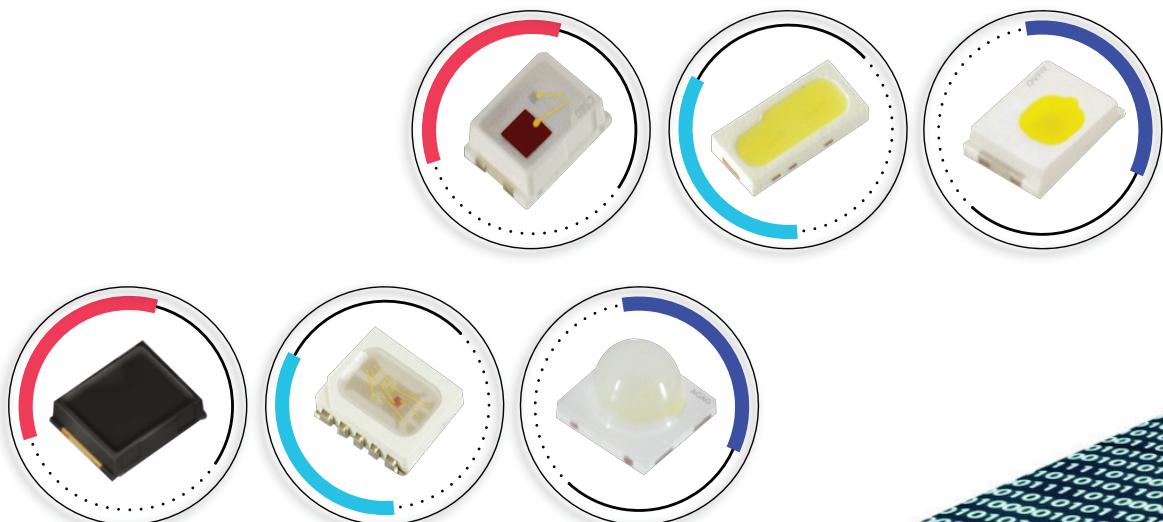


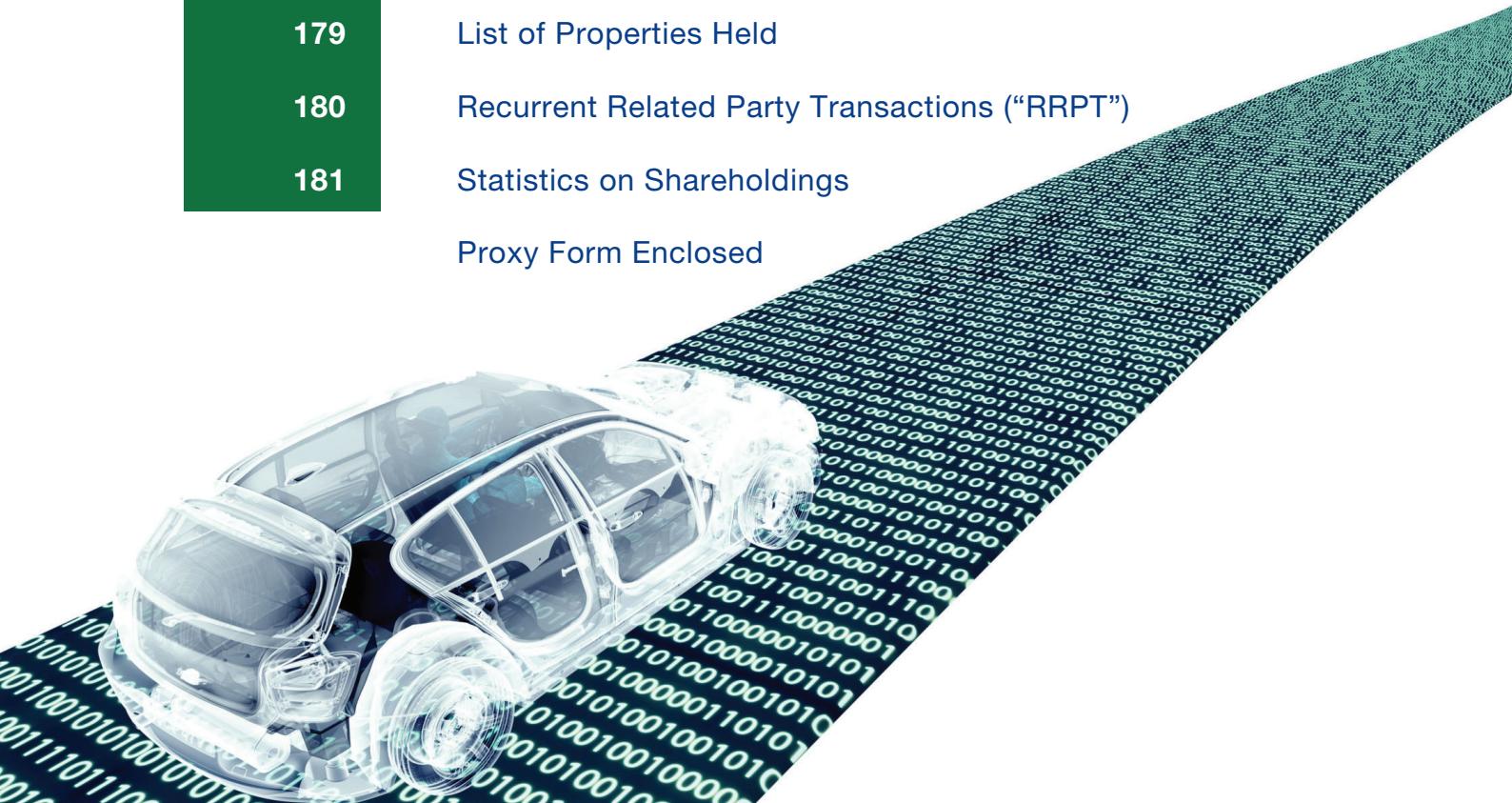
**D&O**  
**Greentech**  
**D & O GREEN**  
**TECHNOLOGIES BERHAD**  
Company No: 200401006867 (645371-V)



**2020**  
ANNUAL REPORT

# Table of **CONTENTS**

<b>2</b>	Notice of Annual General Meeting
<b>8</b>	Corporate Information
<b>9</b>	Corporate Structure
<b>10</b>	Five-Year Financial Highlights
<b>11</b>	Management Discussion and Analysis
<b>14</b>	Profile of Directors
<b>18</b>	Profile of Key Senior Management
<b>20</b>	Sustainability Statement
<b>51</b>	Corporate Governance Overview Statement
<b>66</b>	Additional Compliance Statement
<b>69</b>	Audit Committee Report
<b>75</b>	Statement on Risk Management and Internal Control
<b>83</b>	Financial Statements
<b>179</b>	List of Properties Held
<b>180</b>	Recurrent Related Party Transactions (“RRPT”)
<b>181</b>	Statistics on Shareholdings
	Proxy Form Enclosed



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth Annual General Meeting (“17<sup>th</sup> AGM”) of D & O Green Technologies Berhad (“D&O” or “the Company”) will be conducted entirely through live streaming from broadcast venue at Conference Room, A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 25 May 2021 at 10.00 a.m. for the following purposes :-

## AGENDA

1. To receive and consider the Directors’ Report and Audited Financial Statements for the year ended 31 December 2020. **(Please refer to Note 1 below)**
2. To re-elect the following Directors who are retiring by rotation pursuant to Article 120 of the Constitution of the Company and being eligible, offer themselves for re-election:-
  - (i) Mr. Cheam Dau Peng **(Ordinary Resolution 1)**
  - (ii) Mr. Jesper Bjoern Madsen **(Ordinary Resolution 2)**
3. To re-elect Goh Chin San the Director who is retiring pursuant to Article 125 of the Company’s Constitution and who being eligible, offer himself for re-election. **(Ordinary Resolution 3)**
4. To approve the payment of Non-Executive Directors’ fees up to RM350,000 in respect of the financial year ending 31 December 2021. **(Ordinary Resolution 4)**
5. To approve the payment of Non-Executive Directors’ benefits up to RM35,000 from 17<sup>th</sup> AGM to the Eighteenth Annual General Meeting (“18<sup>th</sup> AGM”). **(Ordinary Resolution 5)**
6. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration. **(Ordinary Resolution 6)**
7. Special Business

By way of Special Business, to consider and if thought fit, to pass the following resolutions, with or without modification:-

- 7.1 **Retention of an Independent Director, Mr. Wong Meng Tak** **(Ordinary Resolution 7)**

“**THAT** approval be and is hereby given to Mr. Wong Meng Tak, who has served as an Independent Director of the Company for a cumulative of more than twelve (12) years, to continue to act as an Independent Director of the Company.”

- 7.2 **Retention of an Independent Director, Mr. Yeow See Yuen** **(Ordinary Resolution 8)**

“**THAT** approval be and is hereby given to Mr. Yeow See Yuen, who has served as an Independent Director of the Company for a cumulative of more than twelve (12) years, to continue to act as an Independent Director of the Company.”

