | |
| (Loss)/ Profit before tax | (745,037) | 5,953,584 | 3,117,724 | 2,053,434 |
| Adjustments for: | | | | |
| Amortisation of land use rights | - | 52,399 | - | - |
| Depreciation of property, plant and equipment | 8,955,948 | 9,040,351 | - | - |
| Depreciation of investment properties | 233,328 | 220,878 | - | - |
| Depreciation of right-of-use assets | 121,367 | - | - | - |
| Fair value gain on other investments | (1,323,472) | (1,962,287) | (480,479) | (1,636,294) |
| Reversal of impairment loss on trade receivables | (593,631) | (1,380,620) | - | - |
| Property, plant and equipment written off | 48,430 | 212,053 | - | - |
| Dividend received | - | - | (1,390,549) | - |
| Interest expense | 125,998 | 169,702 | 57,027 | 62,259 |
| Interest expense on lease liabilities | 2,705 | - | - | - |
| Interest income | (3,439,694) | (3,108,034) | (1,942,943) | (1,213,317) |
| Share of profit of associate | (113,487) | (178,067) | - | - |
| Unrealised (gain)/ loss on foreign exchange | (54,577) | 650,843 | 13,230 | 87,728 |
| Gain on disposal of property, plant and equipment | (48,321) | (217,311) | - | - |
| Gain on disposal of non-current asset held for sale | - | (49,157) | - | - |
| Allowance for obsolete inventories | 1,755,100 | 1,695,833 | - | - |
| Amortisation of government grants | (100,826) | (104,256) | - | - |
| Impairment loss on trade receivables | 7,035,871 | 793,363 | - | - |
| Total adjustments | 12,604,739 | 5,835,690 | (3,743,714) | (2,699,624) |
| Operating cash flows before changes in working capital | 11,859,702 | 11,789,274 | (625,990) | (646,190) |
| Changes in working capital | | | | |
| Decrease in inventories | 12,333,653 | 6,653,721 | - | - |
| Decrease in trade and other receivables | 13,367,278 | 4,278,869 | - | 38,137 |
| Decrease in other current assets | 100,327 | 172,600 | - | - |
| Decrease in trade and other payables | (5,601,210) | (8,788,998) | (8,996) | (111,160) |
| Total changes in working capital | 20,200,048 | 2,316,192 | (8,996) | (73,023) |
| Cash generated from/ (used in) operations | 32,059,750 | 14,105,466 | (634,986) | (719,213) |
| Interest paid | (125,998) | (169,702) | (57,027) | (62,259) |
| Tax paid | (1,540,800) | (4,553,129) | (136,000) | (233,100) |
| Tax refunded | 489,414 | 2,609,929 | 112,244 | 84,308 |
| Net cash flows generated from/ (used in) operating activities | 30,882,366 | 11,992,564 | (715,769) | (930,264) |

# STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Investing activities** | | | | |
| Interest received | 3,439,694 | 3,108,034 | 1,942,943 | 1,213,317 |
| Net dividend received from subsidiaries | - | - | 1,390,549 | - |
| Repayment from subsidiaries | - | - | 3,562,494 | 2,954,708 |
| Purchase of property, plant and equipment | (11,965,858) | (2,000,518) | - | - |
| Purchase of investment properties | - | (746,982) | - | - |
| Acquisition of other investments | (103,607,017) | (56,654,234) | (44,955,538) | (38,073,451) |
| Investment in associate | (200,000) | - | (200,000) | - |
| Proceeds from disposal of non-current asset held for sale | - | 110,000 | - | - |
| Proceeds from disposal of property, plant and equipment | 85,710 | 1,739,393 | - | - |
| Proceeds from disposal of other investments | 69,103,701 | - | 42,173,621 | - |
| Withdrawal of deposits with maturity exceeding 90 days | - | 41,000,000 | - | 36,000,000 |
| Net cash flows (used in)/ generated from investing activities | (43,143,770) | (13,444,307) | 3,914,069 | 2,094,574 |
| **Financing activities** | | | | |
| Drawdown of loans and borrowings | 4,316,319 | 4,992,063 | 1,930,950 | 1,943,925 |
| Repayment of loans and borrowings | (5,312,470) | (1,605,216) | (2,031,653) | - |
| Repayment of lease liabilities | (56,600) | - | - | - |
| Receipt of government grants | - | 308,630 | - | - |
| Purchase of treasury shares | - | (760,286) | - | (760,286) |
| Acquisition of non-controlling interests | (5,540,000) | (1,400,000) | (5,540,000) | (1,400,000) |
| Return of share capital to non-controlling interests | (210,000) | (650,000) | - | - |
| Dividends paid to non-controlling interests | (132,000) | (120,000) | - | - |
| Net cash flows (used in)/ generated from financing activities | (6,934,751) | 765,191 | (5,640,703) | (216,361) |
| **Net (decrease)/increase in cash and cash equivalents** | (19,196,155) | (686,552) | (2,442,403) | 947,949 |
| **Cash and cash equivalents at 1 December** | 46,081,292 | 46,767,844 | 3,071,043 | 2,123,094 |
| **Cash and cash equivalents at 30 November (Note 24)** | 26,885,137 | 46,081,292 | 628,640 | 3,071,043 |

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**1. Corporate information**

Ajiya Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 9D, Level 9, Menara Ansar 65, Jalan Trus, 80000 Johor Bahru, Johor Darul Ta'zim. The principal place of business of the Company is located at Lot 153, Kawasan Perindustrian, Batu 3, Jalan Genuang, 85000 Segamat, Johor Darul Ta'zim.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing and trading of roofing materials, manufacturing and trading of all kinds of glass, trading of building materials and investment holding.

Other information relating to the subsidiaries are disclosed in Note 17 to the financial statements.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

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

The financial statements of the Group and of the Company have also been prepared on a historical basis, except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

**2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 December 2019, the Group and the Company adopted the following Standards, Amendments, Annual Improvements and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2019.

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to MFRS 9: Prepayment Features with Negative Compensation | 1 January 2019 |
| MFRS 16 Leases | 1 January 2019 |
| Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures | 1 January 2019 |
| Annual Improvements to MFRS Standards 2015–2017 Cycle | 1 January 2019 |
| Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement | 1 January 2019 |
| IC Interpretation 23 Uncertainty over Income Tax Treatments | 1 January 2019 |

The adoption of the above Standards, Amendments, Annual Improvements and IC Interpretations did not have any significant impact on the financial statements other than as set out below.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.2 Changes in accounting policies (cont'd)**

**MFRS 16 Leases**

MFRS 16 supersedes MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group or the Company is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of application of 1 December 2019. Under this method, comparative figures are not restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings as of the date of initial application.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low value assets').

The following table presents the impact to the statement of financial position of the Group resulting from the adoption of MFRS 16 Leases as at 1 December 2019:

| | As at 1 December 2019 RM | Effect of adopting MFRS 16 RM | As at 1 December 2019 (Adjusted) RM |
|---|---|---|---|
| **Statement of financial position** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment (Note 13) | 111,085,636 | (1,250,726) | 109,834,910 |
| Land use rights (Note 15) | 2,290,885 | (2,290,885) | - |
| Right-of-use assets (Note 29) | - | 3,637,705 | 3,637,705 |
| | 113,376,521 | 96,094 | 113,472,615 |
| **Current liabilities** | | | |
| Lease liabilities (Note 29) | - | 50,787 | 50,787 |
| **Non-current liabilities** | | | |
| Lease liabilities (Note 29) | - | 45,307 | 45,307 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.2 Changes in accounting policies (cont'd)**

**Nature of the effect of adoption of MFRS 16**

The Group has lease contracts for office building and warehouse. Before the adoption of MFRS 16, the Group and the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

Upon adoption of MFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The accounting policy for leases beginning 1 December 2019 is set out in Note 2.16. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

<u>Leases previously classified as finance leases</u>

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 December 2019.

<u>Leases previously classified as operating leases</u>

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for leases were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with a lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains an options to extend or terminate the lease

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.2 Changes in accounting policies (cont'd)**

**Nature of the effect of adoption of MFRS 16 (cont'd)**

The lease liabilities as at 1 December 2019 can be reconciled to the operating lease commitments as of 30 November 2020 as follows:

| | RM |
|---|---|
| Operating lease commitments as at 30 November 2019 | 397,516 |
| **Less:** | |
| Commitments relating to short-term leases | (297,916) |
| Operating lease commitments as at 30 November 2019 (Adjusted) | 99,600 |
| Weighted average incremental borrowing rate as at 1 December 2019 | 3.70% |
| Lease liabilities as at 1 December 2019 | 96,094 |

**2.3 Standards and interpretations issued but not yet effective**

The Standards, Amendments and Annual Improvements issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intends to adopt these Standards, Amendments and Annual Improvements issued, if applicable, when they become effective.

| Description | Effective for annual periods beginning on or after |
|---|---|
| Amendments to references to the Conceptual Framework in MFRS Standards | 1 January 2020 |
| Amendments to MFRS 3: Business Combinations - Definition of a Business | 1 January 2020 |
| Amendments to MFRS 101: Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material | 1 January 2020 |
| Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform | 1 January 2020 |
| Amendment to MFRS 16: Leases - Covid-19 Related Rent Concessions | 1 June 2020 |
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - Interest Rate Benchmark Reform-Phase 2 | 1 January 2021 |
| Annual Improvements to MFRS Standards 2018 – 2020 Cycle | 1 January 2022 |
| Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract | 1 January 2022 |
| MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

**2. Summary of significant accounting policies (cont'd)**

**2.3 Standards and interpretations issued but not yet effective (cont'd)**

The directors are of the opinion that the standards, amendments and interpretations above will have no material impact on the financial statements in the year of initial adoption.

**2.4 Current versus non-current classification**

Assets and liabilities in the statements of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and of its subsidiaries as at 30 November 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.5 Basis of consolidation (cont'd)**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

**2.6 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.6 Business combinations and goodwill (cont'd)**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

**2.7 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group or by the Company.

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

A fair value measurement of a non-financial asset 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.

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

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.7 Fair value measurement (cont'd)**

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Group and of the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

**2.8 Foreign currencies**

**(a) Functional and presentation currency**

The Group's and the Company's financial statements are presented in Ringgit Malaysia which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

**(b) Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.8 Foreign currencies (cont'd)**

**(b) Transactions and balances (cont'd)**

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on 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).

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**(c) Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**2.9 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The Company and its subsidiaries assess their revenue arrangements against specific criteria in order to determine if the Company and its subsidiaries are acting as a principal or an agent. The Company and its subsidiaries have concluded that they are acting as principals in all of their revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

**(a) Sale of goods**

Revenue from the sale of goods is recognised upon the transfer of significant risks and rewards of ownership of the goods have passed to the customers.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.9 Revenue recognition (cont'd)**

**(b) Dividend income**

Dividend income is recognised when the right to receive payment is established.

**(c) Interest income**

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate ("EIR"), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the profit or loss.

**(d) Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

**(e) Management fees**

Management fees are recognised when services are rendered.

**2.10 Employee benefits**

**(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

**(b) Defined contribution plans**

The Group makes contributions to the Employees Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**2.11 Taxes**

**(a) Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.11 Taxes (cont'd)**

**(a) Current income tax (cont'd)**

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 all or part of the 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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year 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.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.11 Taxes (cont'd)**

**(b) Deferred tax(cont'd)**

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

**(c) Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

(i) where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

**2.12 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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

**2.13 Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.13 Property, plant and equipment (cont'd)**

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress are not depreciated as these assets are not available for use. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---|
| Leasehold land | Over The Lease Period |
| Buildings | 50 years |
| Plant and machinery | 7 to 15 years |
| Other assets | 5 to 10 years |

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

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 on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

**2.14 Investment properties**

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. The depreciation policy for investment properties is in accordance with that for property, plant and equipment as described in Note 2.13.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.13 up to the date of change in use.

**2.15 Land use rights**

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

**2.16 Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.16 Leases (cont'd)**

**(a) Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.20 Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

**2. Summary of significant accounting policies (cont'd)**

**2.16 Leases (cont'd)**

**(a) Group as a lessee (cont'd)**

(iii) Short-term leases and leases of low-value assets (cont'd)

**Recognition and measurement in financial year ended 30 November 2020**

The Group has recognised and measured its leases in accordance with MFRS 16 Lease with effect from 1 December 2019. The financial impact to the Company's financial statements on initial adoption of this Standard is disclosed in Note 2.2.

**Recognition and measurement in financial year ended 30 November 2019**

Other than those assets previously classified as finance leases, all of the Group's leases are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

**(b) Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

**2.17 Investment in subsidiaries**

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

**2.18 Investment in associates**

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.18 Investment in associates (cont'd)**

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

**2.19 Inventories**

Inventories are stated 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 follows:

- Raw materials: purchase costs on a first-in/first-out basis.
- Finished goods and work-in-progress: costs are direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in/first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

**2.20 Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.20 Impairment of non-financial assets (cont'd)**

Impairment calculations are based on detailed budgets and forecast calculations, which are prepared separately for each CGU to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in expense categories consistent with the function of the impaired asset.

Goodwill is tested for impairment annually at each reporting date and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets other than goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such an indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

**2.21 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(a) Financial assets**

**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do no contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.21 Financial instruments (cont'd)**

**(a) Financial assets (cont'd)**

**Initial recognition and measurement (cont'd)**

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

**Subsequent measurement**

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group's and the Company's financial assets comprise of financial assets at amortised cost (debt instruments) and financial assets at fair value through profit or loss.

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

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost comprise of its trade and other receivable balances and cash and bank balances.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.21 Financial instruments (cont'd)**

**(a) Financial assets (cont'd)**

**Subsequent measurement (cont'd)**

- **Financial assets at fair value through profit or loss**

  Financial assets at fair value through profit or loss 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. 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 fair value through OCI, 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 profit or loss.

  This category generally applies to other investments. For more information on other investments, refer to Note 19.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have transferred their 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 under a 'pass-through' arrangement; and either (a) the Group and Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if and to what extent they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of the Group's and the Company's continuing involvement. In that case, the Group and the Company also recognise the associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have 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
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.21 Financial instruments (cont'd)**

**(a) Financial assets (cont'd)**

**Impairment of financial assets**

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset to be in default when contractual payments are 180 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

**(b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and loans and borrowings.

**Subsequent measurement**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

**2. Summary of significant accounting policies (cont'd)**

**2.21 Financial instruments (cont'd)**

**(b) Financial liabilities (cont'd)**

**Subsequent measurement (cont'd)**

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

**(c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently 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.

**2.22 Cash and cash equivalents**

Cash and short-term deposits in the statements of financial position consist of cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purposes of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of any outstanding bank overdrafts.