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

### 7.3 Authority to Issue and Allot Shares

**(Ordinary Resolution 9)**

**“THAT** subject always to the Companies Act 2016 (“Act”), the Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”) (“MMLR”) and the approvals of the relevant governmental/regulatory authorities, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Sections 75(1) and 76(1) of the Act, to issue and allot shares in the Company to such persons, at any 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 to be issued 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 the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities **AND THAT** such authority shall continue in force until the conclusion of the next AGM.”

### 7.4 Proposed Renewal of Existing Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **(Ordinary Resolution 10)**

**“THAT** approval and authority be and are hereby given to the Company and/or its subsidiaries to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 4 of the Circular to Shareholders dated 28 April 2021 provided that such transactions are undertaken in the ordinary course of business, at arm’s length and based on commercial terms and on terms which are not, in the Company’s opinion, detrimental to the minority shareholders (“**Proposed Shareholders’ Mandate**”)

**AND THAT** such approval shall continue to be in force until:-

- (i) the conclusion of the next AGM of the Company following this AGM at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next AGM after that date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by shareholders in general meeting,

whichever is earlier.

**AND THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Proposed Shareholders’ Mandate.”

# NOTICE OF ANNUAL GENERAL MEETING

(CONT'D)

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend the 17<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 75 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 18 May 2021. Only a depositor whose name appears on the Record of Depositors as at 18 May 2021 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

**TAN PEI CHOO**

(MAICSA 7023284)

SSM PC NO: 202008001020

Company Secretary

Kuala Lumpur  
28 April 2021

## NOTES:-

1) Item 1 of the Agenda is meant for discussion only as provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

### 2) IMPORTANT NOTICE

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.

Shareholders **WILL NOT BE ALLOWED** to attend the 17<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 17<sup>th</sup> AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at <https://tiih.online>. **Please follow the Procedures for RPV in the Administrative Guide for the 17<sup>th</sup> AGM and take note of Notes (3) to (15) below in order to participate remotely via RPV.**

- 3) For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 18 May 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
- 4) A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- 5) A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint one (1) or more proxies to participate instead of the member at the 17<sup>th</sup> AGM via RPV.
- 6) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding(s) to be represented by each proxy.
- 7) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint more than one (1) proxy in respect of each security account it holds in ordinary shares of the Company standing to the credit of the said securities account.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- 8) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- 9) A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 17<sup>th</sup> AGM via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at <https://tiih.online>. **Please follow the Procedures for RPV in the Administrative Guide for the 17<sup>th</sup> AGM.**
- 10) The appointment of a proxy may be made in a hard copy form and must be deposited at the Registered Office of the Company at No. 15, Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur or by electronic means can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for further information on electronic lodgement of proxy form. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 17<sup>th</sup> AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
- 11) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- 12) Last date and time for lodging the proxy form is **Sunday, 23 May 2021 at 10.00 a.m.**
- 13) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Registered Office of the Company at No. 15, Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 17<sup>th</sup> AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- 14) For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment at the Registered Office of the Company at No. 15, Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur. The certificate of appointment should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- 15) Pursuant to Paragraph 8.29A(1) of the MMLR, all resolutions set out in this Notice will be put to vote by way of poll.

### Abstention from Voting

- 16) All those Directors of the Company who are shareholders of the Company will abstain from voting on the respective resolutions under Ordinary Resolutions 4 and 5, as applicable, in respect of their direct and/or indirect shareholdings in D&O.
- 17) Any Director referred in Ordinary Resolution 1, 2, 3, 7 and 8 who is a shareholder of the company will abstain from voting on the resolution in respect of his re-election at the 17<sup>th</sup> AGM.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## Explanatory Notes on Special Business

### (a) Retention of Independent Director

Ordinary Resolution 7, if passed, will allow Mr. Wong Meng Tak to continue in office as an Independent Director of the Company.

Mr. Wong Meng Tak was appointed as an Independent Director on 16 September 2004. The Board has via the Nomination Committee conducted an annual performance evaluation and assessment of Mr. Wong, who has served the Company for more than twelve years as at the date of the notice of this 17<sup>th</sup> AGM and recommended him to continue to act as Independent Director of the Company based on the following justifications:-

- i) he has met the independence guidelines set out in the MMLR,
- ii) he continues to be independent as he has no circumstances and relationships that create threats to his independence,
- iii) he has actively participated in board meetings and possesses the appropriate competencies to enable him to apply professional judgment, and
- iv) he has contributed sufficient time and efforts and exercised due care in all undertakings of the Company and has acted and carried out his fiduciary duties in the interest of the Company during his tenure as an Independent Director.

Pursuant to the Malaysian Code on Corporate Governance 2017, the Company would use two-tier voting process in seeking annual shareholders' approval to retain Mr. Wong, who served the Company as an Independent Director beyond twelve years. The Board recommends you to support the resolution for the Director to continue in office.

Ordinary Resolution 8, if passed, will allow Mr. Yeow See Yuen to continue in office as an Independent Director of the Company.

The Nomination Committee and the Board have assessed the independence of Mr. Yeow See Yuen who served as an Independent Director of the Company for a cumulative term of more than twelve years, and have recommended that he continues to act as an Independent Director of the Company based on the following justifications:-

- i) he has familiarised himself with the business and provides the element of objectivity to the Board of Directors,
- ii) he has met the independence guidelines set out in the MMLR,
- iii) he has actively participated in board meetings and possesses the appropriate competencies to enable him to apply professional judgment, and
- iv) he has contributed sufficient time and efforts and exercised due care in all undertakings of the Company and has acted and carried out his fiduciary duties in the interest of the Company during his tenure as an Independent Director.

Pursuant to the Malaysian Code on Corporate Governance 2017, the Company would use two-tier voting process in seeking annual shareholders' approval to retain Mr. Yeow, who served the Company as an Independent Director beyond twelve years. The Board recommends you to support the resolution for the Director to continue in office.

## NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

**(b) Authority to Authority to Issue and Allot Shares**

Ordinary Resolution 9, if passed, will give authority to the Directors of the Company, from the date of the 17<sup>th</sup> AGM, to issue and allot ordinary shares in the Company up to and not exceeding in total ten percent (10%) of the issued share capital of the Company for the time being, for such purposes as they consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.

The Company has not issued any new shares under the general authority which was approved at the last AGM held on 16 June 2020 and which will lapse at the conclusion of the 17<sup>th</sup> AGM, except the allotment of new ordinary shares to those employees who have exercised their options under the Employees' Share Option Scheme. A renewal of this authority is being sought at the 17<sup>th</sup> AGM under the proposed Ordinary Resolution 9.

The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment, working capital and/or acquisitions.

**(c) Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Ordinary Resolution 10, if passed, will provide a new mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are set out in Section 4 of the Circular to Shareholders of the Company dated 28 April 2021 that is circulated together with the Company's Notice of the 17<sup>th</sup> AGM. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

### **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

There is no person seeking election as Director of the Company at the 17<sup>th</sup> AGM.

Details of the general mandate to issue securities in the Company pursuant to Section 75 and 76 of the Companies Act 2016 are set out in Explanatory Note (b) of the Notice of the 17<sup>th</sup> AGM.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Non-Independent Non-Executive Chairman**  
Dato' Mohammed Azlan Hashim

**Group Managing Director**  
Tay Kheng Chiong

**Executive Director**  
Cheam Dau Peng

**Non-Executive Directors**  
Goh Nan Yang  
Goh Chin San  
Wong Meng Tak\*\*  
Jesper Bjoern Madsen\*  
Yeow See Yuen\*

## AUDIT COMMITTEE

Wong Meng Tak\*\* (*Chairman*)  
Jesper Bjoern Madsen\*  
Yeow See Yuen\*

## REMUNERATION COMMITTEE

Goh Nan Yang (*Chairman*)  
Jesper Bjoern Madsen\*  
Yeow See Yuen\*

## EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE

Tay Kheng Chiong  
Cheam Dau Peng  
Goh Chin San

## NOMINATION COMMITTEE

Wong Meng Tak\*\* (*Chairman*)  
Yeow See Yuen\*  
Goh Nan Yang

(\*) Independent and Non-Executive Director  
(\*\*) Senior Independent and Non-Executive Director

## COMPANY SECRETARY

Tan Pei Choo (MAICSA 7023284)  
SSM PC NO: 202008001020

## PRINCIPAL PLACE OF BUSINESS

Lot 6, Batu Berendam Free Trade Zone  
Phase III 75350 Melaka  
Tel : 06-283 3566  
Fax : 06-284 7988  
Email : corp@do.com.my  
Website : <http://www.do.com.my>

## REGISTERED OFFICE

No. 15, Bukit Ledang  
Off Jalan Duta  
50480 Kuala Lumpur  
Tel : 03-2094 3268  
Fax : 03-2094 3188

## REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd  
197101000970(11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : 03-2783 9299  
Fax : 03-2783 9222

## REGISTER OF OPTION

Lot 6, Batu Berendam Free Trade Zone  
Phase III 75350 Melaka  
Tel : 06-283 3566  
Fax : 06-284 7988

## AUDITORS

Crowe Malaysia PLT  
201906000005  
(LLP0018817-LCA) & AF1018  
Level 16, Tower C  
Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : 03-2788 9999  
Fax : 03-2788 9998

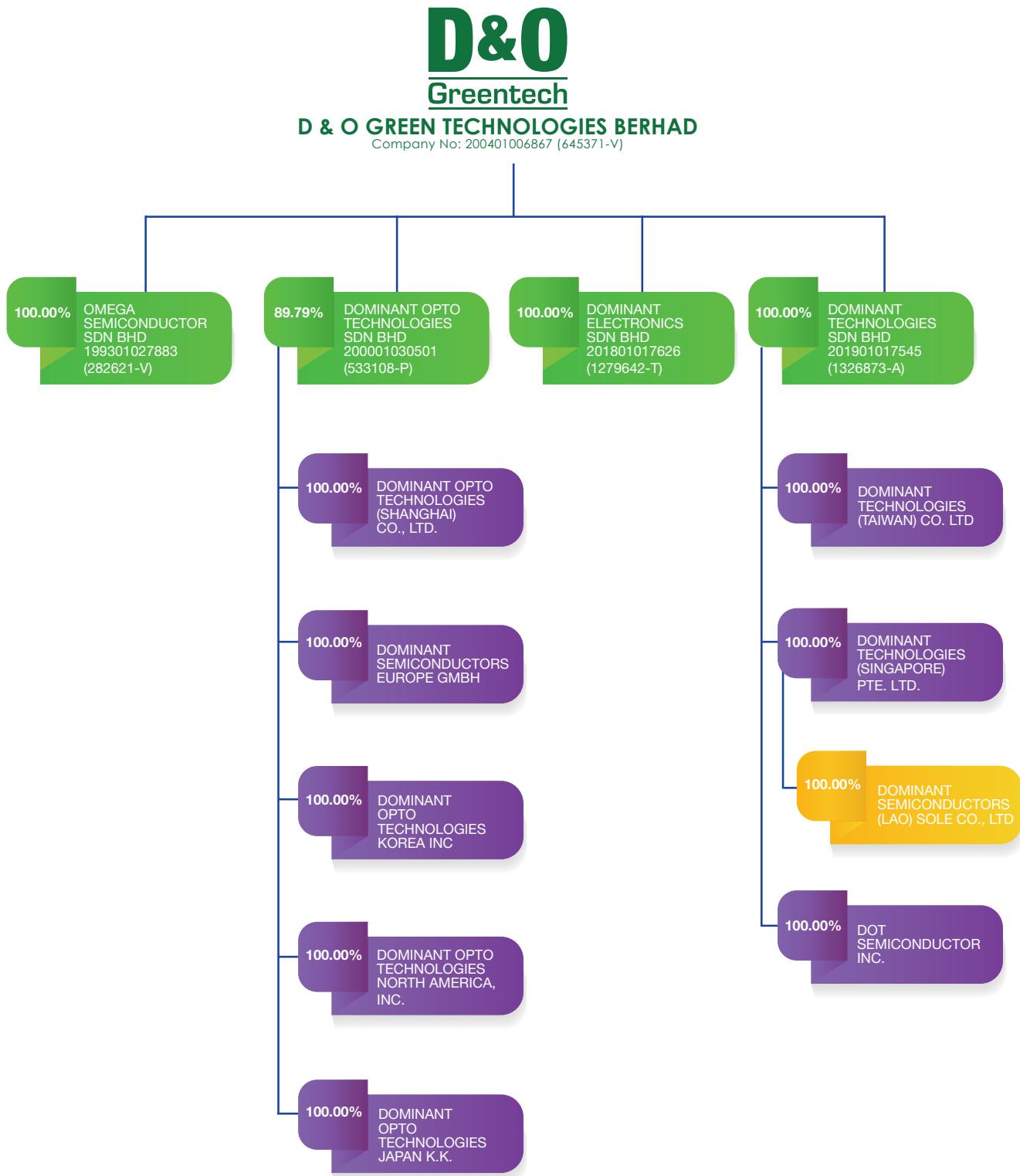
## PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
Hong Leong Bank Berhad  
OCBC Bank (Malaysia) Berhad  
Citibank Berhad  
Bangkok Bank Berhad

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad Main Board  
Sector : Technology  
Stock code : 7204  
Stock name : D&O

# CORPORATE STRUCTURE

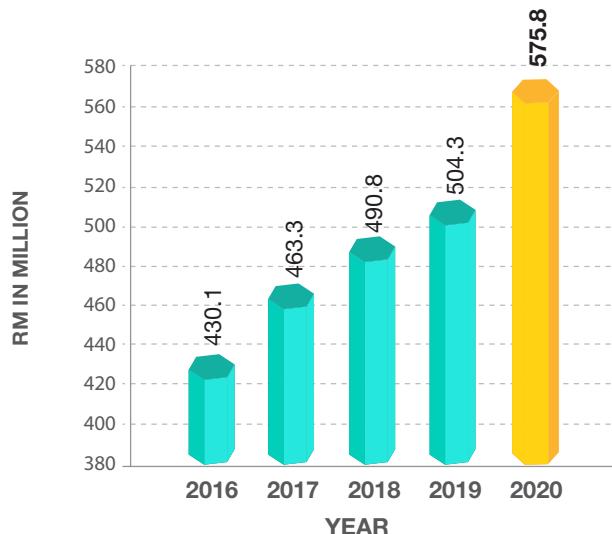


## FIVE-YEAR FINANCIAL HIGHLIGHTS

The financial results for the year 2016 to 2020 were based on the audited financial statements of the Group for the respective financial year under review.

	Group 2016 RM'000	Group 2017 RM'000	Group 2018 RM'000	Group 2019 RM'000	Group 2020 RM'000
Total Revenue	430,100	463,337	490,775	504,305	575,781
Profit Before Tax	29,576	45,717	52,123	47,070	66,336
Profit After Tax	21,063	36,254	42,202	39,057	55,375
Profit Attributable to Owners of the Company	11,273	22,369	35,961	34,871	49,652
Equity Attributable to Owners of the Company	197,303	218,450	323,136	355,630	414,490
Weighted Average Number of Shares In Issue ('000)	988,147	997,217	1,046,160	1,109,648	1,133,097
Earnings Per Share (EPS) (Sen)	1.14	2.24	3.06	2.80	4.17

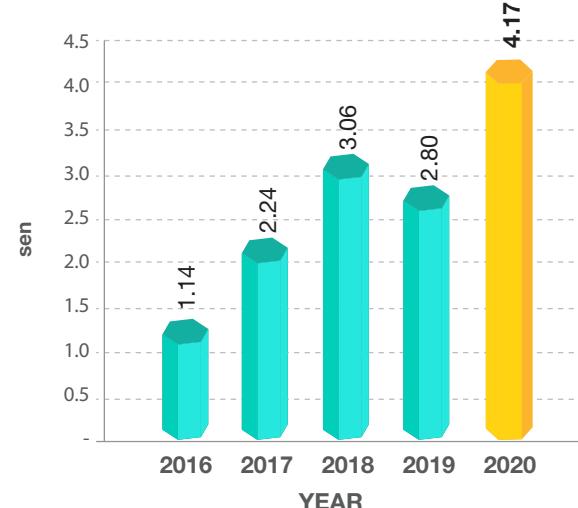
REVENUE



PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY



EARNINGS PER SHARE (EPS)



# MANAGEMENT DISCUSSION AND ANALYSIS

## Overview

D&O through its principal operating subsidiary, Dominant Opto Technologies Sdn Bhd (“Dominant Opto”), is amongst the world’s leading automotive Surface Mount Technology (“SMT”) Light Emitting Diodes (“LED”) manufacturers for the global automotive industry. Dominant Opto was established in year 2000. With an extensive industry experience and relentless pursuit of innovation, Dominant Opto’s state-of-the-art manufacturing facilities and leading development capabilities have become a trusted and reliable brand across the globe.

Today, Dominant Opto offers a comprehensive range of LED packaging solutions under its own “DOMINANT” brand name catering for both the interior and exterior automotive lighting applications. Dominant Opto’s products are sold through its global network of sales and after-sales-service offices in key automotive markets, namely China, Europe, the USA, Japan, Republic of Korea and India.

In order to further strengthen the Group’s position as a world leading player in the global automotive LED industry, the Group has in 2019 established two new complementary business units, namely Dominant Electronics Sdn Bhd (“Dominant Electronics”) which designs and manufactures LED modules, and Dominant Technologies group of companies (“Dominant Technologies”) which designs and develops Integrated Circuits (“IC”). These two supporting business units are aimed at providing value-add services to our existing and future automotive customers.

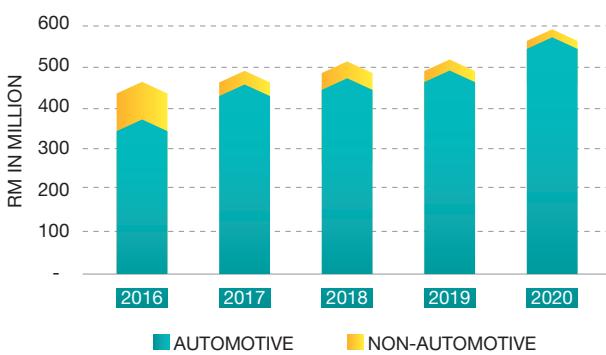
## 2020 Financial Performance Review

The Group went through a very challenging period in the first half of 2020. The onslaught of the Covid-19 pandemic in February ravaged the world economy, severely disrupted supply chain, and derailed investment and roll-out plans of automotive companies. Widespread production halt and the implementation of the Movement Control Order (MCO) in Malaysia adversely impacted D&O’s sales revenue and production costs in 1H2020.