**2.23 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.24 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

**2.25 Cash dividend and non-cash distribution to equity holders of the parent**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders and a corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

**2.26 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.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group and of the Company.

**2.27 Segment reporting**

For management purposes, the Group is organised into operating segments based on their geographical location which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

**2.28 Non-current assets held for sale**

Non-current assets are transferred to non-current assets held for sale when it is expected that the carrying amount will be recovered principally through sale rather than from continuing use. For this to be the case, the property must be available for immediate sale in its present condition, subject only to the terms that are usual and customary for sales of such property and its sale must be highly probable.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**2. Summary of significant accounting policies (cont'd)**

**2.28 Non-current assets held for sale (cont'd)**

For the sale to be highly probable:

- The Board must be committed to a plan to sell the property and an active programme to locate a buyer and complete the plan must have been initiated.
- The property must be actively marketed for sale at a price that is reasonable in relation to its current fair value, and
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification

Non-current assets, other than those measured at fair value, which are classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

**2.29 Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

**2.30 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible asset are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the expense category of the statement of profit or loss that is consistent with the function of the intangible asset.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**3. Significant accounting judgements, estimates and assumptions**

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

**3.1 Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on MFRS 140 in making its judgment on whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

**3.2 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**(a) Useful lives of plant and equipment**

The cost of plant and machinery for the roofing, metal, safety glass manufacturing is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 7 and 15 years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at 30 November 2020 is disclosed in Note 13.

**(b) Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

**3. Significant accounting judgements, estimates and assumptions (cont'd)**

**3.2 Estimates and assumptions (cont'd)**

**(b) Taxes (cont'd)**

The Group and the Company establish provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the Group's and the Company's domicile.

**(c) Inventories**

The allowance for inventory obsolescence of the Group is based on the estimation of net realisable value of inventories. The management considers all the facts relating to the inventories and the operating environment at the time the estimates are made. Where the actual realised values of the inventories differ from the original estimate, such differences will be taken to profit or loss in the period in which the inventories are sold.

**(d) Provision for expected credit loss of trade and other receivables**

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. Information about the ECLs on the Group's trade receivables is disclosed in Note 36(b)(i).

**(e) Impairment of property, plant and equipment**

MFRS 136 Impairment of assets requires the Group and the Company to assess at the end of each reporting period whether there is any indicator that the carrying amounts of the assets may not be recoverable.

Certain subsidiaries of the Company which involved in the manufacturing of glass and metal roll forming products recorded loss during the financial year ended 30 November 2020, indicating that the carrying amount of property, plant and equipment of these subsidiaries amounted to RM86 million, which represents 19% of the Group's total assets, may be impaired. Accordingly, management performed an assessment of the recoverable amounts of CGU using fair value less costs of disposal (''FVLCD") method.

In respect of the lands and buildings within the groups of CGU, management has engaged the independent valuers to estimate their fair values. The fair value hierarchy information and the valuation method for the fair value of the lands and buildings are disclosed in Note 13 and Note 35 respectively.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 4. Revenue

### 4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

| | Group | |
|---|---|---|
| | 2020<br>RM | 2019<br>RM |
| **Type of goods or services** | | |
| Sales of goods | 245,914,705 | 319,493,289 |
| Delivery services | 732,347 | 766,170 |
| Construction contract revenue | 8,248,604 | 5,030,127 |
| | 254,895,656 | 325,289,586 |
| **Timing of revenue recognition** | | |
| Recognised at a point in time | 246,647,052 | 320,259,459 |
| Recognised over time | 8,248,604 | 5,030,127 |
| | 254,895,656 | 325,289,586 |
| **Geographical markets** | | |
| Malaysia | 237,326,877 | 299,505,410 |
| Thailand | 17,568,779 | 25,784,176 |
| | 254,895,656 | 325,289,586 |

Revenue of the Company represents dividend income.

### 4.2 Contract assets

| | Group | |
|---|---|---|
| | 2020<br>RM | 2019<br>RM |
| Receivables from contracts with customers (Note 22) | 1,272,013 | - |

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**4. Revenue (cont'd)**

**4.2 Contract assets (cont'd)**

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 November are, as follows:

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Within one year | 1,366,493 | 7,548,965 |
| More than one year | - | 1,366,493 |
| | 1,366,493 | 8,915,458 |

**5. Cost of sales**

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Cost of inventories sold | 210,921,324 | 274,001,694 |
| Construction contract cost | 7,697,293 | 4,715,380 |
| | 218,618,617 | 278,717,074 |

**6. Other operating income**

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Amortisation of government grants(Note 28) | 100,826 | 104,256 | - | - |
| Government grants on Prihatin wage subsidy | 1,419,200 | - | - | - |
| Reversal of impairment loss on trade receivables (Note 22) | 593,631 | 1,380,620 | - | - |
| Bad debts recovered | 65,249 | - | - | - |
| Fair value gain on other investments | 1,323,472 | 1,962,287 | 480,479 | 1,636,294 |
| Gain on disposal of property, plant and equipment | 48,321 | 217,311 | - | - |
| Gain on disposal of asset held for sale | - | (49,157) | - | - |
| Realised gain on foreign exchange | 215,460 | 421,348 | 25,907 | 11,604 |
| Unrealised gain/(loss) on foreign exchange | 54,577 | - | (13,230) | - |
| Rental income of land and buildings | 819,264 | 633,600 | - | - |
| Management fee | 13,500 | 4,929 | - | - |
| Scrap sales | 287,907 | - | - | - |
| Miscellaneous income | 165,496 | 613,159 | - | - |
| | 5,106,903 | 5,288,353 | 493,156 | 1,647,898 |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 7. Finance costs

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| Interest expense on term loans | 115,837 | 169,702 | 57,027 | 62,259 |
| Interest expense on banker's acceptance | 10,161 | - | - | - |
| Interest expense on lease liabilities | 2,705 | - | - | - |
| | 128,703 | 169,702 | 57,027 | 62,259 |

## 8. (Loss)/Profit before tax

The following items have been included in arriving profit before tax:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| Employee benefits expense (Note 9) | 36,378,237 | 39,779,727 | - | - |
| Amortisation of land use rights (Note 15) | - | 52,399 | - | - |
| Amortisation of government grant (Note 28) | (100,826) | (104,256) | - | - |
| Auditors' remuneration | | | | |
| - Auditors of the Company | | | | |
| - Statutory audit | 207,000 | 203,000 | 99,000 | 99,000 |
| - Underprovision in prior year | - | 3,600 | - | 3,600 |
| - Other services | 15,500 | 22,500 | 15,500 | 22,500 |
| - Other auditors | | | | |
| - Statutory audit | 82,605 | 80,868 | - | - |
| - Underprovision in prior year | 2,647 | - | - | - |
| Reversal of impairment loss on trade receivables (Note 22) | (593,631) | (1,380,620) | - | - |
| Bad debts recovered | (65,249) | - | - | - |
| Depreciation of | | | | |
| - Property, plant and equipment (Note 13) | 8,955,948 | 9,040,351 | - | - |
| - Investment properties (Note 14) | 233,328 | 220,878 | - | - |
| - Right-of-use assets (Note 29) | 121,367 | - | - | - |
| Dividend income | - | - | (1,390,549) | - |
| Directors' remuneration (Note 10) | 2,381,470 | 2,809,324 | 160,000 | 164,000 |
| Fair value gain on other investments | (1,323,472) | (1,962,287) | (480,479) | (1,636,294) |
| Gain on disposal of property, plant and equipment | (48,321) | (217,311) | - | - |
| Gain on disposal of asset held for sale | - | (49,157) | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**8. (Loss)/Profit before tax (cont'd)**

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 RM** | **2019 RM** | **2020 RM** | **2019 RM** |
| Interest expense on term loans | 115,837 | 169,702 | 57,027 | 62,259 |
| Interest expense on banker's acceptance | 10,161 | - | - | - |
| Interest expense on lease liabilities (Note 29) | 2,705 | - | - | - |
| Interest income | (3,439,694) | (3,108,034) | (1,942,943) | (1,213,317) |
| Property, plant and equipment written off | 48,430 | 212,053 | - | - |
| Impairment loss on trade receivables (Note 22) | 7,035,871 | 793,363 | - | - |
| Allowance for obsolete inventories | 1,755,100 | 1,695,833 | - | - |
| Realised gain on foreign exchange | (215,460) | (421,348) | (25,907) | (11,604) |
| Unrealised (gain)/loss on foreign exchange | (54,577) | 650,843 | 13,230 | 87,728 |
| Government grants on Prihatin wage subsidy | (1,419,200) | - | - | - |
| Rental income of land and buildings | (819,264) | (633,600) | - | - |
| Rental expense of land and buildings | 466,171 | 596,774 | - | - |

**9 Employee benefits expense**

| | Group | |
|---|---|---|
| | **2020 RM** | **2019 RM** |
| Wages and salaries | 29,874,571 | 34,951,169 |
| Defined contribution plan | 2,683,197 | 2,882,789 |
| Social security contributions | 468,456 | 466,736 |
| Other staff related expenses | 3,352,013 | 1,479,033 |
| | 36,378,237 | 39,779,727 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 10. Directors' remuneration

The details of directors' remuneration during the year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| **Directors of the Company** | | | | |
| Executive: | | | | |
| Salary | 658,676 | 816,240 | - | - |
| Bonus and incentive | | | | |
| - current year | 290,000 | 197,900 | - | - |
| - prior year | 6,832 | 44,082 | - | - |
| Other benefits | 82,063 | 101,954 | 3,000 | 4,000 |
| Fees | 40,000 | 40,000 | 20,000 | 20,000 |
| | 1,077,571 | 1,200,176 | 23,000 | 24,000 |
| Non-Executive (but holding executive position in subsidiaries): | | | | |
| Salary | 144,000 | 180,000 | - | - |
| Other benefits | 11,360 | 22,600 | 2,000 | 1,000 |
| Fees | 20,000 | 20,000 | 20,000 | 20,000 |
| | 175,360 | 222,600 | 22,000 | 21,000 |
| Non-executive: | | | | |
| Other emoluments | 15,000 | 19,000 | 15,000 | 19,000 |
| Fees | 100,000 | 100,000 | 100,000 | 100,000 |
| | 115,000 | 119,000 | 115,000 | 119,000 |
| Total | 1,367,931 | 1,541,776 | 160,000 | 164,000 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**10. Directors' remuneration (cont'd)**

The details of directors' remuneration during the year are as follows (cont'd):

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 RM** | **2019 RM** | **2020 RM** | **2019 RM** |
| **Directors of subsidiaries** | | | | |
| Executive: | | | | |
| Salaries and other emoluments | | | | |
| Executive: | | | | |
| Salary | 847,603 | 1,201,524 | - | - |
| Bonus and incentive | | | | |
| - current year | - | 97,000 | - | - |
| - prior year | 16,373 | (223,921) | - | - |
| Other benefits | 101,762 | 144,528 | - | - |
| Fees | 40,101 | 40,717 | - | - |
| | 1,005,839 | 1,259,848 | - | - |
| Non-executive: | | | | |
| Fees | 7,700 | 7,700 | - | - |
| Total | 1,013,539 | 1,267,548 | - | - |
| Grand total | 2,381,470 | 2,809,324 | 160,000 | 164,000 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 11. Income tax expense

**Major components of income tax expense**

The major components of income tax expense for the years ended 30 November 2020 and 2019 are:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Statement of comprehensive income:** | | | | |
| **Current income tax:** | | | | |
| Malaysian income tax | 1,163,698 | 3,077,768 | 103,846 | 214,767 |
| (Over)/Underprovision in prior years | (306,797) | 90,802 | (1,928) | (104,731) |
| Real property gains tax | - | (12,876) | - | - |
| | 856,901 | 3,155,694 | 101,918 | 110,036 |
| **Deferred income tax (Note 27):** | | | | |
| Relating to origination and reversal of temporary differences | (3,039,924) | (1,758,288) | - | - |
| Underprovision in prior years | 1,040,877 | 279,426 | - | - |
| | (1,999,047) | (1,478,862) | - | - |
| | (1,142,146) | 1,676,832 | 101,918 | 110,036 |

**Reconciliation between tax expense and accounting profit**

The reconciliations between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 30 November 2020 and 2019 are as follows:

| | 2020 RM | 2019 RM |
|---|---|---|
| **Group** | | |
| (Loss)/Profit before tax | (745,037) | 5,953,584 |
| Taxation at Malaysian statutory tax rate of 24% (2019: 24%) | (178,809) | 1,428,860 |
| Different tax rates in other countries | 245,083 | (74,754) |
| Expenses not deductible for tax purposes | 709,576 | 468,400 |
| Income not subject to taxation | (1,149,737) | (489,056) |
| Effect of utilisation of reinvestment allowances and Green Investment Tax Allowances | (323,861) | (13,970) |
| Deferred tax assets recognised in respect of unutilised Green Investment Allowances | (1,178,478) | - |

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**11. Income tax expense (cont'd)**

**Reconciliation between tax expense and accounting profit (cont'd)**

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| **Group** | | |
| (Over)/Underprovision of income tax in prior years | (306,797) | 90,802 |
| Real property gains tax | - | (12,876) |
| Underprovision of deferred tax in prior years | 1,040,877 | 279,426 |
| Income tax recognised in profit or loss | (1,142,146) | 1,676,832 |
| **Company** | | |
| Profit before tax | 3,117,724 | 2,053,434 |
| Taxation at Malaysian statutory tax rate of 24% (2019: 24%) | 748,254 | 492,824 |
| Income not subject to taxation | (722,274) | (376,804) |
| Expenses not deductible for tax purposes | 77,866 | 98,747 |
| Overprovision of income tax in prior year | (1,928) | (104,731) |
| Income tax expense recognised in profit or loss | 101,918 | 110,036 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 12. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 30 November:

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| Profit net of tax attributable to owners of the parent used in the computation of basic and diluted earnings per share (RM) | 1,194,539 | 5,073,823 |
| Weighted average number of ordinary shares for basic earnings per share computation | 297,298,884 | 297,699,791 |
| Basic earnings per share (sen) | 0.40 | 1.70 |

As at the reporting date of current and previous financial year, diluted earnings per share is equal to basic earnings per share as the effects of assumed conversion of outstanding warrants as disclosed in Note 30 (c) were not included in the calculation of the diluted earnings per share because they are anti-dilutive.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

### 13. Property, plant and equipment

| Group | *Lands and buildings RM | Plant and machinery RM | #Other assets RM | Total RM |
|---|---|---|---|---|
| **Cost** | | | | |
| **At 1 December 2018** | 130,929,705 | 126,681,030 | 22,713,120 | 280,323,855 |
| Additions | 27,520 | 540,469 | 1,432,529 | 2,000,518 |
| Disposals | - | (1,826,888) | (740,139) | (2,567,027) |
| Written off | - | (868,903) | (14,957) | (883,860) |
| Reclassification | - | 13,000 | (13,000) | - |
| Exchange differences | 1,690,167 | 1,135,766 | 196,077 | 3,022,010 |
| **At 30 November 2019 and 1 December 2019** | 132,647,392 | 125,674,474 | 23,573,630 | 281,895,496 |
| Additions | 88,000 | 1,493,923 | 10,383,935 | 11,965,858 |
| Disposals | - | (86,425) | (354,790) | (441,215) |
| Written off | - | (814,090) | (15,643) | (829,733) |
| Reclassification | - | 781,962 | (781,962) | - |
| Effect of MFRS 16 Leases adoption (Note 2.2) | (1,406,009) | - | - | (1,406,009) |
| Transfer to investment properties (Note 14) | (378,000) | - | - | (378,000) |
| Reclassified as intangible assets (Note 16) | - | - | (770,000) | (770,000) |
| Exchange differences | (555,351) | (373,513) | (64,567) | (993,431) |
| **At 30 November 2020** | 130,396,032 | 126,676,331 | 31,970,603 | 289,042,966 |
| **Accumulated depreciation** | | | | |
| **At 1 December 2018** | 19,402,846 | 82,682,174 | 19,231,749 | 121,316,769 |
| Charge for the year (Note 8) | 1,994,866 | 6,132,883 | 912,602 | 9,040,351 |
| Disposals | - | (344,184) | (700,761) | (1,044,945) |
| Written off | - | (659,234) | (12,573) | (671,807) |
| Exchange differences | 164,044 | 591,465 | 174,529 | 930,038 |
| **At 30 November 2019 and 1 December 2019** | 21,561,756 | 88,403,104 | 19,605,546 | 129,570,406 |
| Charge for the year (Note 8) | 1,986,700 | 5,930,848 | 1,038,400 | 8,955,948 |
| Disposals | - | (49,036) | (354,790) | (403,826) |
| Written off | - | (769,670) | (11,633) | (781,303) |
| Effect of MFRS 16 Leases adoption (Note 2.2) | (155,283) | - | - | (155,283) |
| Transfer to investment properties (Note 14) | (85,680) | - | - | (85,680) |
| Exchange differences | (57,549) | (206,657) | (58,240) | (322,446) |
| **At 30 November 2020** | 23,249,944 | 93,308,589 | 20,219,283 | 136,777,816 |
| **Net carrying amount** | | | | |
| At 30 November 2019 | 111,085,636 | 37,271,370 | 3,968,084 | 152,325,090 |
| At 30 November 2020 | 107,146,088 | 33,367,742 | 11,751,320 | 152,265,150 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**13. Property, plant and equipment (cont'd)**

***Land and buildings**

| | Freehold Lands and buildings RM | Leasehold Lands and buildings RM | Total RM |
|---|---|---|---|
| **Cost** | | | |
| **At 1 December 2018** | 105,668,438 | 25,261,267 | 130,929,705 |
| Additions | 10,320 | 17,200 | 27,520 |
| Exchange differences | 1,690,167 | - | 1,690,167 |
| **At 30 November 2019 and 1 December 2019** | 107,368,925 | 25,278,467 | 132,647,392 |
| Additions | - | 88,000 | 88,000 |
| Effect of MFRS 16 Leases adoption (Note 2.2) | - | (1,406,009) | (1,406,009) |
| Transfer to investment properties (Note 14) | (378,000) | - | (378,000) |
| Exchange differences | (555,351) | - | (555,351) |
| **At 30 November 2020** | 106,435,574 | 23,960,458 | 130,396,032 |
| **Accumulated depreciation** | | | |
| **At 1 December 2018** | 14,146,895 | 5,255,951 | 19,402,846 |
| Charge for the year | 1,575,783 | 419,083 | 1,994,866 |
| Exchange differences | 164,044 | - | 164,044 |
| **At 30 November 2019 and 1 December 2019** | 15,886,722 | 5,675,034 | 21,561,756 |
| Charge for the year (Note 8) | 1,580,734 | 405,966 | 1,986,700 |
| Effect of MFRS 16 Leases adoption (Note 2.2) | - | (155,283) | (155,283) |
| Transfer to investment properties (Note 14) | (85,680) | - | (85,680) |
| Exchange differences | (57,549) | - | (57,549) |
| **At 30 November 2020** | 17,324,227 | 5,925,717 | 23,249,944 |
| **Net carrying amount** | | | |
| At 30 November 2019 | 91,482,203 | 19,603,433 | 111,085,636 |
| At 30 November 2020 | 89,111,347 | 18,034,741 | 107,146,088 |

# Other assets comprise tools, office equipment, furniture and fittings, signboards, forklift, motor vehicles, capital work-in-progress, computer and solar system.

**13. Property, plant and equipment (cont'd)**

Assets pledged as security

Property, plant and equipment at the previous reporting date with net book value amounting to RM63,692,838 were negatively pledged to a financial institution as security for bank borrowings as referred to in Note 25. The security has been fully discharged during the financial year.

Assets under construction

During the financial year, other property, plant and equipment of the Group included capital work-in-progress in respect of plant and machinery and factory building amounting to RM398,952 (2019: RM1,676,282).

Impairment of property, plant and equipment

Certain subsidiaries of the Company which are involved in the manufacturing of glass and metal roll forming products recorded loss during the financial year 30 November 2020, indicating that the carrying amount of property, plant and equipment of these subsidiaries amounted to RM86 million, which represents 19% of the Group's total assets may be impaired. Accordingly, management performed an assessment of the recoverable amounts of CGU using fair value less costs of disposal (''FVLCD'') method.

In respect of the lands and buildings within the groups of CGU, management has engaged the independent valuers to estimate their fair values. No impairment loss is required based on the impairment assessment.

Description of valuation techniques used and key inputs to valuation on the lands and buildings are as follows:

| | Valuation technique | Significant unobservable inputs |
|---|---|---|
| Lands | Comparison Method of Valuation | Comparing the property with comparable properties which have been sold and making adjustments for factors which affect value such as location and accessibility, market conditions, size, shape and terrain of land, tenurial interest and restrictions if any, occupancy status, built-up area building construction, finishes and services, age and condition of building and other relevant characteristics.<br><br>The significant unobservable valuation input is the estimated price per square foot which ranges between RM14 to RM165. |
| Buildings | Depreciated Replacement Cost Method | Aggregated amount of gross replacement cost of the buildings and other site works, from which appropriate deductions may then be made for the age, condition, economic or fuctional obsolescence and environmental factors.<br><br>The significant unobservable valuation input is the estimated price per square foot which ranges between RM38 to RM142. |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

### 14. Investment properties

| | Group | |
|---|---|---|
| | **2020** **RM** | **2019** **RM** |
| **At cost** | | |
| At beginning of year | 23,248,604 | 22,501,622 |
| Additions | - | 746,982 |
| Transfer from property, plant and equipment (Note 13) | 378,000 | - |
| At end of year | 23,626,604 | 23,248,604 |
| **Accumulated depreciation** | | |
| At beginning of year | 1,243,394 | 1,022,516 |
| Depreciation (Note 8) | 233,328 | 220,878 |
| Transfer from property, plant and equipment (Note 13) | 85,680 | - |
| At end of year | 1,562,402 | 1,243,394 |
| **Net carrying amount** | 22,064,202 | 22,005,210 |

Investment properties at the previous reporting date with net book value amounting to RM20,931,101 were negatively pledged as security for bank borrowings as referred to in Note 25. The security has been fully discharged during the financial year.

As at the reporting date, the fair value of the investment properties were estimated by the directors at RM33,173,000 (2019: RM32,254,000). In arriving at their estimate, the directors considered the results of the valuations performed by independent valuers on 30 November 2018 and recent transacted prices for similar properties during the current financial year.

The fair value as at 30 November 2018 was determined based on valuation conducted by independent professional valuers by using the comparison method. The comparison method involves comparing and adopting recent transactions as a yardstick and sale evidences involving other similar properties in the vicinity. The Group has assessed that the highest and best use of its properties do not differ from their current use.

The significant unobservable valuation input is the estimated price per square foot which ranges between RM10 to RM443 (2019: RM10 to RM447).

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

### 15. Land use rights

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| **At cost** | | |
| At end of year | 3,377,152 | 3,377,152 |
| Effect of MFRS 16 Leases adoption (Note 2.2) | (3,377,152) | - |
| At 1 December (adjusted)/ 30 November | - | 3,377,152 |
| **Accumulated amortisation** | | |
| At beginning of year | 1,086,267 | 1,033,868 |
| Effect of MFRS 16 Leases adoption (Note 2.2) | (1,086,267) | - |
| At 1 December (adjusted) | - | 1,033,868 |
| Amortisation for the year (Note 8) | - | 52,399 |
| At end of year | - | 1,086,267 |
| **Net carrying amount** | - | 2,290,885 |

### 16. Intangible assets

| | Software | |
|---|---|---|
| | 2020 RM | 2019 RM |
| **Group** | | |
| At 1 December | - | - |
| Reclassified from property, plant and equipment (Note 13): | | |
| Software under development | 770,000 | - |
| At 30 November | 770,000 | - |
| **Net carrying amount** | 770,000 | - |

No depreciation is provided for the software under development as it is not available for use.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 17. Investments in subsidiaries

| | Company | |
|---|---|---|
| | **2020 RM** | **2019 RM** |
| Unquoted shares, at cost: | | |
| - In Malaysia | 34,611,074 | 29,071,074 |
| - Outside Malaysia | 24,016,000 | 24,016,000 |
| | 58,627,074 | 53,087,074 |

Details of the subsidiaries are as follows:

| Name of subsidiaries | Country of incorporation | Principal activities | Equity interest held (%) 2020 | Equity interest held (%) 2019 |
|---|---|---|---|---|
| Asia Roofing Industries Sdn. Bhd. | Malaysia | Manufacturing and trading of metal roll forming products | 100 | 100 |
| ARI Utara Sdn. Bhd. * | Malaysia | Manufacturing and marketing of metal roll forming products | 80 | 80 |
| Ajiya Safety Glass Sdn. Bhd. | Malaysia | Manufacturing and trading of all kinds of glass | 75 | 70 |
| Ajiya STI Sdn. Bhd. * | Malaysia | To carry on business as manufacturers, commission agents, manufacturers' agents, contractors, sub-contractors and dealers in all types of metal products and building materials | 100 | 60 |
| Ariteq Eco Sdn. Bhd. @* | Malaysia | Manufacturing of metal, zinc and aluminium products for roof building, ceiling, window and door frame and other similar products | 100 | 100 |
| ARI Timur (KB) Sdn. Bhd. @* | Malaysia | Manufacturing of metal, zinc and aluminium products for roof building, ceiling, building materials and other similar products | 60 | 60 |
| ASG Marketing Sdn. Bhd. # | Malaysia | Marketing and sales of safety glass and other glass related products. Ceased operation in 2016 | 100 | 100 |
| Thai Ajiya Co. Ltd. @* | Thailand | To provide, design and install metal sheet roofing and insulator materials | 60 | 60 |
| Thai Ajiya Safety Glass Co. Ltd. * | Thailand | Processing and trading of all kinds of glasses related products | 100 | 100 |
| LTC Usaha Sdn. Bhd. * | Malaysia | Property holding | 100 | 100 |

@ Equity interest held through Asia Roofing Industries Sdn. Bhd.
# Equity interest held through Ajiya Safety Glass Sdn. Bhd.
* Audited by firms of auditors other than Ernst & Young PLT.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**17. Investments in subsidiaries (cont'd)**

**Return of capital to non-controlling interests**

During the year, a subsidiary of the Company, Asia Roofing Industries Sdn. Bhd.,redeemed 30,000 (2019: 90,000) shares in Thai Ajiya Co. Ltd for a total cash consideration of RM315,000 (2019: RM975,000). The redemption of the shares has resulted in a decrease in cost of investment by RM315,000 and did not result in any change in the Group's equity interest in Thai Ajiya Company Limited.

**Acquisition of non-controlling interests**

During the financial year, the Company acquired an additional 5% equity interest in Ajiya Safety Glass Sdn. Bhd. and a 40% equity interest in Ajiya STI Sdn Bhd from its non-controlling interests for a cash consideration of RM5,500,000 and RM40,000 respectively. On the date of acquisition, the carrying value of the additional interest acquired was RM8,576,300 and RM51,100. The difference between the consideration and the book value of the interest acquired of RM3,076,300 and RM11,100 are reflected in equity as other reserves.