Fortunately, the disruptions were relatively short-lived. Factories worldwide started to reopen in June. The global supply chain gradually returned to normalcy and investment plans of automakers slowly moved back on track. Demand for the Group’s LED staged a strong rebound in the second half with revenue closing the year up 14.2% to RM575.8 million despite an overall 16% decline in global car sales in 2020. A general recovery in the automotive industry aside, the Group’s strong second half performance was further bolstered by increased demand from the commercialisation of new business wins.

Gross profit margin was slightly lower at 27.4% for the year when compared to 27.8% in 2019. The slight decline in gross profit margin was mainly due to the under-utilisation of production capacity during the MCO period in 1H2020. Accordingly, gross profit grew 12.4% to RM157.9 million, underpinned by revenue growth. Profit before tax expanded at a sharper rate of 40.9% to RM66.3 million on slower increases in operating expenses and lower net other expenses.

**REVENUE**



**PROFIT BEFORE TAXATION**



# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)

## Statements of Financial Position

The Group further strengthened its financial position in 2020. Net Assets increased RM63.1 million to RM450.3 million. Property, plant and equipment rose RM33.2 million mainly due to capital expenditures amounting to RM72.0 million, partially offset by a RM38.6 million depreciation charge. These capital expenditures, which were necessary to cope with demand growth and sharpen Dominant's competitiveness, were spent on expanding production capacities, improving machine efficiencies and quality control processes, plant automation and construction of a new factory.

Net working capital increased RM40.4 million mainly due to the increases in inventory and trade receivable, partially offset by higher trade payable. A higher working capital requirement was necessary to support a rapidly growing revenue base.

## Cash Flow

Despite a weak first half earnings performance, cash inflow from operations before changes in working capital rose 14.9% from RM98.7 million in 2019 to RM113.4 million in 2020. After factoring in changes in working capital (as explained above), interests and income tax payments, operational cash inflow rose 31.8% year-on-year to RM67.6 million (2019: RM51.3 million).

During the year, the Group spent RM72.0 million on capital expenditure and RM11.7 million on dividend payments to shareholders of the Company and minority shareholders of a subsidiary. The cash outflow from investing activities was partially financed by additional banking facilities and RM12.6 million proceeds from the exercise of ESOS. The Group's net debt position improved from RM37.4 million to RM36.7 million, representing a net-debt-to-equity ratio of 8.1%.

## Dividend

### Ordinary Shares

A 0.65 sen dividend per ordinary share was paid on 28 December 2020 for the financial year ended 31 December 2020 (2019: 1.0 sen). Management decided to conserve cash to fund future expansion given the burgeoning global LED demand outlook.

### Irredeemable Convertibles Preference Shares ("ICPS")

In accordance to the terms of the ICPS, the same 0.65 sen dividend per ICPS for the financial year ended 31 December 2020 (2019: 1.0 sen) was paid on 28 December 2020.

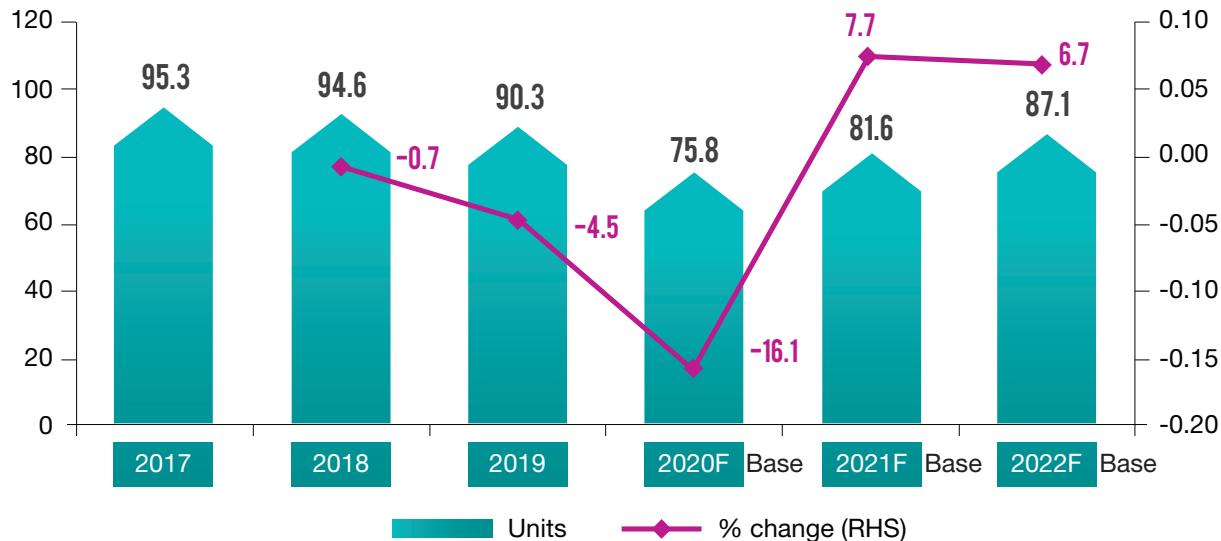
## Automotive Lighting Market and Prospect

The Covid-19 pandemic has dealt a swift and severe blow to the global car industry in 2020 through supply chain disruptions, assembly plant closures and a downward shift in global demand. According to Moody's estimates, global passenger car sales contracted sharply by about 16% in 2020 to 75.8 million units.

Nonetheless, we believe the worst is behind us and there are reasons to be optimistic. Global vaccination programmes are steadfastly underway. The world economies are showing signs of steady improvements and global car demand is firmly on a recovery path. Based on a global economic recovery scenario, Moody's forecasts global passenger car sales will grow nearly 8% in 2021 to 81.6 million units.

# MANAGEMENT DISCUSSION AND ANALYSIS

(CONT'D)



Source: Moody's, ING

An important demand driver for automotive lighting is the expected continuous rise in the density of LED applications in newer car designs. The proliferation of electric vehicles ("EV"), which typically has a higher designed-in LED density, is a boon to LED demand. According to IHS Markit, EV sales volume reached 2.5 million units in 2020, representing about 3% of total car sales volume. With continuous favourable government policies and support, the share of EV sales is expected to expand rapidly to 10% and 16% by 2025 and 2030, respectively. According to MarketsandMarketsTM forecast, the global automotive lighting market is estimated to grow from US\$27.0 billion in 2020 to US\$34.9 billion by 2025, representing a 5.3% CAGR during the forecast period.

With a comprehensive product portfolio and traction gained with Tier 1 automotive customers, Dominant is well positioned to benefit from this burgeoning trend. To stay ahead, Dominant will continue to focus its resources in developing innovative products to meet changing customer demands and requirements. Dominant's widely-anticipated, high-value Smart RGB LED product range is expected to be commercialised in 2H2021, progressively contribute to earnings in the coming years.

We would like to extend our sincere appreciation to our bankers, business associates, management team and employees for their contributions and commitment to our business during this pandemic period. We will work together to deliver better results in the coming years.

## PROFILE OF DIRECTORS

### DATO' MOHAMMED AZLAN HASHIM

***Non-Independent and Non-Executive Chairman***  
***Malaysian, Male***

Dato' Mohammed Azlan Hashim, aged 64, was appointed as the Non-Independent Non-Executive Chairman of D&O on 16 September 2004. Dato' Azlan is also the Chairman of IHH Healthcare Berhad, Marine & General Berhad, and currently serving on the Board of Directors of Khazanah Nasional Berhad and Employees Provident Fund.

He has extensive experience in the corporate sector, including financial services and investment. Positions that he has held include, Chief Executive of Bumiputra Merchant Bankers Berhad, Group Managing Director of Amanah Capital Malaysia Berhad and Executive Chairman of Bursa Malaysia Group.

Dato' Azlan holds a Bachelor of Economics (Monash) and qualified as a Chartered Accountant (Australia). He is a Fellow Member of the Institute of Chartered Accountants, Australia, Member of The Malaysian Institute of Accountants, Fellow Member of the Institute of Chartered Secretaries and Administrators and Honorary Member of The Institute of Internal Auditors, Malaysia.

Dato' Azlan has attended all five meetings of the Board of Directors of the Company held during the financial year ended 31 December 2020.

Please refer to page 183 of this Annual Report for his securities holding.

### TAY KHENG CHIONG

***Group Managing Director***  
***Malaysian, Male***

Tay Kheng Chiong, aged 57, was appointed as the Group Managing Director of D&O on 16 September 2004. He is a member of the Employees' Share Option Scheme Committee.

Mr. Tay graduated from the University of Sunderland, England with a Bachelor of Engineering (Honours) degree majoring in Electrical and Electronics in 1989. Upon graduation, he joined a multinational semiconductor company in 1989 as a Product Development Engineer and was promoted to Senior Director of Opto Business Unit in 1999. In 1999, he obtained a Masters of Business Administration from the University of Stratchclyde, Scotland. He is a registered Chartered Engineer with The Institution of Engineering and Technology, United Kingdom. He has more than 30 years of experience in the opto semiconductor industry. With his sound technical background and vast experience in the opto semiconductor industry, his forte lies in the management of the overall operations, business development and strategic direction of the D&O Group.