**Material partly-owned subsidiaries**

Financial information of subsidiaries that have material non-controlling interests ("NCI") is as follows:

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| **Proportion of equity interest held by non-controlling interests:** | | |
| ARI Utara Sdn. Bhd. ("ARIU") | 20% | 20% |
| Ajiya Safety Glass Sdn. Bhd. ("ASG") | 25% | 30% |
| ARI Timur (KB) Sdn. Bhd. ("ARIT") | 40% | 40% |
| Thai Ajiya Co. Ltd. ("TAC") | 40% | 40% |
| **Carrying amount of NCI** | | |
| ARIU | 3,583,060 | 4,177,366 |
| ASG | 42,200,735 | 51,457,803 |
| ARIT | 5,089,148 | 4,824,846 |
| TAC | 1,393,342 | 1,602,007 |
| **(Loss)/Profit allocated to NCI** | | |
| ARIU | (594,306) | 116,642 |
| ASG | (680,767) | (1,523,653) |
| ARIT | 396,302 | 184,335 |
| TAC | 81,341 | 426,343 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**17. Investments in subsidiaries (cont'd)**

**Material partly-owned subsidiaries (cont'd)**

The summarised financial information of these subsidiaries, based on amounts before inter-company eliminations, is as follows:

**Summarised statement of financial position as at 30 November 2020**

| | ARIU RM | ASG RM | ARIT RM | TAC RM |
|---|---|---|---|---|
| Non-current assets | 7,693,099 | 97,270,752 | 470,442 | 445,718 |
| Current assets | 22,667,768 | 86,580,879 | 16,199,372 | 3,240,402 |
| Non-current liabilities | (339,000) | (2,181,000) | (39,485) | - |
| Current liabilities | (12,106,570) | (12,867,690) | (3,907,459) | (202,763) |
| Net assets | 17,915,297 | 168,802,941 | 12,722,870 | 3,483,357 |

**Summarised statement of financial position as at 30 November 2019**

| | ARIU RM | ASG RM | ARIT RM | TAC RM |
|---|---|---|---|---|
| Non-current assets | 8,871,198 | 94,046,311 | 338,650 | 609,320 |
| Current assets | 29,743,862 | 101,919,448 | 12,232,174 | 3,935,084 |
| Non-current liabilities | (4,607,000) | (3,561,000) | (30,986) | - |
| Current liabilities | (13,121,232) | (20,878,750) | (477,723) | (539,386) |
| Net assets | 20,886,828 | 171,526,009 | 12,062,115 | 4,005,018 |

**Summarised statement of profit or loss for 2020:**

| | ARIU RM | ASG RM | ARIT RM | TAC RM |
|---|---|---|---|---|
| Revenue | 38,682,824 | 59,718,121 | 22,380,050 | 7,900,192 |
| (Loss)/Profit for the year | (2,971,531) | (2,723,068) | 990,755 | 203,351 |

**Summarised statement of profit or loss for 2019:**

| | ARIU RM | ASG RM | ARIT RM | TAC RM |
|---|---|---|---|---|
| Revenue | 54,775,975 | 82,317,718 | 22,671,512 | 11,279,555 |
| Profit/(Loss) for the year | 583,212 | (5,078,843) | 460,838 | 1,065,858 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**17. Investments in subsidiaries (cont'd)**

**Material partly-owned subsidiaries (cont'd)**

**Summarised cash flow information for year ended 30 November 2020:**

| | ARIU RM | ASG RM | ARIT RM | TAC RM |
|---|---|---|---|---|
| Operating activities | 6,037,608 | 11,337,141 | 648,094 | 2,126,940 |
| Investing activities | (373,561) | (19,262,419) | (1,943,725) | 8,900 |
| Financing activities | (4,470,955) | (2,714,849) | 2,231,305 | (672,884) |
| Net increase/(decrease) in cash and cash equivalents | 1,193,092 | (10,640,127) | 935,674 | 1,462,956 |

**Summarised cash flow information for year ended 30 November 2019:**

| | ARIU RM | ASG RM | ARIT RM | TAC RM |
|---|---|---|---|---|
| Operating activities | 8,485,402 | (5,096,508) | 1,850,336 | 1,208,355 |
| Investing activities | 1,807,464 | (10,947,181) | (2,548,963) | (6,186) |
| Financing activities | (10,790,405) | 2,033,555 | (1,400,512) | (2,072,109) |
| Net increase/(decrease) in cash and cash equivalents | (497,539) | (14,010,134) | (2,099,139) | (869,940) |

**18. Investment in associate**

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Cost | 400,000 | 200,000 | 400,000 | 200,000 |
| Share of post-acquisition reserves | 644,953 | 531,466 | - | - |
| | 1,044,953 | 731,466 | 400,000 | 200,000 |

Details of the associate are as follows:

| Name of associate | Country of incorporation | Principal activities | Equity interest held (%) 2020 | Equity interest held (%) 2019 |
|---|---|---|---|---|
| Asteel Ajiya Sdn. Bhd. * | Malaysia | Manufacturing, supply and/or install an industrial building system. | 40 | 40 |

* Audited by a firm of auditors other than Ernst & Young PLT.
The financial year end of the associate is 31 December.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**18. Investment in associate (cont'd)**

During the financial year, the Company acquired an additional 200,000 shares in Asteel Ajiya Sdn Bhd for a total cash consideration of RM200,000. The acquisition of the shares has resulted in an increase on cost of investment by RM200,000 and did not result in any change in the Company's equity interest in Asteel Ajiya Sdn Bhd.

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| Current assets | 2,164,030 | 2,244,829 |
| Non-current assets | 5,056,221 | 5,381,416 |
| Current liabilities | (1,327,182) | (1,632,412) |
| Non-current liabilities | (3,280,687) | (4,165,169) |
| Equity attributable to shareholders | 2,612,382 | 1,828,664 |
| Proportion of the Group's ownership interest in the associate | 40% | 40% |
| Group's carrying amount of the investment | 1,044,953 | 731,466 |

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| Revenue | 6,132,958 | 6,341,609 |
| Cost of sales | (4,701,511) | (4,650,462) |
| Other income | 9,012 | 1,618 |
| Administrative expenses | (1,095,742) | (1,007,226) |
| Profit before tax | 344,717 | 685,539 |
| Income tax expense | (61,000) | (240,372) |
| Profit net of tax for the year | 283,717 | 445,167 |
| Proportion of the Group's ownership interest in the associate | 40% | 40% |
| Group's share of profit net of tax for the year | 113,487 | 178,067 |

**Group's share of profit for the year**

The associate had no contingent liabilities or capital commitments as at 30 November 2020 and 30 November 2019.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

### 19. Other investments

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| **Fair value through profit or loss** | | | | |
| **Non-current** | | | | |
| - Quoted shares in Malaysia | 85,960 | 110,520 | - | - |
| **Current** | | | | |
| - Unit trust | 80,326,385 | 60,764,253 | 34,794,637 | 48,086,242 |
| - Bonds | 15,834,733 | 5,089,874 | 10,705,430 | - |
| - Money market funds | 5,092,992 | 3,021,730 | - | - |
| - Quoted equity instruments | 8,736,479 | 5,326,358 | 7,916,141 | 2,130,543 |
| | 109,990,589 | 74,202,215 | 53,416,208 | 50,216,785 |
| **Total financial assets at fair value** | 110,076,549 | 74,312,735 | 53,416,208 | 50,216,785 |

### 20. Amounts due from subsidiaries

| | | Company | |
|---|---|---|---|
| | | 2020<br>RM | 2019<br>RM |
| **Current** | | | |
| Interest bearing at 4% per annum | (a) | 1,906,247 | 2,418,740 |
| Interest free | (b) | 250,000 | - |
| | | 2,156,247 | 2,418,740 |
| **Non-current** | | | |
| Interest bearing at 4% per annum | (a) | - | 3,300,000 |
| | | 2,156,247 | 5,718,740 |

(a) This amount is unsecured, bears interest at 4% per annum and is repayable by monthly installments of RM200,000 each.

(b) This amount is unsecured, non-interest bearing and is repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 21. Inventories

| | Group | |
|---|---|---|
| | 2020<br>RM | 2019<br>RM |
| Raw materials | 50,810,109 | 60,637,490 |
| Work-in-progress | 39,565 | 88,463 |
| Finished goods | 6,364,264 | 8,590,036 |
| Inventories in transit - raw materials | 366,504 | 2,353,207 |
| | 57,580,442 | 71,669,196 |

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM177,665,275 (2019: RM225,915,565).

## 22. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| **Non-current** | | | | |
| Other receivables | 196,402 | 69,868 | - | - |
| Due from associate | 731,159 | 2,040,536 | - | - |
| | 927,561 | 2,110,404 | - | - |
| **Current** | | | | |
| **Trade receivables** | | | | |
| Receivables from third party customers | 87,566,413 | 104,272,299 | - | - |
| Receivables from directors' related companies | 1,333,822 | 487,910 | - | - |
| Less: Allowance for impairment | (12,306,776) | (12,358,424) | - | - |
| Trade receivables, net | 76,593,459 | 92,401,785 | - | - |
| Receivables from contracts with customers (Note 4.2) | 1,272,013 | - | - | - |
| | 77,865,472 | 92,401,785 | - | - |
| **Other receivables** | | | | |
| Sundry deposit | 893,716 | 2,049,499 | 1,000 | 1,000 |
| Other receivables | 1,906,065 | 5,995,007 | - | - |
| Due from associate | 1,586,116 | 1,344,768 | - | - |
| Less: Allowance for impairment | (207,959) | (207,959) | - | - |
| Other receivables, net | 4,177,938 | 9,181,315 | 1,000 | 1,000 |
| | 82,043,410 | 101,583,100 | 1,000 | 1,000 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 22. Trade and other receivables (cont'd)

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| Total trade and other receivables other receivables | 82,970,971 | 103,693,504 | 1,000 | 1,000 |
| Add: Cash and bank balances (Note 24) | 27,142,476 | 46,342,211 | 628,640 | 3,071,043 |
| Add: Amount due from subsidiaries (Note 20) | - | - | 2,156,247 | 5,718,740 |
| Debt instruments measured at amortised cost | 110,113,447 | 150,035,715 | 2,785,887 | 8,790,783 |

### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2019: 30 to 90 days) payment terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

| | Group | |
|---|---|---|
| | 2020 RM | 2019 RM |
| Neither past due nor impaired | 41,683,367 | 48,999,985 |
| 1 to 30 days past due not impaired | 18,336,801 | 18,097,695 |
| 31 to 60 days past due not impaired | 6,949,825 | 8,324,179 |
| 61 to 90 days past due not impaired | 1,875,388 | 9,762,885 |
| 91 to 120 days past due not impaired | 1,026,408 | 6,782,440 |
| More than 121 days past due not impaired | 6,721,670 | 434,601 |
| | 34,910,092 | 43,401,800 |
| Impaired | 12,306,776 | 12,358,424 |
| | 88,900,235 | 104,760,209 |

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of these balances have been renegotiated during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**22. Trade and other receivables (cont'd)**

**(a) Trade receivables (cont'd)**

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM34,910,092 (2019: RM43,401,800) that are past due at the reporting date but not impaired. These receivables are unsecured in nature.

Based on past experience and the absence to date of any adverse information, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable.

Receivables that are impaired

The Group's trade receivables are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment is as follows:

| | Group | |
|---|---|---|
| | 2020<br>RM | 2019<br>RM |
| At 1 December | 12,358,424 | 12,851,353 |
| Effect of adopting MFRS 9 | - | 1,104,094 |
| As restated | 12,358,424 | 13,955,447 |
| Charge for the year (Note 8) | 7,035,871 | 793,363 |
| Written off | (6,402,002) | (1,009,766) |
| Reversal of impairment loss (Note 8) | (593,631) | (1,380,620) |
| Foreign exchange movement | (91,886) | - |
| At 30 November | 12,306,776 | 12,358,424 |

**(b) Other receivables**

Other receivables are non-interest bearing and are generally on 30 to 90 days (2019: 30 to 90 days) payment terms.

**(c) Amount due from associate**

The amounts due from associate which mainly arose from sale of plant and machinery, are unsecured and repayable over 3 to 5 years.

**22. Other current assets**

| | Group | |
|---|---|---|
| | 2020<br>RM | 2019<br>RM |
| Prepaid operating expenses | 264,201 | 423,588 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**24. Cash and bank balances**

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 RM** | **2019 RM** | **2020 RM** | **2019 RM** |
| Cash at banks and on hand | 22,913,673 | 45,913,292 | 628,640 | 3,071,043 |
| Short-term deposits with licensed bank | 3,971,464 | 168,000 | - | - |
| Cash and cash equivalents | 26,885,137 | 46,081,292 | 628,640 | 3,071,043 |
| Pledged Deposits | 257,339 | 260,919 | - | - |
| Cash and bank balances | 27,142,476 | 46,342,211 | 628,640 | 3,071,043 |

The weighted average effective interest rates of deposits of the reporting date were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 %** | **2019 %** | **2020 %** | **2019 %** |
| Deposits with licensed banks | 0.40 to 1.70 | 0.40 to 2.90 | - | - |

The average maturity of deposits as at the end of the financial year were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 Days** | **2019 Days** | **2020 Days** | **2019 Days** |
| Deposits with licensed banks | 1 to 365 | 1 to 365 | - | - |

**25. Loans and borrowings**

| | Group | | Company | |
|---|---|---|---|---|
| | **2020 RM** | **2019 RM** | **2020 RM** | **2019 RM** |
| **Current** | | | | |
| Secured: | | | | |
| - RM term loan II at 1% + COF | - | 2,007 | - | - |
| - RM term loan III at 1% + COF | - | 191,598 | - | - |
| - GBP financing facility at 1.9% | - | 5,071,049 | - | 2,031,653 |
| - USD financing facility at 2.1% | 2,419,659 | - | 1,613,106 | - |
| - SGD financing facility at 1.5% | 268,101 | - | 268,101 | - |
| - Banker's acceptance | 1,531,000 | - | - | - |
| **Total financial assets at fair value** | 4,218,760 | 5,264,654 | 1,881,207 | 2,031,653 |

* COF : Cost of funds of 5.09% per annum

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**25. Loans and borrowings (cont'd)**

The remaining maturities of the loans and borrowings as at 30 November 2020 are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| On demand or within one year | 4,218,760 | 5,264,654 | 1,881,207 | 2,031,653 |

**RM term loan II at 1% + COF**

This term loan at the previous reporting date was secured by a negative pledge over property, plant and equipment and investment properties of the Group amounting to RM88,097,796 as disclosed in Note 13 and Note 14 and a corporate guarantee from the Company. The security has been fully discharged during the financial year.

**RM term loan III at 1% + COF**

This term loan at the previous reporting date was secured by a corporate guarantee from the Company.

**GBP financing facility at 1.9%**

This is repayable on demand and was secured by a negative pledge over a bond investment of the Group and Company amounting to RM17,041,454 and RM11,951,580 respectively. The security has been discharged during the financial year.

**USD financing facility at 2.1%**

This is repayable on demand and is secured by a negative pledge over a bond investment of the Group and Company amounting to RM6,769,978 and RM1,640,675 respectively.

**SGD financing facility at 1.5%**

This is repayable on demand and is secured by a negative pledge over a bond investment of the Group and Company amounting to RM6,275,466.

**Banker's acceptances**

This banker's acceptance bear interest at 2.76% to 2.91%.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 25. Loans and borrowings (cont'd)

The movement of borrowings during the year is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| At beginning of financial year | 5,264,654 | 1,798,821 | 2,031,653 | - |
| Drawdown | 4,316,319 | 4,992,063 | 1,930,950 | 1,943,925 |
| Repayment | (5,312,470) | (1,605,216) | (2,031,653) | - |
| Foreign exchange movement | (49,743) | 78,986 | (49,743) | 87,728 |
| At end of financial year | 4,218,760 | 5,264,654 | 1,881,207 | 2,031,653 |

## 26. Trade and other payables

The movement of borrowings during the year is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2020 RM | 2019 RM | 2020 RM | 2019 RM |
| **Trade payables** | | | | |
| Third parties | 22,589,715 | 27,667,545 | - | - |
| **Other payables** | | | | |
| Amounts due to directors | 8,927 | 14,621 | - | - |
| Accruals | 9,003,092 | 9,005,284 | 222,680 | 232,519 |
| Sundry payables | 8,518,302 | 9,773,549 | 2,536 | 1,692 |
| | 17,530,321 | 18,793,454 | 225,216 | 234,211 |
| | 40,120,036 | 46,460,999 | 225,216 | 234,211 |
| Total trade and other payables | 40,120,036 | 46,460,999 | 225,216 | 234,211 |
| Add: Loans and borrowings (Note 25) | 4,218,760 | 5,264,654 | 1,881,207 | 2,031,653 |
| Total financial liabilities carried at amortised cost | 44,338,796 | 51,725,653 | 2,106,423 | 2,265,864 |

### (a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2019: 30 to 60 days).

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**26. Trade and other payables (cont'd)**

**(b) Other payables**

These amounts are non-interest bearing. Other payables are normally settled on an average term of 3 months (2019: average term of 3 months).

Included in accrual is an amount of RM2,797,458 (2019: RM2,797,458) arising from a claim by a customer against Ajiya Berhad's subsidiary, ASG Marketing Sdn. Bhd. ("ASGM") in respect of allegedly defective products.

**(c) Amounts due to directors**

The amounts due to directors are unsecured, non-interest bearing and are repayable upon demand.

**27. Deferred tax liabilities**

| | Group | |
|---|---|---|
| | **2020 RM** | **2019 RM** |
| At beginning of financial year | 8,020,657 | 9,499,519 |
| Recognised in the profit or loss (Note 11) | (1,999,047) | (1,478,862) |
| At end of financial year | 6,021,610 | 8,020,657 |
| Presented after appropriate offsetting as follows : | | |
| Deferred tax assets | (6,294,000) | (2,875,000) |
| Deferred tax liabilities | 12,315,610 | 10,895,657 |
| | 6,021,610 | 8,020,657 |

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows:

| **Group** | **Accelerated capital allowances RM** | **Provisions, unabsorbed capital and reinvestment allowances RM** | **Government grant RM** | **Total RM** |
|---|---|---|---|---|
| **2020** | | | | |
| **Deferred tax liabilities/(assets)** | | | | |
| At beginning of financial year | 10,895,657 | (2,540,000) | (335,000) | 8,020,657 |
| Recognised in profit or loss | 1,419,953 | (3,443,000) | 24,000 | (1,999,047) |
| At end of financial year | 12,315,610 | (5,983,000) | (311,000) | 6,021,610 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**27. Deferred tax liabilities (cont'd)**

The components and movements of deferred tax liabilities/(assets) during the financial year are as follows (cont'd) :

| Group | Accelerated capital allowances RM | Provisions, unabsorbed capital and reinvestment allowances RM | Government grant RM | Total RM |
|---|---|---|---|---|
| **2019** | | | | |
| **Deferred tax liabilities/(assets)** | | | | |
| At beginning of financial year | 11,305,519 | (1,520,000) | (286,000) | 9,499,519 |
| Recognised in profit or loss | (409,862) | (1,020,000) | (49,000) | (1,478,862) |
| At end of financial year | 10,895,657 | (2,540,000) | (335,000) | 8,020,657 |

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temperory differences and the unused tax losses can be utilised.

**28. Government grants**

| | Group | |
|---|---|---|
| | **2020 RM** | **2019 RM** |
| At 1 December | 1,512,398 | 1,203,768 |
| Received during the year | - | 308,630 |
| At 30 November | 1,512,398 | 1,512,398 |
| **Accumulated amortisation** | | |
| At 1 December | 117,631 | 13,375 |
| Amortised to profit or loss (Note 8) | 100,826 | 104,256 |
| At 30 November | 218,457 | 117,631 |
| **Net carrying amount** | 1,293,941 | 1,394,767 |
| Current | 100,827 | 100,826 |
| Non-current | 1,193,114 | 1,293,941 |
| | 1,293,941 | 1,394,767 |

The government grants were received from the Department Of Environment Malaysia to cover the costs of acquiring certain qualifying machinery. The grants will be amortised over the estimated useful life of the machinery.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 29. Right-of-use assets and lease liabilities

### (a) Right-of-use assets

As disclosed in Note 2.2, the Group has adopted MFRS 16 Leases using the modified retrospective method of adoption with the date of initial application of 1 December 2019 and the comparatives are not restated.

| | Group<br>2020<br>RM |
|---|---|
| **Cost** | |
| At 1 December 2019 | - |
| Effects of MFRS 16 Leases adoption (Note 2.2) | 4,879,256 |
| At 1 December 2019 (adjusted) | 4,879,256 |
| Additions | 19,825 |
| At 30 November 2020 | 4,899,081 |
| **Accumulated depreciation** | |
| At 1 December 2019 | - |
| Effects of MFRS 16 Leases adoption (Note 2.2) | 1,241,551 |
| At 1 December 2019 (adjusted) | 1,241,551 |
| Depreciation charge for the year (Note 8) | 121,367 |
| At 30 November 2020 | 1,362,918 |
| **Net carrying amount at 30 November 2020** | 3,536,163 |

### (b) Lease liabilities

| | Group<br>2020<br>RM |
|---|---|
| **Current liabilities** | |
| Lease liabilities | 55,057 |
| **Non-current liabilities** | |
| Lease liabilities | 6,965 |
| Total lease liabilities | 62,022 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**29. Right-of-use assets and lease liabilities (cont'd)**

**(b) Lease liabilities (cont'd)**

The remaining maturities of lease liabilities are as follows:

| | Group<br>2020<br>RM |
|---|---|
| Within one year | 55,057 |
| More than 1 year and less than 5 years | 6,965 |
| Total lease liabilities | 62,022 |

The movement of lease liabilities during the financial year is as follows:

| | Group<br>2020<br>RM |
|---|---|
| At 1 December 2019 | - |
| Effects of MFRS 16 Leases adoption (Note 2.2) | 96,094 |
| At 1 December 2019 (adjusted) | 96,094 |
| Additions | 19,823 |
| Interest expense on lease liabilities (Note 8) | 2,705 |
| Repayment of lease liabilities | (56,600) |
| At 30 November 2020 | 62,022 |

**30. Share capital and treasury shares**

| | Number of ordinary shares | | <--------- Amount ---------> | |
|---|---|---|---|---|
| | Share capital | Treasury shares | Share capital RM | Treasury shares RM |
| **Issued and paid up** | | | | |
| **2020** | | | | |
| At 1 December 2019/ 30 November 2020 | 304,584,484 | 7,285,600 | 98,878,598 | 4,217,075 |
| **2019** | | | | |
| At 1 December 2019 | 304,584,484 | 5,885,100 | 98,878,598 | (3,456,789) |
| Purchase of treasury shares | - | 1,400,500 | - | (760,286) |
| At 30 November 2020 | 304,584,484 | 7,285,600 | 98,878,598 | (4,217,075) |

The ordinary shares and treasury shares of the Company have no par value.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**30. Share capital and treasury shares (cont'd)**

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares (except for odinary shares) carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

**(a) Share capital**

The holders of ordinary shares (except for treasury 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 regard to the Company's residual assets.

**(b) Treasury shares**

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

**(c) Warrants 2017/2021**

In prior year, the Company issued 152,292,242 free warrants on the basis of one warrant for every two shares held after the share split.

The main features of the warrants are as follows :

(i) Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price of RM0.92 per share.

(ii) The warrants may be exercised at any time on or after 1 September 2018 until the end of the tenure of the Warrants. The tenure of the Warrants is for a period of five (5) years. The Warrants not exercised during the exercise period shall thereafter lapse and become void.

(iii) The new ordinary shares allotted pursuant to the exercise of the Warrants shall upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company, except that they shall not be entitled to any dividends, rights, allotments and/or other forms of distributions that may declared, made or paid prior to the date of allotment and issuance of the new shares.

The number of warrants unexercised as at reporting date was 152,292,242 (2019: 152,292,242).

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

### 31. Reserves and retained earnings

| | Group | |
|---|---|---|
| | 2020<br>RM | 2019<br>RM |
| **(a) Foreign currency translation reserve:** | | |
| At beginning of financial year | 3,585,672 | 1,261,383 |
| Foreign currency translation | (894,688) | 2,324,289 |
| At end of financial year | 2,690,984 | 3,585,672 |
| **(b) Other reserve:** | | |
| At beginning of financial year | 3,436,850 | 728,997 |
| Acquisition of non-controlling interest | 3,087,400 | 2,707,853 |
| At end of financial year | 6,524,250 | 3,436,850 |
| **(c) Retained earnings:** | | |
| At beginning of financial year | 249,976,384 | 245,789,196 |
| Effect of adopting MFRS 9 | - | (886,635) |
| As restated, beginning of financial year | 249,976,384 | 244,902,561 |
| Total comprehensive income | 1,194,539 | 5,073,823 |
| At end of financial year | 251,170,923 | 249,976,384 |

The nature and purpose of each category of reserve are as follows:

**(a) 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 differences 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.

**(b) Other reserve**

The other reserve is used to record the difference between the consideration paid for equity interest acquired from the Group's non-controlling interests and carrying value of the interest acquired.

**(c) Retained earnings**

The entire retained earnings of the Company as at 30 November 2020 and 30 November 2019 may be distributed as dividends under the single tier system.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 32. Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not propose the payment of any dividend for the current financial year.

## 33. Commitments

### (a) Capital commitments

| | Group | |
|---|---|---|
| | **2020**<br>**RM** | **2019**<br>**RM** |
| **Capital expenditure:** | | |
| Approved and contracted for: | | |
| - Property, plant and equipment | 873,994 | 8,463,834 |

### (b) Operating lease commitments - as lessee

The Group has entered into non cancellable operating lease arrangements for the use of land and buildings. These leases have an average life of between 1 to 5 years with renewal options included in the contracts. Certain contracts include clauses to enable upward revision of the rental charge upon renewal of the contracts based on the prevailing market conditions. There are no restrictions placed upon the Group by entering into these leases.

The future minimum lease payments payable under operating lease contracted for as at the reporting date but not recognised as liabilities, are as follows:

| | Group | |
|---|---|---|
| | **2020**<br>**RM** | **2019**<br>**RM** |
| **Future minimum rental payable:** | | |
| Not later than 1 year | - | 262,616 |
| Later than 1 year and not later than 5 years | - | 134,900 |
| | - | 397,516 |

### (c) Operating lease commitments - as lessor

The Group has entered into non cancellable operating lease arrangements on its investment properties. These leases have an average life of between 3 to 5 years. Certain contracts include clauses to enable upward revision of the rental charge upon renewal of the contracts based on the prevailing market conditions.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**33. Commitments (cont'd)**

**(c) Operating lease commitments - as lessor (cont'd)**

The future minimum lease payments receivable under operating leases contracted for as at the reporting date but not recognised as receivables, are as follows:

| | Group | |
|---|---|---|
| | **2020** **RM** | **2019** **RM** |
| **Future minimum rental receivables:** | | |
| Not later than 1 year | 569,400 | 447,867 |
| Later than 1 year and not later than 5 years | 280,000 | 129,150 |
| | 849,400 | 577,017 |

**(d) Legal claim contingency**

A subsidiary of the Company, Ajiya Safety Glass Sdn Bhd has taken legal action against its customer to recover long outstanding debts. The customer has counter claimed that the glass sold by the Group is defective. The case is still at the preliminary stage as at the reporting date, and the next court hearing will be in June 2021.

The Group has been advised by its legal counsel that it is possible, but not probable, to succeed in the legal claim against the customer and dismiss the said counter claim. Accordingly, no provision for any liability has been made in these financial statements.

**34. Related party transactions**

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between parties during the financial year:

**(a) Sale and purchase of goods and services**

| | **2020** **RM** | **2019** **RM** |
|---|---|---|
| **Group** | | |
| **(Income)/Expense** | | |
| Related party:* | | |
| Sale of finished goods to companies related to a director | (4,196,122) | (5,429,200) |
| Rental paid to a company related to a director | 36,000 | 36,000 |
| Sale of plant and equipment to associate | - | (1,818,000) |
| **Company** | | |
| Gross dividend received from subsidiaries | (1,390,549) | - |
| Interest charged to a subsidiary | (151,419) | (271,945) |

* A director of the Company, Yeo Ann Seck, has direct interest in this company and is a director of this company.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**34. Related party transactions (cont'd)**

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

**(b) Compensation of key management personnel**

The remuneration of key management personnel comprising solely executive directors are as disclosed in Note 10.

**35. Fair values**

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

| | Note |
|---|---|
| Amounts due from subsidiaries | 20 |
| Trade and other receivables (current and non-current) | 22 |
| Loans and borrowings (current and non-current) | 25 |
| Trade and other payables (current) | 26 |

The carrying amounts of these financial assets and liabilities are reasonable approximations of fair values, either due to their short-term nature or that they bear interest at rate approximating market interest rates on or near the reporting date.

The carrying amounts of the loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments, trust funds, bonds and money market instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

**Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** Quoted (unadjusted) prices in active markets for identical assets or liabilities;

**Level 2:** Inputs other than quoted prices included in Level 1, that are observable for asset or liability, either directly or indirectly; and

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**35. Fair values (cont'd)**

| | Total<br>RM | Level 1<br>RM | Level 2<br>RM | Level 3<br>RM |
|---|---|---|---|---|
| **Group** | | | | |
| **As at 30 November 2020** | | | | |
| **Assets measured at fair value:** | | | | |
| Other investments (Note 19) | 110,076,549 | 110,076,549 | - | - |
| **Assets for which fair values are disclosed:** | | | | |
| Investment properties (Note 14) | 33,173,000 | - | - | 33,173,000 |
| **Fair value for impairment assessment as disclosed in Note 13** | | | | |
| - Lands | 50,312,188 | - | - | 50,312,188 |
| - Buildings | 52,146,103 | - | - | 52,146,103 |
| **As at 30 November 2019** | | | | |
| **Assets measured at fair value:** | | | | |
| Other investments (Note 19) | 74,312,735 | 74,312,735 | - | - |
| **Assets for which fair values are disclosed:** | | | | |
| Investment properties (Note 14) | 32,354,000 | - | - | 32,354,000 |
| **Company** | | | | |
| **As at 30 November 2020** | | | | |
| **Assets measured at fair value:** | | | | |
| Other investments (Note 19) | 53,416,208 | 53,416,208 | - | - |
| **As at 30 November 2019** | | | | |
| **Assets measured at fair value:** | | | | |
| Other investments (Note 19) | 50,216,785 | 50,216,785 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 36. Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks and ensures that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. All derivative activities for risk management purposes are carried out by the Group's senior management who have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Group does not apply hedge accounting. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

### (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange currency risk. Financial instruments affected by market risk include deposits, loans and borrowings and other investments.