Mr. Tay is also a Director and Deputy Chairman (Non-Executive) of Mega First Corporation Berhad ("MFCB"), a company listed on Main Board of Bursa Malaysia.

Mr. Tay has attended all five meetings of the Board of Directors of the Company held during the financial year ended 31 December 2020.

Please refer to page 183 of this Annual Report for his securities holding.

## PROFILE OF DIRECTORS

(CONT'D)

### CHEAM DAU PENG

**Executive Director**  
**Malaysian, Male**

Cheam Dau Peng, aged 68, was appointed as an Executive Director of D&O on 16 September 2004. Mr. Cheam is a member of Employees' Share Option Committee.

Mr. Cheam started his career as a Production Supervisor with a multinational semiconductor company immediately after he completed his secondary school education. Backed by more than thirty (30) years of experience in the semiconductor industry, he has vast hands-on experience in plant operations. Mr. Cheam has been playing an active role in the growth and expansion of the D&O Group since 2001.

Mr. Cheam has attended all five meetings of the Board of Directors of the Company held during the financial year ended 31 December 2020.

Please refer to page 183 of this Annual Report for his securities holding.

### GOH NAN YANG

**Non-Independent and**  
**Non-Executive Director**  
**Malaysian, Male**

Goh Nan Yang, aged 57, was appointed as a Non-Independent Non-Executive Director of D&O on 16 September 2004. He is the Chairman of the Remuneration Committee and also a member of the Nomination Committee.

Mr. Goh graduated from the University of Toledo with a Bachelor of Science (Honours) degree in Engineering. He joined a public listed company after graduation, during which period he was involved in several major infrastructure and housing projects. In the mid-1990's, he left employment and started his own business in property development and manufacturing activities in Melbourne, Australia. Since then, his business has diversified into hospitality and student education ventures.

Mr. Goh also sits in the board of MFCB. He holds directorships in several private limited companies in Malaysia and overseas as well.

Mr. Goh is deemed to be interested in various transactions between D&O Group and MFCB Group by virtue of his common directorships and deemed substantial shareholding in D&O and MFCB.

Mr. Goh is the brother-in-law of Madam Lim Yam Chiew. Madam Lim is a deemed substantial shareholder of the Company.

Mr. Goh has attended all five meetings of the Board of Directors of the Company held during the financial year ended 31 December 2020.

Please refer to pages 183 and 184 of this Annual Report for his securities holding.

## PROFILE OF DIRECTORS

(CONT'D)

### YEOW SEE YUEN

**Independent and Non-Executive Director**  
**Malaysian, Male**

Yeow See Yuen, aged 53, was appointed as an Independent Non-Executive Director of D&O on 4 February 2009. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Yeow holds a first class honours degree in Accountancy from the National University of Singapore. He started his career with Cooper & Lybrand in Singapore in the audit division. He left the firm in 1994 to join Deutsche Securities Asia Limited ("Deutsche Securities") where he spent 9 years working in the Equity Research Department. During the period, he progressed through a series of positions including Deputy Head of Indonesia Research, Head of Malaysian Research and Head of Consumer Research Asia. Since leaving Deutsche Securities in 2003, he has been actively involved in investment banking related work, including investor relations corporate advisory and research consultancy.

Mr. Yeow is presently an Independent Non-Executive Director of MFGB and holds directorships in several private limited companies incorporated in Malaysia and overseas.

Mr. Yeow has attended all five meetings of the Board of Directors of the Company held during the financial year ended 31 December 2020.

Please refer to page 183 of this Annual Report for his securities holding.

### WONG MENG TAK

**Senior Independent and Non-Executive Director**  
**Malaysian, Male**

Wong Meng Tak, aged 73, was appointed as an Independent Non-Executive Director of D&O on 16 September 2004 and appointed as the Senior Independent and Non-Executive Director on 8 April 2013. Mr. Wong is the Chairman of the Audit Committee and Nomination Committee.

Mr. Wong obtained a Bachelor of Arts (Honours) degree majoring in Economics from the University of Malaya in 1971. He began his career in 1971 with The Hongkong And Shanghai Banking Corporation Ltd. Malaysia and held various positions within the bank. In 2002, he retired from the Bank as Senior Manager of Regional Credit.

Mr. Wong has attended all five meetings of the Board of Directors of the Company held during the financial year ended 31 December 2019.

Please refer to page 183 of this Annual Report for his securities holding.

## PROFILE OF DIRECTORS

(CONT'D)

### JESPER BJOERN MADSEN

**Independent and Non-Executive Director**  
**Danish, Male**

Jesper Bjoern Madsen, aged 67, was appointed as an Independent Non-Executive Director of D&O on 21 August 2014. He is a member of Audit Committee and Remuneration Committee of D&O.

Mr. Madsen obtained a Master degree in Law from Copenhagen University, Denmark and later studied Scottish/English Law at the University of Edinburgh, Scotland.

Mr. Madsen has been working with the Carlsberg A/S Group for over 20 years. He was the senior vice president of Carlsberg Breweries A/S with responsibility for Asia, among other markets. Mr. Madsen was during his tenure as the said Senior President also a Non-Executive Chairman, Non-Executive Vice Chairman or Non-Executive Director in a number of Carlsberg's subsidiaries in Asia. He has vast experience in overseas investments and markets.

Mr. Madsen has attended four out of five meetings of the Board of Directors of the Company held during the financial year ended 31 December 2020.

Please refer to page 183 of this Annual Report for his securities holding.

### GOH CHIN SAN

**Non-Independent and Non-Executive Director**  
**Malaysian, Male**

Goh Chin San, aged 27, was appointed as a Non-Independent Non-Executive Director of D&O on 24 August 2020. He is a member of the Employees' Share Option Scheme Committee of D&O.

Mr. Goh graduated from the University of Pennsylvania with a Bachelor of Mathematics and Economics degree. He started his career with Pricewaterhouse Coopers Singapore specialising in Mergers and Acquisitions Strategy from year 2016 to 2018. He then left and is currently a Business Development Manager with Mega First Corporation Berhad.

Mr. Goh is the son of Goh Nan Kioh. Goh Nan Kioh is a substantial shareholder of the Company.

Mr. Goh has attended all Board of Directors meetings of the Company that he is eligible to attend held during the financial year ended 31 December 2020.

#### Notes:

- Save as disclosed above, none of the Directors holds directorship in public companies and other listed issuers.
- Save as disclosed above, none of the Directors have any family relationship with any Director and/or major shareholder of the Company.
- None of the Directors of the Company has been convicted of any offence within the past five (5) years other than traffic offence, if any.
- The Group has entered into recurrent related party transactions and/or related party transactions with parties in which the Directors of the Company, namely Tay Kheng Chiong, Cheam Dau Peng, Goh Nan Yang and Goh Chin San have direct or indirect interest in the transactions presented in Note 34 in the accompanying Financial Statements. Save as disclosed above, none of the other Directors have any conflict of interest within the Group.

## PROFILE OF KEY SENIOR MANAGEMENT

### LOW TEK BENG

**Dominant's Chief Operating Officer  
Malaysian, Male**

Low Tek Beng, aged 50, joined Dominant Opto Technologies Sdn Bhd on 1 May 2001 as the Director of Research and Development with the responsibility of overseeing the entire R&D of Dominant. He is also one of the co-founders of Dominant.

Mr. Low obtained his first class honours Bachelor of Mechatronic degree from the University of Leeds, United Kingdom in 1994. He began his career in that same year with a multinational semiconductor company as a Product Development Engineer and was subsequently promoted to Product Development Manager before he left the company in 2000.

Mr. Low currently is the Chief Operating Officer in Dominant, responsible for all manufacturing operations, engineering, global sales, marketing and product development activities.

In addition, Mr Low is also the Managing Director for Dominant Electronics Sdn Bhd and Dominant Technologies Sdn Bhd.

### SIAY SAY FEI

**Dominant's Vice President  
Quality Assurance  
Malaysian, Male**

Siay Say Fei, aged 52, was appointed as Vice President Quality Assurance of Dominant Opto Technologies Sdn. Bhd. on 1st July 2015. Mr. Siay graduated from the Queen's University of Belfast, United Kingdom with Master of Science in Manufacturing Systems Engineering in 1994.

He began his career with SIEMENS Component Sdn Bhd in 1994 as Process Engineer. In 1997 - March 2001, he joined ON Semiconductor Corporation (formerly a division of Motorola) as Project Management and Total Productive Maintenance Manager, where he was involved in phase in New Product Introduction to production. Subsequently he joined Dominant Opto Technologies Sdn. Bhd. on 1st April 2001 as Senior QA & Purchasing Manager. He has more than 25 years of experience in the semiconductor industry.

### LEE HAN YUNG

**Group Financial Controller  
Malaysian, Male**

Lee Han Yung, aged 41, was appointed as the Group Financial Controller in March 2010. He is responsible for the overall finance and accounting matters of D&O Group, including assisting Group Managing Director to execute Risk Management Policy, implementation of internal controls and participate in investor relation activities.

Mr. Lee holds a first class honours degree in Accountancy from Multimedia University. He joined Omega Semiconductor Sdn Bhd in 2004 as an Accounts Executive and subsequently promoted to Financial Controller in 2007. He has over 16 years of experience in finance and accounting especially in the semiconductor industry.

## PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

### VISHALINI SANKARAN

**Senior Human Resource Manager**  
**Malaysian, Female**

Vishalini Sankaran, aged 44, was appointed as the Senior Human Resource Manager with a sub division of responsibility over the plant's security department on 1 December 2015. Ms. Vishalini graduated with a Bachelors of Science Honors Degree majoring in Psychology from Upper Iowa University, United States of America. She further pursued her Masters in Managerial Psychology from HELP University and is a member of the American Psychology Association (APA).

Vishalini Sankaran was the outgoing Vice President of Malaysian Employer's Federation (MEF) Negeri Sembilan branch before relocating to Melaka. Her 20 years' career spans from being the HR and Training Manager at the Shangri-La Hotels & Resorts, Senior HR Manager at Johnson Matthey Sdn Bhd and finally with Dominant Opto Technologies Sdn. Bhd. People Development being her forte, she is a certified master trainer for all the Development Dimension International (DDI) programs as well as honored the Blue Sapphire Trainer under the Certified Hospitality Trainer establishment.

#### Notes:

- *None of the Key Senior Management of the Group holds any directorship in public companies and other listed issuers, have any family relationship with any Director and/or major shareholder of the company, nor any personal interest in any business arrangement involving the Group.*
- *None of the Key Senior Management of the Group has been convicted of any offence within the past five (5) years other than traffic offence, if any.*

# SUSTAINABILITY STATEMENT

## Introduction

The Board is pleased to present this Sustainability Statement for the financial year ended 31 December 2020 prepared pursuant to paragraph 29 of Part A of Chapter 9 - Appendix 9C and Part III of Practice Note 9 of Main Market Listing Requirements (“MMLR”) of Bursa Securities Malaysia Berhad (“Bursa Malaysia”). The Board recognises the importance of embedding sustainability practices and values into our business operations and is aware that businesses are not judged solely on its financial performance but also on its conducts in respect of governance, economic, environment and social aspect with the ultimate goal of creating long term sustainable value to its stakeholders.

This Statement covers the Group’s economic, environmental and social management and performance across all business operations in Malaysia including the activities carried out during the financial year ended 31 December 2020 and up to the date of this Statement. The Board has adhered the Statement to define stakeholder engagement, materiality assessment, sustainability commitment and achievement, and the assessment of the Group’s management and performance on significant economic, environmental, and social impact.

## Scope of the Statement

The contents of this Statement primarily include activities carried out during the financial year ended 31 December 2020 and up to the date of this Statement. This Statement covers the Group’s economic, environmental and social management and performance of the Company, Dominant Opto Technologies Sdn Bhd and Dominant Electronics Sdn Bhd. (collectively called “Dominant”). Our disclosure is limited to the Group’s selected domestic operations as it represents a major portion of the Group’s operation. The Board has adhered the Statement to define stakeholder engagement, materiality assessment, sustainability commitment and achievement, and the assessment of the Group’s management and performance on significant economic, environmental, and social impact.

The disclosures of the corporate governance practices and compliance with relevant provisions and requirements per MMLR and Malaysia Code on Corporate Governance 2017 are made in the Corporate Governance Overview Statement in the Annual Report and Corporate Governance Report 2020.

## Sustainability Principles

The Board assumes the ultimate accountability for the integration of sustainability in the Group, including sustainability-related strategy and performance. The sustainability principles instilled by the Board are:

- To observe and comply with all relevant legislation, regulations, recommended trade practice and code of practice applicable and relevant to the Group;
- To consider sustainability matters and integrate these considerations into the Group’s business operations and when making and implementing business strategies;
- To manage sustainability matters in structured and systematic manner, whereby sustainability matters are embedded throughout the Group and to be documented, continuously assessed and managed with reporting to the Board on scheduled interval or as and when the materiality of the sustainability matters requires such reporting;
- To continuously promote, train and communicate with all employees, suppliers, business partners and other relevant stakeholders to ensure that they are aware of, and are committed to, implementing and measuring sustainability activities as part of the Group’s or their strategy, taking into consideration economic, environment, social and governance aspects;
- To continuously engage and communicate with all relevant stakeholders for the identification, assessment and management of material sustainable issues; and
- To strive to improve the Group’s sustainability performance over times.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Policy



The Group's Sustainability Policy is guided by the 17 Sustainable Development Goals ("SDGs") developed by the United Nations to address a range of social and economic development issues such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice. Included in the Sustainability Policy, inter-alia, are the governance structure and structured sustainability assessment process approved by the Board. Dominant's vision is to be the No.1 solution provider for opto semiconductors product and its mission is to provide design innovation and high quality opto semiconductors products, contributing towards a greener world.

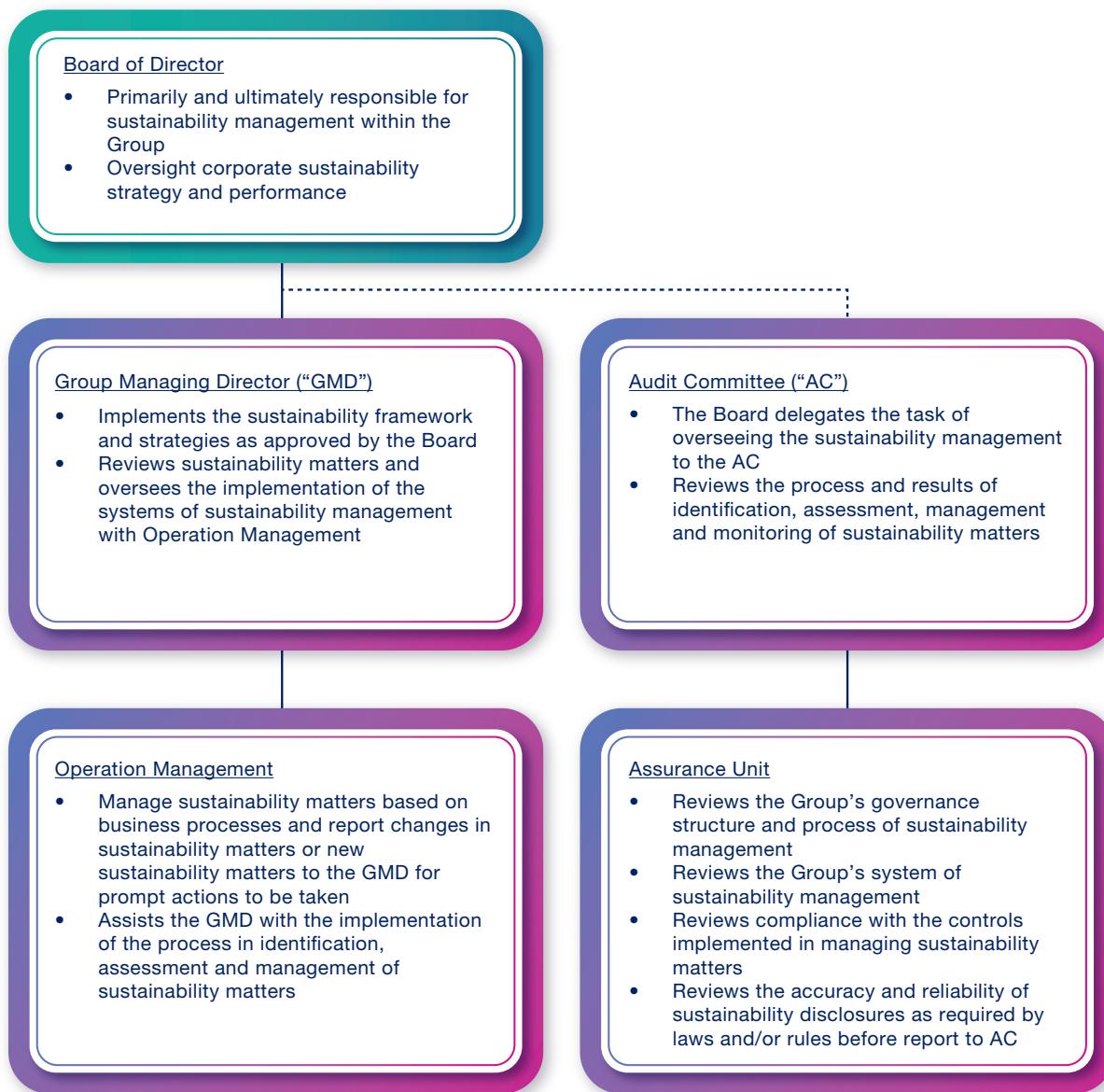


Source: United Nations

# SUSTAINABILITY STATEMENT

(CONT'D)