### (b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Exposure to credit risk relates to operating activities (primarily trade receivables) and from financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

#### (i) Trade receivables

Customer credit risk is managed according to established policies, procedures and controls relating to customer credit risk management. The credit quality of a customer is assessed and approved by the directors who sets out the individual credit limits. Outstanding customer receivables are regularly monitored and the financial standing of major customers are continuously reviewed.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial asset recognised on the statement of financial position.
- A nominal amount of RM193,605 relating to a corporate guarantee provided by the Company to several banks as security for its subsidiaries' bank loans and borrowings in previous year.

<u>Credit risk concentration profile</u>

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**36. Financial risk management objectives and policies (cont'd)**

**(b) Credit risk (cont'd)**

**(i) Trade receivables (cont'd)**

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

| | Years Past due | | | | |
|---|---|---|---|---|---|
| | **Within a year RM** | **1-2 years RM** | **2-3 years RM** | **3 years and above RM** | **Total RM** |
| **Group** | | | | | |
| **30 November 2020** | | | | | |
| Expected credit loss rate | 9% | 61% | 81% | 100% | |
| Estimated total gross carrying amount at default | 82,804,809 | 2,658,261 | 803,463 | 2,633,702 | 88,900,235 |
| Expected credit loss | 7,384,991 | 1,634,476 | 653,607 | 2,633,702 | 12,306,776 |
| **30 November 2019** | | | | | |
| Expected credit loss rate | 1% | 16% | 34% | 100% | |
| Estimated total gross carrying amount at default | 87,831,137 | 4,397,465 | 2,144,822 | 10,386,785 | 104,760,209 |
| Expected credit loss | 524,179 | 715,978 | 731,482 | 10,386,785 | 12,358,424 |

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 22.

<u>Financial assets that are either past due or impaired</u>

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 22.

**(ii) Cash and short-term deposits**

Cash are normally maintained at minimum levels and surplus cash are placed as short-term deposits with licensed banks and financial institutions. Such funds are reviewed by the directors on a monthly basis and amounts placed as short-term deposits may be revised throughout the year. This is to minimise the concentration of risks and therefore mitigate financial loss through the counterparty's potential failure to make payments. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with no history of default.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**36. Financial risk management objectives and policies (cont'd)**

**(c) Liquidity risk**

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position.

<u>Analysis of financial liabilities by remaining contractual maturities</u>

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | 2020 | | |
|---|---|---|---|
| | Within one year RM | One to five years RM | Total RM |
| **Group** | | | |
| **Financial liabilities:** | | | |
| Trade and other payables | 40,120,036 | - | 40,120,036 |
| Loans and borrowings | 4,218,760 | - | 4,218,760 |
| Lease liabilities | 56,120 | 7,040 | 63,160 |
| Total undiscounted financial liabilities | 44,394,916 | 7,040 | 44,401,956 |
| **Company** | | | |
| **Financial liabilities:** | | | |
| Trade and other payables, represent total undiscounted financial liabilities | 225,216 | - | 225,216 |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**36. Financial risk management objectives and policies (cont'd)**

**(c) Liquidity risk (cont'd)**

Analysis of financial liabilities by remaining contractual maturities (cont'd)

| | 2019 | | |
|---|---|---|---|
| | Within one year RM | One to five years RM | Total RM |
| **Group** | | | |
| **Financial liabilities:** | | | |
| Trade and other payables | 46,460,999 | - | 46,460,999 |
| Loans and borrowings | 5,266,891 | - | 5,266,891 |
| Total undiscounted financial liabilities | 51,727,890 | - | 51,727,890 |
| **Company** | | | |
| **Financial liabilities:** | | | |
| Trade and other payables, represent total undiscounted financial liabilities | 234,211 | - | 234,211 |

**(d) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's primary interest rate risk relates to interest-bearing debts. The Group monitors the interest rate on borrowings to ensure that the borrowings are maintained at favourable rates. The investment in financial assets is mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits or repurchase agreements which yield better returns than cash at bank. The Group does not use derivative financial instruments to hedge interest rate risk.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group and the Company's profit net of tax would have been approximately RM3,000 and RM1,000 (2019: RM4,000 and RM2,000) lower/higher. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**(e) Foreign exchange risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

## 36. Financial risk management objectives and policies (cont'd)

### (e) Foreign exchange risk (cont'd)

The Group is exposed to transactional currency risk primarily through sales and purchases and amount due from subsidiaries that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Thai Baht ("THB"), Pound Sterling ("GBP") and Singapore Dollars ("SGD"). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The following tables demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the United States Dollars ("USD"), Thai Baht ("THB"), Pound Sterling ("GBP") and Singapore Dollars ("SGD") exchange rates against the functional currency of the Group and of the Company, with all other variables held constant.

| | | 2020<br>RM | 2019<br>RM |
|---|---|---|---|
| **Group** | | | |
| USD/RM | - strengthened 3% | (62,000) | (101,000) |
| | - weakened 3% | 62,000 | 101,000 |
| SGD/RM | - strengthened 3% | 180,000 | - |
| | - weakened 3% | (180,000) | - |
| GBP/RM | - strengthened 3% | - | 24,000 |
| | - weakened 3% | - | (24,000) |
| **Company** | | | |
| USD/RM | - strengthened 3% | 2,000 | - |
| | - weakened 3% | (2,000) | - |
| SGD/RM | - strengthened 3% | 180,000 | - |
| | - weakened 3% | (180,000) | - |
| GBP/RM | - strengthened 3% | - | 13,000 |
| | - weakened 3% | - | (13,000) |

## 37. Segment information

For management purposes, the Group is organised into business units based on geographical areas and has two reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on negotiated and mutually agreed terms.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**37. Segment information (cont'd)**

| | Malaysia RM | Thailand RM | Eliminations RM | Note | Consolidated RM |
|---|---|---|---|---|---|
| **30 November 2020** | | | | | |
| **Revenue** | | | | | |
| External sales | 237,326,877 | 17,568,779 | - | | 254,895,656 |
| Total revenue | 237,326,877 | 17,568,779 | - | | 254,895,656 |
| **Results** | | | | | |
| Interest income | 3,408,724 | 30,970 | - | | 3,439,694 |
| Finance costs | 128,703 | - | - | | 128,703 |
| Depreciation and amortisation | 7,816,347 | 1,494,296 | - | | 9,310,643 |
| Segment profit/(loss) | 276,139 | (1,021,176) | - | | (745,037) |
| **Assets** | | | | | |
| Additions to non-current assets | 11,952,195 | 13,663 | - | A | 11,965,858 |
| Segment assets | 430,040,817 | 35,657,849 | - | | 465,698,666 |
| **Other segment information** | | | | | |
| Capital commitments | 873,994 | - | - | | 873,994 |

| | Malaysia RM | Thailand RM | Eliminations RM | Note | Consolidated RM |
|---|---|---|---|---|---|
| **30 November 2019** | | | | | |
| **Revenue** | | | | | |
| External sales | 299,505,410 | 25,784,176 | - | | 325,289,586 |
| Total revenue | 299,505,410 | 25,784,176 | - | | 325,289,586 |
| **Results** | | | | | |
| Interest income | 3,095,906 | 12,128 | - | | 3,108,034 |
| Finance costs | 169,702 | - | - | | 169,702 |
| Depreciation and amortisation | 7,818,260 | 1,495,368 | - | | 9,313,628 |
| Segment profit/(loss) | 5,001,952 | 951,632 | - | | 5,953,584 |
| **Assets** | | | | | |
| Additions to non-current assets | 2,739,381 | 8,119 | - | A | 2,747,500 |
| Segment assets | 437,733,295 | 40,189,811 | - | | 477,923,106 |
| **Other segment information** | | | | | |
| Capital commitments | 8,463,834 | - | - | | 8,463,834 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**37. Segment information (cont'd)**

A Additions to non-current assets consist of:

| | 2020<br>RM | 2019<br>RM |
|---|---|---|
| Property, plant and equipment | 11,877,858 | 2,000,518 |
| Land and buildings | 88,000 | - |
| Investment property | - | 746,982 |
| | 11,965,858 | 2,747,500 |

**38. Capital management**

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 November 2020 and 30 November 2019.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, loans and borrowings, trade and other payables, lease liabilities less cash and bank balances and other investments.

| | Group | | Company | |
|---|---|---|---|---|
| | 2020<br>RM | 2019<br>RM | 2020<br>RM | 2019<br>RM |
| Total loans and borrowings (Note 25) | 4,218,760 | 5,264,654 | 1,881,207 | 2,031,653 |
| Trade and other payables (Note 26) | 40,120,036 | 46,460,999 | 225,216 | 234,211 |
| Lease liabilities (Note 29(b)) | 62,022 | - | - | - |
| Less: | | | | |
| Cash and bank balances (Note 24) | (27,142,476) | (46,342,211) | (628,640) | (3,071,043) |
| Other investments (Current) (Note 19) | (109,990,589) | (74,202,215) | (53,416,208) | (50,216,785) |
| Net debt | (92,732,247) | (68,818,773) | (51,938,425) | (51,021,964) |
| Total equity | 407,313,965 | 413,773,549 | 113,155,100 | 110,139,294 |
| **Capital and net debt** | 314,581,718 | 344,954,776 | 61,216,675 | 59,117,330 |
| **Debt-to-equity ratio** | N/A | N/A | N/A | N/A |

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020

**39. Impact of COVID-19 pandemic**

The COVID-19 pandemic has significantly disrupted many business operations around the world. For the Group and the Company, the impact on business operations has not been a direct consequence of the COVID-19 pandemic but a result of the measures taken by the Government of Malaysia to contain it.

The impact of COVID-19 has been considered in the impairment assessment of property, plant and equipment and financial assets and there is no material impact arising from COVID-19 pandemic for the current financial year and as of the date of this report.

**40. Subsequent events**

**(a) Disposal of non-current asset - factory building**

On 25 February 2021, a subsidiary has entered into a conditional sales and purchase agreement("SPA") with a third party to dispose the factory building with a net carrying value of RM6,975,731 for a total consideration of RM10,300,000. As at the date of the authorisation of the financial statements for issue, the conditions precedent have yet to be fulfilled.

**(b) Disposal of non-current asset - Solar System**

On 25 February 2021, a subsidiary has entered into a conditional sales and purchase agreement ("SPA") with a third party to dispose the solar system with a net carrying value of RM1,218,219 for a total consideration of RM1,200,000. As at the date of the authorisation of the financial statements for issue, the conditions precedent have yet to be fulfilled.

**41. Authorisation of financial statements for issue**

The financial statements for the year ended 30 November 2020 were authorised for issue in accordance with a resolution of the directors on 25 March 2021.

# ANALYSIS OF SHAREHOLDINGS
## AS AT 1 MARCH 2021

**Total Number of Issued Shares** : **304,584,484**
**Class of shares** : **Ordinary Shares**
**Voting rights** : **One Vote Per Share**

### ANALYSIS OF SHAREHOLDINGS

| Holdings | | No. of Holders | No. of Shares Held | % of Holdings |
|---|---|---|---|---|
| Less than 100 | | 16 | 454 | 0.00 |
| 100 to 1,000 | | 176 | 108,902 | 0.04 |
| 1,001 to 10,000 | | 1,484 | 9,909,960 | 3.39 |
| 10,001 to 100,000 | | 1,108 | 35,456,508 | 12.15 |
| 100,001 to less than 5% of issued shares | | 174 | 131,765,244 | 45.14 |
| 5% and above of issued shares | | 4 | 114,657,816 | 39.28 |
| | TOTAL | 2,962 | 291,898,884* | 100.00 |

* Excluding a total of 12,685,600 ordinary shares bought back and retained as treasury shares.

### THIRTY LARGEST SHAREHOLDERS

| | Name of Shareholders | No. of Shares | % of Shares |
|---|---|---|---|
| 1. | Yeo Ann Seck | 41,545,944 | 14.23 |
| 2. | Avia Kapital Sdn Bhd | 30,975,652 | 10.61 |
| 3. | Chan Wah Kiang | 22,222,224 | 7.61 |
| 4. | Chan Wah Kiang | 19,913,996 | 6.82 |
| 5. | Lee Koing @ Lee Kim Sin | 14,271,064 | 4.89 |
| 6. | Citi Group Nominees (Tempatan) Sdn Bhd<br>Exempt AN for Bank of Singapore Limited | 13,000,000 | 4.45 |
| 7. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB for Dato’ Yap Kuak Fong | 12,863,100 | 4.41 |
| 8. | DB (Malaysia) Nominee (Asing) Sdn Bhd<br>Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund | 9,250,000 | 3.17 |
| 9. | HLB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lee Koing @ Lee Kim Sin | 8,520,000 | 2.92 |
| 10. | Tan Liong Fook | 7,980,000 | 2.73 |

# ANALYSIS OF SHAREHOLDINGS
## AS AT 1 MARCH 2021

**THIRTY LARGEST SHAREHOLDERS (cont'd)**

| | Name of Shareholders | No. of Shares | % of Shares |
|---|---|---|---|
| 11. | CIMB Group Nominees (Asing) Sdn Bhd<br>Exempt AN for DBS Bank Ltd | 7,325,300 | 2.51 |
| 12. | AMSEC Nominees (Tempatan) Sdn Bhd<br>Ambank (M) Berhad for Chan Wah Kiang | 5,218,020 | 1.79 |
| 13. | Tan Liong Fook | 2,587,000 | 0.89 |
| 14. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Yeo Ann Seck | 2,382,000 | 0.82 |
| 15. | Lee Koh Meng | 2,150,620 | 0.74 |
| 16. | Lim Khuan Eng | 2,100,000 | 0.72 |
| 17. | Lee Kim Keok | 1,622,400 | 0.56 |
| 18. | Ting Chu Huat | 1,400,000 | 0.48 |
| 19. | Chern Teik Leong | 1,391,100 | 0.48 |
| 20. | Yeo Khee Huat | 1,208,000 | 0.41 |
| 21. | Affin Hwang Nominees (Asing) Sdn Bhd<br>DBS Vickers Secs (S) Pte Ltd for Yeo Seng Chong | 1,200,000 | 0.41 |
| 22. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Yap Keng Siong | 1,140,000 | 0.39 |
| 23. | Mulia Bersama Sdn Bhd | 891,000 | 0.31 |
| 24. | Lim Sok Khin | 655,000 | 0.22 |
| 25. | Khew Yit Len | 604,800 | 0.21 |
| 26. | Bintang Barat Sdn Bhd | 600,000 | 0.21 |
| 27. | Public Invest Nominees (Tempatan) Sdn Bhd<br>Exempt AN for Phillip Securities Pte Ltd | 600,000 | 0.21 |
| 28. | Alliance Group Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ang Hwee Hwee | 550,000 | 0.19 |
| 29. | Sim Soon Heng | 532,000 | 0.18 |
| 30. | Yeo Khee Huat | 520,000 | 0.18 |

# ANALYSIS OF SHAREHOLDINGS
AS AT 1 MARCH 2021

**SUBSTANTIAL SHAREHOLDERS**

| | | No. of Shares Held | | | |
|---|---|---|---|---|---|
| | **Name** | **Direct** | **%** | **Indirect/Deemed** | **%** |
| 1. | Chan Wah Kiang | 60,568,640 | 20.75 | 30,975,652* | 10.61 |
| 2. | Yeo Ann Seck | 43,927,944 | 15.05 | - | - |
| 3. | Avia Kapital Sdn Bhd | 30,975,652 | 10.61 | - | - |
| 8. | Lee Koing @ Lee Kim Sin | 22,791,064 | 7.81 | - | - |

Note:
* Deemed interest through his holdings in Avia Kapital Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

**DIRECTORS' INTEREST**

**a) Interest of Shares in the Company**

| | | No. of Shares Held | | | |
|---|---|---|---|---|---|
| | **Name** | **Direct** | **%** | **Indirect/Deemed** | **%** |
| 1. | Dato' Chan Wah Kiang* | 60,568,640 | 20.75 | 30,975,652* | 10.61 |
| 2. | Yeo Ann Seck* | 43,927,944 | 15.05 | - | - |
| 3. | Dato' Dr Mohd Aminuddin Bin Mohd Rouse | 40,000 | 0.01 | - | - |
| 4. | Tan Seng Kee | - | - | - | - |
| 5. | Dato' Theng Book | - | - | - | - |
| 6. | Low Peak Yih | - | - | - | - |
| 7. | Lee Xia Lien | 20,000 | 0.01 | - | - |

Note:
* Deemed interest through his holdings in Avia Kapital Sdn Bhd by virtue of Section 8 of the Companies Act, 2016.

**b) Interest of Shares in the Subsidiaries**

Dato Chan Wah Kiang and Mr. Yeo Ann Seck by virtue of their interest in shares in the Company are also deemed interest in shares of all the Company's subsidiaries to the extent the Company has an interest.

# ANALYSIS OF WARRANT HOLDINGS
## AS AT 1 MARCH 2021

**Warrant Issued : 152,292,242**
**No of Warrant Holders : 1,834**
**Exercise Price of Warrants : RM 0.92**
**Voting rights : One Vote Per Warrant in the Meeting of Warrant Holders**

### ANALYSIS OF WARRANT HOLDINGS

| Holdings | No. of Holders | No. of Warrants Held | % of Holdings |
|---|---|---|---|
| Less than 100 | 28 | 898 | 0.00 |
| 100 to 1,000 | 113 | 66,252 | 0.04 |
| 1,001 to 10,000 | 800 | 4,512,900 | 2.97 |
| 10,001 to 100,000 | 679 | 29,286,550 | 19.23 |
| 100,001 to less than 5% of issued shares | 213 | 109,252,742 | 71.74 |
| 5% and above of issued shares | 1 | 9,172,900 | 6.02 |
| TOTAL | 1,834 | 152,292,242 | 100.00 |

### THIRTY LARGEST WARRANT HOLDERS

| | Name of Holders | No. of Warrants | % of Holdings |
|---|---|---|---|
| 1. | Wan Ahmad Shaipuddin Bin Wan Ibrahim | 9,172,900 | 6.02 |
| 2. | Chin Fei Lee | 5,500,000 | 3.61 |
| 3. | Liong Hong Hoh | 5,500,000 | 3.61 |
| 4. | Noriani Binti Ngah @ Muhammad | 4,700,000 | 3.09 |
| 5. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Ng Tian Shinn | 3,500,000 | 2.30 |
| 6. | Lim Sok Khin | 2,895,000 | 1.90 |
| 7. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Ng Ling Xin | 2,730,000 | 1.79 |
| 8. | Leong Kok Tai | 2,333,100 | 1.53 |
| 9. | Mohd Jeffry Hew Bin Abdullah | 2,300,000 | 1.51 |
| 10. | Heng Yik Liang | 2,000,000 | 1.31 |
| 11. | M-Ocean Holdings Sdn Bhd | 1,945,472 | 1.28 |
| 12. | Tee Sing Huat | 1,760,000 | 1.16 |
| 13. | Ng Cheong Seong | 1,600,000 | 1.05 |

# ANALYSIS OF WARRANT HOLDINGS
AS AT 1 MARCH 2021

**THIRTY LARGEST WARRANT HOLDERS (cont'd)**

| | Name of Holders | No. of Warrants | % of Holdings |
|---|---|---|---|
| 14. | Teo Chee Ming | 1,600,000 | 1.05 |
| 15. | RHB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Mohd Jeffry Hew Bin Abdullah | 1,500,000 | 0.98 |
| 16. | Nordin Bin Latip | 1,400,000 | 0.92 |
| 17. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Ng Chin Chuan | 1,377,700 | 0.90 |
| 18. | Maybank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Mohammad Subri Bin Abu Bakar | 1,300,800 | 0.85 |
| 19. | Teh Swee Loke | 1,289,600 | 0.85 |
| 20. | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Wong Chia Teck | 1,265,000 | 0.83 |
| 21. | Chan Wah Beow | 1,230,000 | 0.81 |
| 22. | Lee Ah Kow | 1,150,000 | 0.76 |
| 23. | Ng Beng Hock | 1,041,500 | 0.68 |
| 24. | How Kah Hee | 1,030,000 | 0.68 |
| 25. | Kong Cheun Kok | 1,000,000 | 0.66 |
| 26. | Ng Chee Yang | 961,000 | 0.63 |
| 27. | Lim Geok Tin | 950,000 | 0.62 |
| 28. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account For Goh Ming Hong | 878,000 | 0.58 |
| 29. | Maybank Nominees (Tempatan) Sdn Bhd<br>Lau Ngee Hui | 857,300 | 0.56 |
| 30. | Teoh Khim Leong | 816,200 | 0.54 |

# ANALYSIS OF WARRANT HOLDINGS
## AS AT 1 MARCH 2021

### SUBSTANTIAL WARRANT HOLDERS

| | | No. of Warrants Held | | | |
|---|---|---|---|---|---|
| | Name | Direct | % | Indirect/Deemed | % |
| 1. | Wan Ahmad Shaipuddin Bin Wan Ibrahim | 9,172,900 | 6.02 | - | - |

### DIRECTORS' INTEREST

| | | No. of Warrants | | | |
|---|---|---|---|---|---|
| | Name | Direct | % | Indirect/Deemed | % |
| 1. | Dato' Chan Wah Kiang | - | - | - | - |
| 2. | Yeo Ann Seck | - | - | - | - |
| 3. | Dato' Dr Mohd Aminuddin Bin Mohd Rouse | - | - | - | - |
| 4. | Tan Seng Kee | - | - | - | - |
| 5. | Dato' Theng Book | - | - | - | - |
| 6. | Low Peak Yih | - | - | - | - |
| 7. | Lee Xia Lien | - | - | - | - |

# LIST OF TOP 10 PROPERTIES
## OWNED BY THE GROUP

**Based on Net Book Value as at 30 November 2020**

| No. | Location | Description And Existing Use | Tenure (Expiry Date) | Age of Building | Land Area (acre) | Built-up Area (acre) | Net Book Value ('000) | Date of Acquisition |
|---|---|---|---|---|---|---|---|---|
| 1. | 700/609, Moo 7, Phase 6C, Amata Nakorn Industrial Estate, Tambon Donhuaroh Amphur Mueang, Chonburi 20000, Thailand | Industrial land with factory building | Freehold | 7 years | 3.347 | 3.15 | 18,309 | 19-10-2010 |
| 2. | Lot 575, 1 km Lebuhraya Segamat-Kuantan, 85000 Segamat, Johor | Industrial land with factory building | Freehold | 24 years | 8.34 | 4.59 | 12,451 | 07-03-1995 |
| 3. | Lot 7025, Jalan Kempas Lama, Seelong Jaya, 81400 Senai, Johor | Industrial land with factory building | Freehold | 12 years | 3.00 | 1.03 | 10,517 | 15-03-2007 |
| 4. | Lot 7068, Jalan Seelong, Kampung Maju Jaya, 81300 Johor Bahru, Johor | Industrial land with factory building | Freehold | 5 years | 3.21 | 1.32 | 10,255 | 18-09-2012 |
| 5. | 6, Jalan PPU 3, Taman Perindustrian Puchong Utama, 47100 Puchong, Selangor | Industrial land with factory building | Freehold | 18 years | 3.30 | 2.29 | 7,382 | 01-03-2000 |
| 6. | Lot 2-27, 2-28 & 2-29, Jalan Perindustrian Mahkota 7, Taman Perindustrian Mahkota, 43700 Beranang, Semenyih, Selangor | Industrial land with factory building | Freehold | 6 years | 1.680 | 0.95 | 6,487 | 30-09-2014 |
| 7. | No. 4, Jalan Sungai Pelubung 32/149, Seksyen 32, 40460 Shah Alam, Selangor | Industrial land with factory building | Freehold | 12 years | 1.578 | 0.80 | 6,331 | 27-02-2002 |
| 8. | Plot 248 (a), Lengkok Perindustrian Bukit Minyak 16, Kawasan Perindustrian Bukit Minyak, 14100 Bukit Mertajam, Pulau Pinang | Industrial land with factory building | 99 years Leasehold (expiry : 21-01-2112) | 10 years | 1.567 | 0.96 | 5,905 | 25-09-2008 |
| 9. | Geran No. 79108, Lot No. 3222, Mukim of Beranang, District of Ulu Langat, Selangor | Industrial Land | Freehold | n/a | 3.826 | n/a | 5,816 | 30-09-2014 |
| 10. | Lot 28, Taman Perindustrian Bukit Makmur, 08000 Sungai Petani, Kedah | Industrial land with factory building | Freehold | 15 years | 3.084 | 0.49 | 5,745 | 24-04-1997 |

# NOTICE OF 25th ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Fifth Annual General Meeting of the Company will be conducted via **FULLY VIRTUAL MEETING** from the Broadcast Venue at Level 43A, MYEG Tower, Empire City Damansara, Jalan PJU 8, Damansara Perdana, 47820 Petaling Jaya, Selangor on Friday, 30 April 2021 at 11.00 a.m for the following purposes: -

**AGENDA**

**ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 30 November 2020 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' fees and benefits amounting to RM1,367,931 for the financial year ended 30 November 2020. **Resolution 1**

3. To approve the payment of Directors' benefits up to an amount of RM42,000 from 1 May 2021 until the next Annual General Meeting. **Resolution 2**

4. To re-elect the following Directors who are retiring in accordance with the Company's Constitution and being eligible, offered themselves for re-election:-
   (a) Dato' Theng Book – Article 89 **Resolution 3**
   (b) Mr. Yeo Ann Seck – Article 89 **Resolution 4**

5. To re-appoint Messrs Ernst & Young as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

**SPECIAL BUSINESS**

To consider and if thought fit, to pass the following Ordinary Resolutions:-

6. **ORDINARY RESOLUTION**
   **RETENTION OF INDEPENDENT DIRECTOR, MR. TAN SENG KEE** **Resolution 6**
   **"THAT** Mr. Tan Seng Kee be retained as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance."

7. **ORDINARY RESOLUTION**
   **RETENTION OF INDEPENDENT DIRECTOR, DATO' THENG BOOK** **Resolution 7**
   **"THAT** Dato' Theng Book be retained as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance."

8. **ORDINARY RESOLUTION**
   **RETENTION OF INDEPENDENT DIRECTOR, MS. LOW PEAK YIH** **Resolution 8**
   **"THAT** Ms. Low Peak Yih be retained as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance."

9. **ORDINARY RESOLUTION**
   **RETENTION OF INDEPENDENT DIRECTOR, DATO' DR. MOHD. AMINUDDIN BIN MOHD ROUSE** **Resolution 9**
   **"THAT** Dato' Dr. Mohd. Aminuddin Bin Mohd Rouse be retained as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance."

# NOTICE OF 25th ANNUAL GENERAL MEETING

10. **ORDINARY RESOLUTION**
**AUTHORITY TO ALLOT SHARES** **Resolution 10**
**"THAT** pursuant to Sections 75(1) and 76(1) of the Companies Act, 2016 and subject to the approval of relevant authorities, the Directors be and are hereby empowered to issue shares in 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 also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad **AND THAT** such authority conferred by this resolution shall commence upon passing this resolution until:

(a) the conclusion of the Annual General Meeting held next after the approval was given; or
(b) the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given,

whichever occurs first."

11. **ORDINARY RESOLUTION**
**PROPOSED RENEWAL OF AUTHORITY FOR AJIYA BERHAD ("AJIYA") TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES AT ANY POINT OF TIME ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **Resolution 11**
**"THAT**, subject to the Companies Act, 2016 ("the Act"), the provisions of the Constitution of the Company, the Listing Requirements and the approvals of all relevant governmental and/or relevant authorities, where required, the Company be and is hereby authorised to purchase and/or hold such number of Ajiya Shares under the Proposed Renewal of Share Buy-Back Authority ("Purchased Share(s)") upon such terms and conditions as the Board may deem fit in the interest of the Company provided that:-

(a) the aggregate number of Purchased Shares does not exceed 10% of the total number of issued shares of the Company at any point of time;
(b) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate amount of the retained earnings of the Company;

**THAT** The Board be and is hereby authorised to deal with the shares purchased at their absolute discretion, either partially or fully, in the following manner:

(a) cancel all the shares so purchased;
(b) retain all the shares so purchased as treasury shares;
(c) retain part of the shares so purchased as treasury shares and cancel the remainder of the shares; or
(d) deal with the treasury shares in the manners as allowed by the Act from time to time.

**AND THAT** the authority conferred by this resolution shall commence upon passing this resolution until:-

(a) the conclusion of the next Annual General Meeting of the Company, at which time the said authority will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(b) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first."