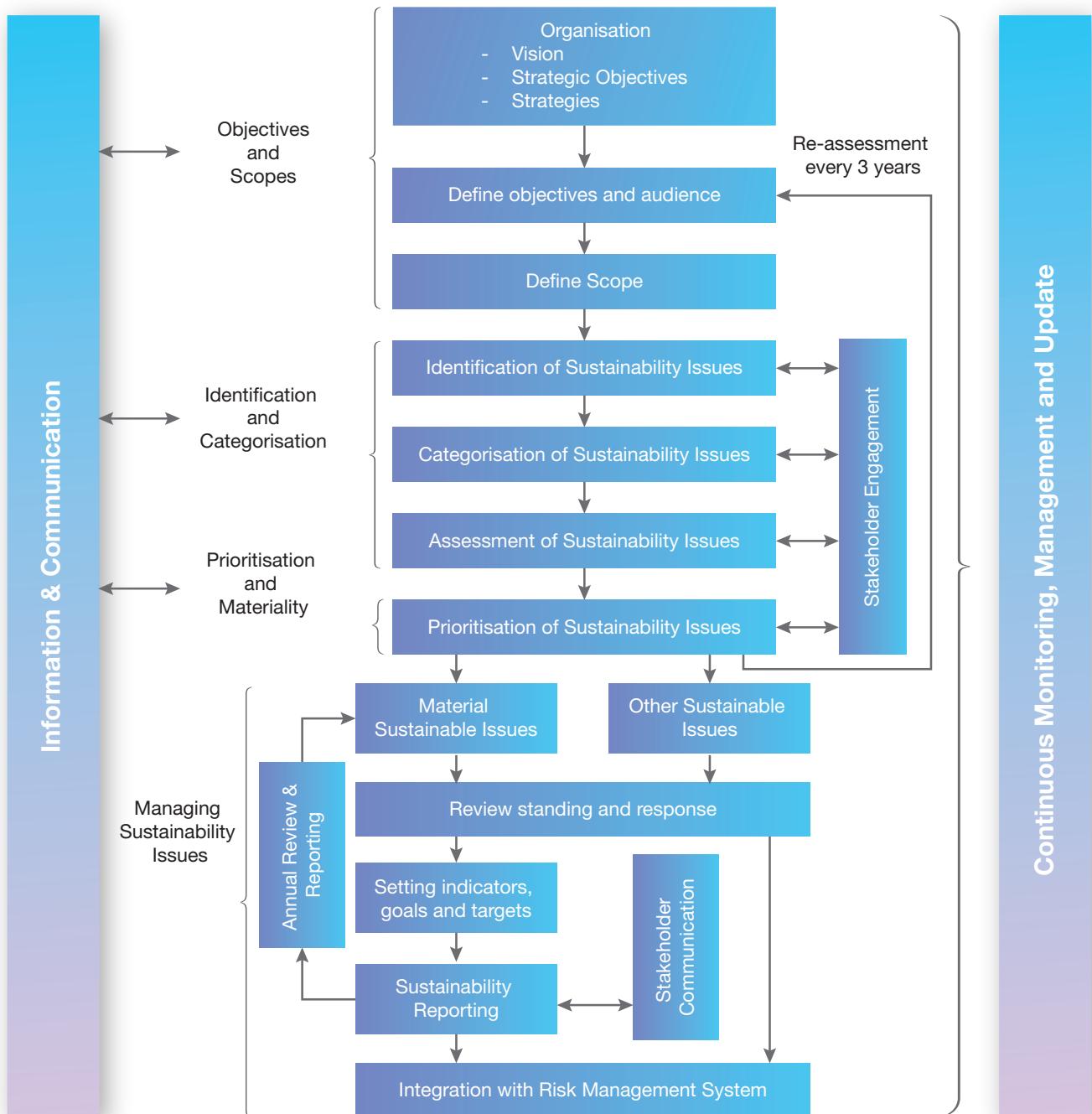
## Governance Structure



# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Assessment Process



# SUSTAINABILITY STATEMENT

(CONT'D)

## Stakeholders' Engagement

A stakeholder is a party that has an interest in a company who can either affect or be affected by the business. During the financial year under review, Heads of Department/Division relied on formal channel of communication (such as Annual General Meeting, employees' performance appraisal, corrective action report, etc), supported by informal channels (such as meetings and face-to-face communication) to engage with the stakeholders.

Stakeholder Group	Engagement Objective(s)	Type of Engagement
Customer	To improve customer's satisfaction	Customers' Audit, Corrective Action report, meetings, Customer's Evaluation, electronic mail system and Code of Ethics and Conduct
Suppliers	To ensure sustainable supply of quality services and materials	Supplier's Assessment and Appraisal, meetings, Corrective Action Report and Code of Ethics and Conduct
Employee	To retain competent employees and contractors	Employees' survey, employees' dialogue, annual appraisal and electronic mail system
Government & Regulators	To ensure full compliance with relevant laws and regulations and continuous support from the Government	Official submission, official letter, public dialogue, public announcement, meetings and electronic mail system
Investor	To build up investor confident level in order to continue receive support/ cooperative from investors	Annual report, general meetings, shareholders' dialogue, analyst briefings press release and public announcements
Board of Director	To align business strategy with sustainable practices	Board of Directors meeting and Committee meetings
Financial Institution	To ensure continuous financial support & sufficient banking facilities from financial institutions	Annual report, press release, public announcements, meeting, official submission and electronic mail system
Local Society	To create positive image and awareness to the public	Corporate social responsibility, meeting and press release
Media	To build positive image to the Group	Press conference/release and interview/visit
Industry Peers	To ensure business operation in line with the industry practice and law	Participation in trade associations, newsletters and meetings

## Sustainability Management Activity and Material Sustainability Matters

During the financial year under review and up to the date of this Statement, the Group had re-assessed the sustainability matters to ensure relevancy by performing the following activities in relation to the identification, management and reporting of sustainability matters and performance:

- Identification of the internal and external stakeholders' influence over and dependence on the Group through Stakeholder's Mapping.
- Stakeholders identified by Heads of Department/Division were assessed and prioritised for its degree of influence over and dependence on the Group based on the agreed upon criteria and rating scale.
- Heads of Department/Division performed identification of sustainability matters through stakeholders' engagement such as direct communication with the relevant stakeholders.
- Heads of Department/Division performed internal materiality assessment by using predetermined criteria and rating scale consistent with the impact rating of risk management to prioritise the sustainability matters and to determine the significance of the sustainability matters from the Group perspective.

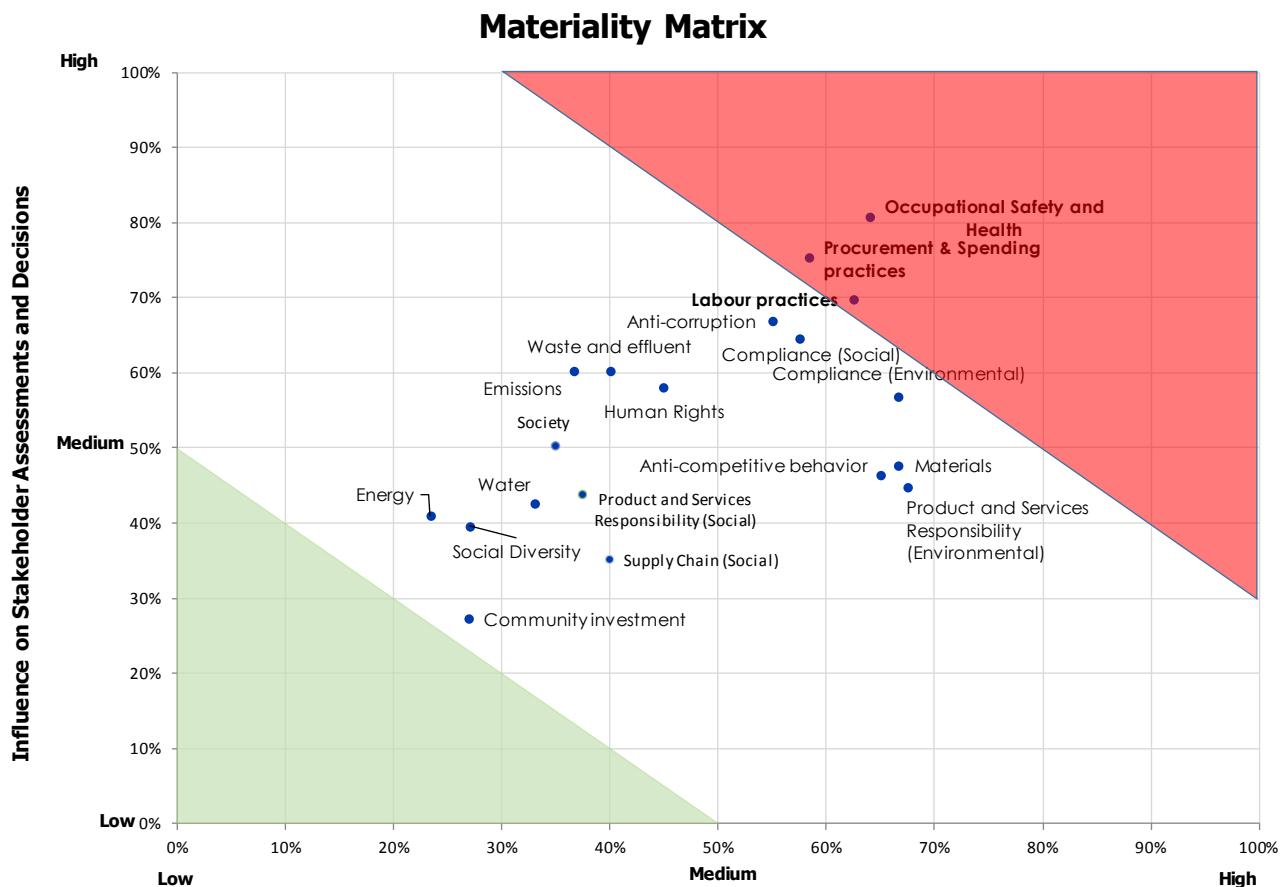
# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