# NOTICE OF 25th ANNUAL GENERAL MEETING

**THAT** the Board be and is hereby authorised to sign and execute all documents, do all acts, deeds and things (including the maintaining of a central depositories account(s) under the Securities Industry (Central Depositories) Act, 1991 as may be required to give effect to and to complete the aforesaid Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts, deeds and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority."

12. **ORDINARY RESOLUTION**
**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE")** **Resolution 12**
**"THAT** approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties mentioned under section 2.3 of the Circular to Shareholders dated 31 March 2021 which are necessary in the course of business of the Company and/or its subsidiaries for day-to-day operations and on normal commercial terms which are not more favorable to the related parties than those available to the public and not detrimental to the minority shareholders of the Company and such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company at which such Proposed Renewal of Shareholders' is passed, at which time will lapse, unless by ordinary resolution passed at the Annual General Meeting whereby the authority is renewed, either unconditionally or subject to conditions; or
(b) the expiration of the period within the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act, 2016, ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever occurs first."

13. To transact any other business appropriate to an Annual General Meeting, due notice of which shall have been previously given in accordance with the Companies Act, 2016 and the Company's Constitution.

By Order of the Board

**CHONG WUI KOON (F)**
SSM PC No. 202008000920 (MAICSA NO. 7012363)
**LEONG SIEW FOONG (F)**
SSM PC No. 202008001117 (MAICSA NO. 7007572)
Company Secretaries

Johor Bahru
Dated: 31 March 2021

# NOTICE OF 25th ANNUAL GENERAL MEETING

**NOTES**

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. No shareholders or proxy(ies) should be physically present nor admitted at the Broadcast Venue on the day of the meeting.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.

3. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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 authorized nominee may appoint in respect of each omnibus accounts it holds.

4. A member shall not be entitled to appoint more than one (1) proxies to attend and vote at the same meeting and where the member appoints more than one (1) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.

5. The instrument appointing the proxy must be deposited at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the meeting and any adjournment thereof.

**EXPLANATORY NOTES ON ORDINARY BUSINESSES:-**

**AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 NOVEMBER 2020**
This Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval from the shareholders and hence is not put forward for voting.

**DIRECTORS' BENEFITS**
The benefits payable to the Directors comprises meeting allowances payable to all the Directors. The Board is of the view that it is just and equitable for the Directors to be paid the Directors' benefits as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company from 1 May 2021 until the next Annual General Meeting of the Company.

**RE-ELECTION OF DIRECTORS WHO RETIRE IN ACCORDANCE WITH ARTICLE 89 OF THE COMPANY'S CONSTITUTION**
Article 89 of the Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an Annual General Meeting of the Company. With the current Board size of seven (7), two (2) Directors are to retire in accordance with Article 89 of the Constitution provided that all Directors shall retire from office once at least in every three (3) yeas and shall be eligible for re-election.

Nomination Committee has assessed the performance of these Directors seeking for re-election under Article 89 based on salient criteria of their contribution to the Board's decision making and their individual performance in discharging their roles and responsibilities to the Group.

The satisfactory outcome of the assessment was reported to the Board of Directors and the Board recommended these Directors to be re-elected according to the resolutions put forth in the forthcoming Annual General Meeting.

These Directors standing for re-election have abstained from deliberation and participation of their own agenda in the relevant Nomination Committee meeting and Board meeting.

# NOTICE OF 25th ANNUAL GENERAL MEETING

**EXPLANATORY NOTES ON SPECIAL BUSINESSES:-**

**RESOLUTIONS NO. 6, 7, 8 & 9**
Mr. Tan Seng Kee, Dato' Theng Book, Ms Low Peak Yih and Dato' Dr. Mohd. Aminuddin Bin Mohd Rouse are Independent Directors of the Company who have served the Company for more than nine years.

In line with the Malaysian Code on Corporate Governance, the Nomination Committee has assessed their independence as defined in Bursa Securities Listing Requirements. The Board holds the view that their independence has never been compromised by their long relationship with the Board. Based on the justification as stated in the "Corporate Governance Overview Statement" on page 39 of the Annual Report, the Board recommends Mr. Tan Seng Kee, Dato' Theng Book, Ms. Low Peak Yih and Dato' Dr. Mohd. Aminuddin Bin Mohd Rouse to continue their office as Independent Directors once they are re-elected or re-appointed according to their respective resolution put forth in the forthcoming Annual General Meeting.

Mr. Tan Seng Kee, Dato' Theng Book and Ms Low Peak Yih shall be subjected to two tier voting in accordance with the Malaysian Code on Corporate Governance as they have served the Company for more than 12 years.

**RESOLUTION NO. 10**
The proposed resolution no. 10 if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company did not utilise the mandate granted in the preceding year's Annual General Meeting.

This authority will, unless revoked or varied by the Company in general meeting, expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limiting to further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

**RESOLUTION NO. 11**
Resolution no. 11, if passed, will empower the Directors to purchase the Company's shares of up to 10% of the total number of issued shares of the Company at any point of time, by utilising the funds allocated which shall not exceed the total retained earnings of the Company. The audited retained earnings of the Company stood at RM18,493,577 as at 30 November 2020. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting.

Please refer to Statement of Share Buy-Back dated 31 March 2021.

**RESOLUTION NO. 12**
The Proposed Renewal of Shareholders' Mandate under Resolution no. 12 is seeking for shareholders' approval at the forthcoming Annual General Meeting of the Company.

The Proposed Renewal of Shareholders' Mandate is to facilitate transactions in the normal course of business of the Company and its subsidiaries ("the Group") which are transacted from time to time with the specified classes of related parties, provided that they are carried out on an arm's length basis and on the Group's normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

By obtaining the shareholders' mandate on an annual basis, the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur would not arise. This would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

Further information on Proposed Renewal of Shareholders' Mandate are set out in the Circular to Shareholders of the Company which is dispatched together with the Annual Report of the Company for the financial year ended 30 November 2020.

*This page is intentialy blank.*

## FORM OF PROXY

AJIYA
AJIYA BERHAD
Registration No.199601005281(377627-W)

| | |
|---|---|
| CDS ACCOUNT NO. | |
| NO. OF SHARES HELD | |

I/We, ______________________________ (NRIC No. ______________ )
(Email Address: ______________ ) of ______________________________
______________________________ being a member/members of AJIYA BERHAD, hereby appoint *
(1)Mr/Ms ______________________________ (NRIC No. ______________ )
(Email Address: ______________ ) of ______________________________
or failing whom, ______________________________ (NRIC No. ______________ )
(Email Address: ______________ ) of ______________________________
(the next name and address should be completed where it is desired to appoint two proxies.)
*(2)Mr/Ms ______________________________ (NRIC No. ______________ )
(Email Address: ______________ ) of ______________________________
or failing whom, ______________________________ (NRIC No. ______________ )
(Email Address: ______________ ) of ______________________________
as *my/our *proxy/proxies to vote for *me/us and *my/our behalf at the Twenty-Fifth Annual General Meeting which will be conducted via fully virtual meeting from the Broadcast Venue at Level 43A, MYEG Tower, Empire City Damansara, Jalan PJU 8, Damansara Perdana, 47820 Petaling Jaya, Selangor on Friday, 30 April 2021 at 11.00 a.m and at any adjournment thereof.

The proportion of *my/our proxies are as follows:
(This paragraph should be completed only when two proxies are appointed)

First Proxy (1), Number of Shares held : ______________ ; ______________ %
Second Proxy (2), Number of Shares held : ______________ ; ______________ %

| RESOLUTION NO. | RESOLUTION | FOR | AGAINST |
|---|---|---|---|
| 1. | To approve the payment of Directors' fees and benefits amounting to RM1,367,931 for the financial year ended 30 November 2020. | | |
| 2. | To approve the payment of Directors' benefits up to an amount of RM 42,000 from 1 May 2021 until the next Annual General Meeting. | | |
| 3. | To re-elect Dato' Theng Book as Director. | | |
| 4. | To re-elect Mr. Yeo Ann Seck as Director. | | |
| 5. | To re-appoint Messrs Ernst & Young as Auditors of the Company. | | |
| 6. | To approve the continuation of terms of office of Mr. Tan Seng Kee as Independent Director. | | |
| 7. | To approve the continuation of terms of office of Dato' Theng Book as Independent Director. | | |
| 8. | To approve the continuation of terms of office of Ms. Low Peak Yih as Independent Director. | | |
| 9. | To approve the continuation of terms of office of Dato' Dr. Mohd. Aminuddin Bin Mohd Rouse as Independent Director. | | |
| 10. | To authorise the allotment of shares pursuant to Sections 75(1) and 76(1) of Companies Act 2016. | | |
| 11. | Approval of the Proposed Renewal of Share Buy-Back Authority. | | |
| 12. | Approval for the Proposed Renewal of Shareholders' Mandate. | | |

Please indicate with (x) how you wish your vote to be casted. If no specific instruction as to voting is given, the proxy may vote as he thinks fit.

As witness my hand this ______________ day of ______________ 2021.

______________________________
Signatures of Shareholder(s)

______________________________
Common Seal of Shareholder, if applicable
(if the appointer is a corporation)

***NOTES***

1. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.*
2. *Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") 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 authorized nominee may appoint in respect of each omnibus accounts it holds.*
3. *A member shall not be entitled to appoint more than one (1) proxies to attend and vote at the same meeting and where the member appoints more than one (1) proxies to attend and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his holdings to be represented by each proxy.*
4. *The instrument appointing the proxy must be deposited at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than forty-eight hours before the time appointed for holding the meeting and any adjournment thereof.*

Fold Here

AFFIX STAMP

Boardroom Corporate Services Sdn. Bhd.
Suite 9D, Level 9, Menara Ansar,
65, Jalan Trus,
80000 Johor Bahru,
Johor, Malaysia.

Fold Here

# CORPORATE DIRECTORY

## AJIYA BERHAD

Lot 153, Kawasan Perindustrian, Jalan Genuang, 85000 Segamat, Johor

## Malaysia Subsidiary Companies

### METAL GROUP

**Asia Roofing Industries Sdn Bhd**

- Corporate Head Office & Main Factory
  Lot 153, Kawasan Perindustrian,
  Jalan Genuang,
  85000 Segamat, Johor
  Tel : 607-943 4211
  Fax : 607-943 1054
  Website : www.ajiya.com
  E-mail : enquiry@ajiya.com

- Factory II
  Lot 142, Kawasan Perindustrian,
  Jalan Genuang,
  85000 Segamat, Johor
  Tel : 607-943 4212
  Fax : 607-943 5191

- Marketing Head Office & Factory
  No.4, Jalan Sungai Pelubung 32/149,
  Seksyen 32,
  40460 Shah Alam, Selangor
  Tel : 603-5121 0011
  Fax : 603-5121 0111
  E-mail : aribkmkt@ajiya.com

- Southern Office & Factory
  Lot 7068, Jalan Seelong,
  Kampung Maju Jaya,
  81300 Johor Bahru, Johor
  Tel : 607-557 3733
  Fax : 607-556 5733

- Mentakab Office & Factory
  No. 60, Jalan Industri Temerloh,
  Taman Perindustrian Temerloh,
  28400 Mentakab, Pahang
  Tel : 609-270 1313
  Fax : 609-270 1311

**ARI Utara Sdn Bhd**

Lot 28, Taman Perindustrian
Bukit Makmur,
08000 Sungai Petani, Kedah
Tel : 604-442 2899
Fax : 604-442 2799
E-mail : enquiry@ajiya.com

**ARI Timur (KB) Sdn Bhd**

Lot 1306, Kawasan Perindustrian
Pengkalan Chepa II,
16100 Kota Bharu, Kelantan
Tel : 609-774 5946
Fax : 609-774 6946
E-mail : enquiry@ajiya.com

**Ajiya STI Sdn Bhd**

No.4, Jalan Sungai Pelubung 32/149,
Seksyen 32,
40460 Shah Alam, Selangor
Tel : 603-5121 0011
Fax : 603-5121 0111
E-mail : asti@ajiya.com

**ARITEQ ECO Sdn. Bhd.**

Lot 153, Kawasan Perindustrian,
Jalan Genuang,
85000 Segamat, Johor
Tel : 607-943 4211
Fax : 607-943 1054

### GLASS GROUP

**Ajiya Safety Glass Sdn Bhd**

- Corporate Head Office & Main Factory
  Lot 575, 1 KM Lebuh Raya Segamat-Kuantan,
  85000 Segamat, Johor
  Tel : 607-931 3133
  Fax : 607-931 3142
  Website : www.ajiya.com
  E-mail : enquiry@ajiya.com

- Marketing Head Office & Factory
  No. 6, Jalan PPU 3,
  Taman Perindustrian Puchong Utama,
  47100 Puchong, Selangor
  Tel : 603-8062 3939
  Fax : 603-8062 1113
  E-mail : asgmkt@ajiya.com

- Southern Office & Factory
  Lot 7025, Jalan Kempas Lama,
  Seelong Jaya,
  81400 Senai, Johor
  Tel : 607-599 1733
  Fax : 607-599 2733

- Northern Office & Factory
  Plot 248 A, Lengkok Perindustrian
  Bkt Minyak 16,
  Kawasan Perindustrian Bkt Minyak,
  14100 Bukit Mertajam, Pulau Pinang
  Tel : 604-508 8777
  Fax : 604-507 1115

**ASG Marketing Sdn Bhd**

No. 6, Jalan PPU 3,
Taman Perindustrian Puchong Utama,
47100 Puchong, Selangor
Tel : 603-8062 3939
Fax : 603-8062 1113

## Overseas Subsidiary Companies

**Thai Ajiya Co. Ltd.**

19/31, Moo 10, Paholyothin Road,
Tambol Klongneung, Amphur Klonglaung,
Phathumthani,
12120, Thailand
Tel : 662-520 4047
Fax : 662-520 4050

**Thai Ajiya Safety Glass Co.Ltd.**

700/609 Moo 7, Zone B,
Amata City Chonburi,
T.Donhualo,
A.Mueangchonburi, Chonburi
20000, Thailand
Tel : 663-819 3240
Fax : 663-819 3242

## Associate Company

**ASTEEL Ajiya Sdn Bhd**

Lot 1268, Block 8, Jalan Bako,
Demak Laut Industrial Estate Phase IV,
93050 Kuching, Sarawak
Tel : 6082-432 688
Fax : 6082-433 686

**AJIYA BERHAD**
Registration No. 199601005281(377627-W)

Lot 153, Kawasan Perindustrian,
Jalan Genuang, 85000 Segamat, Johor

**www.ajiya.com**