- Subsequently, the degree of significance of the sustainable matters to influence on the assessment and decision by stakeholders were performed through informal stakeholders' engagement such as direct communication with the stakeholders by Heads of Department/Division.
- The results of the Stakeholder Prioritisation exercise, internal materiality assessment and degree of significance of the sustainable matters to influence on the assessment and decision by stakeholder were used to identify and prioritise sustainability matters by Heads of Department/Division. An identified sustainability matter is considered to be material by Heads of Department/Division if it is above the material threshold established by the Board. The results of the sustainability assessment were subsequently fed into the risk management system as part of the systematic risk management employed by the Group.
- The process employed and results of the sustainability assessment together with the identified material sustainability matters were submitted to the GMD for review and subsequently tabled to the Audit Committee for its review and deliberation before it was reported to the Board.

The overview of Dominant's sustainability matters is illustrated below and the Board has identified occupational safety and health, procurement and spending practices and labour practices as our material matters. It is not surprising that two of the material sustainability matters relates to employees as the Group considers employees as our most valuable long-term assets.



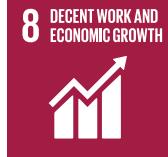
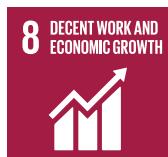
## Significance of Group's Economic, Environmental and Social Impacts

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

The table below summarises the details of the material sustainability matters. In response to the ongoing worldwide COVID-19 pandemic, the risk of non-compliance with Prevention and Control of Infectious Diseases Act 1988 and Health Ministry of Malaysia Standard Operating Procedure have been added into the risk register:

Sustainability Matters	Definition	Aspect Boundary		Relevant SDG Goals	Corresponding Risk Register
		Internal Stakeholders	External Stakeholders		
Occupational Safety and Health (Social)	Anticipation, recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers and stakeholders	Investors, Board of Directors and Employees	Customers, Supplier, Government & Regulators, Financial Institutions, Local Society, Media and Industry Peers	 3 GOOD HEALTH AND WELL-BEING  8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> <li>Industrial accident and fire risk</li> <li>Risk of non-compliance with Prevention and Control of Infectious Diseases Act 1988 and Health Ministry of Malaysia Standard Operating Procedure</li> </ul>
Procurement and Spending Practices (Economic)	Spending on local suppliers at significant location of operations	Investors and Board of Directors	Customer, Supplier, Local Society, and Industry Peers	 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	<ul style="list-style-type: none"> <li>Loss of key suppliers</li> <li>Raw material shortages</li> </ul>
Labour Practices (Social)	Fair treatment of employees in regard to terms and conditions of employment and developments of employee's skills and knowledge	Investors, Board of Directors, Employees,	Customers, Government & Regulators, Local Society	 5 GENDER EQUALITY  8 DECENT WORK AND ECONOMIC GROWTH	<ul style="list-style-type: none"> <li>Loss of key / skilled staff</li> </ul>

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### A) Occupational Safety and Health (Social)

A safe and healthy workplace is not only the fundamental right of the employees but also to relevant stakeholder groups, such as customers, suppliers and contractors. It is the Group's priority to take the responsibility to maintain a productive workplace by minimising the risk of accidents, injury, infection and exposure to health hazards.

The environment, health and safety management at workplace is managed by the Environment, Health and Safety Committee ("EHS Committee") (made up of representatives from the Management and the employees) in compliance with *Environmental Quality Act 1974* (Regulations, Rules and Orders), *Occupational Safety and Health Act 1994*, and *Factories & Machinery Act 1967* (and its orders and regulations) and guided by the Safety and Health Policy established by the EHS Committee and approved by the Management. The responsibilities of EHS Committee includes identification of anticipated hazards, assessment of corresponding risks to safety and health and formulating controls to eliminate such hazards or control risks. Safety and health rules and regulations are established to ensure the operational activities are carried out in a manner to comply with the legal requirements and to minimise occurrence of industrial accidents.

Qualified Safety and Health Officer ("SH Officer") is employed by the Group to oversee due observance of safety and health rules and regulations established at workplace and to promote safe environment and healthy conducts at workplace. With support from Human Resource department, awareness programmes for safety and health are also established and implemented to ensure that all relevant stakeholders are competent to uphold the safety and health during the execution of their duties and responsibilities. To ensure our readiness in handling unfortunate event, Emergency Response Team Members carried out drills and practices regularly to ensure that such unlikely incident is handled satisfactorily and promptly to minimise damage to the properties and people.



Safety training activities in Dominant

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### A) Occupational Safety and Health (Social) (Cont'd)

At operational level, GMD led in driving the improvement in the safety and health workplace with weekly meeting with Heads of Department/Division to brainstorm on potential enhancement in safety and health practices within the factory. Safety & Health (including COVID-19 prevention measures) notices/signboards and indicators are placed at strategic and hazard-prone locations as well as on production equipment to convey safety messages and to prevent potential hazard to the customers, employees, suppliers, contractors and other visitors. All plant facilities, machineries & equipment's are well maintained with schedule maintenance & service by employees and to a certain extent by professional service providers to ensure no breakdown or interruption on the plant wide operations and to ensure the equipment is safe for usage. Hazard Identification & Risk Assessment Control Point is in place with the safety measures control hierarchy adopted by the Management to minimise the hazard and risk exposure to all stakeholders. Door access controls were installed at all restricted areas to prevent unauthorised access while security guards are employed and deployed at important safety control points in the factory to ensure general safety of our stakeholders within our premise. Strategic locations at our factory are monitored through closed-circuit television system connecting to the surveillance control room. Firefighting protection systems were installed throughout the plant and are inspected and audited on the functionality & effectiveness with the clear escape route displayed at strategic locations. The fire alarm system comes with additional mobile notification alert to relevant EHS employee should the system detects any fire incident. Further measures on proper storage of flammable materials in dedicated areas, regular safety inspection of electrical wiring and cables and prohibition of smoking at workplace (except in dedicated smoking areas) are implemented to reduce the likelihood of fire hazard.

With the above operational controls, there was no fatal injury reported during financial year ended 31 December 2018 through financial year ended 31 December 2020.

There was neither legal action taken nor any fine or monetary sanction imposed against the Group in relation to occupational safety and health aspects from financial year ended 31 December 2018 to financial year ended 31 December 2020.

In view of the on-going COVID-19 outbreak, Management has imposed precaution steps that are improved from time to time to safeguard the safety and health of our employees and visitors which include:

- a) imposing business trip control including domestic travels and for employee who returned from high risk countries will be required for self-quarantine and work from home for a period of 14 days,
- b) restricting visitors from high risk countries and/or around Malaysia into Dominant's premises. Visitors are required to declare the countries and/or local area that they visited for the past 14 days,
- c) requiring all employees and visitors to have temperature check, scanning the Mysejahtera apps (an app created by Government of Malaysia to collect check-in location data that helps in managing COVID-19 outbreak) and sanitising their hands before entering the factory premises,
- d) providing sanitisers at key locations of the factory and office,
- e) sharing with the employees and visitor on the best practice for personal hygiene such as washing or sanitising their hands frequently, encouraging employees to sanitise their hands after lunch, practise distancing control and wearing mask in factory premises,
- f) sanitising high human interaction area in the factory including all meeting rooms and common areas,
- g) wiping of the cafeteria and canteen with disinfectant after every break session,
- h) sanitising items that moved into the factory,
- i) temporarily suspending all sports related activities paid by Dominant such as gym, badminton and futsal sessions,
- j) advising employees to avoid areas of gatherings or congregations with huge attendees,
- k) implementing alternate working days for support departments in order to minimise the number of employees present at the workplace,
- l) sanitising buses and chartered transportation to transport employees,
- m) installation of flexi-boards on canteen tables to minimise interaction between employees during break times,
- n) installation of acrylic dividers on meeting tables, office tables, and at the reception counter,
- o) restricting employee movement between Plants,
- p) encouraging virtual meeting to reduce traveling and personal interaction,
- q) placing distancing marking at required places and spot check will be carried to ensure distancing control is adhered to,
- r) requiring employees to report to Human Resource Department immediately for further action if the employees have been in close contact with suspected COVID-19 patient,
- s) requiring employees to comply strictly to all the Government's COVID-19 directives since 18 March 2020,
- t) requiring employees to inform HR if there are violations to the relevant COVID-19 steps above, and
- u) distribution of re-usable facemasks to all employees for free of charge.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### A) Occupational Safety and Health (Social) (Cont'd)

Subsequent to the financial year, the Group implemented periodic COVID-19 swab test on all employees at the manufacturing plant to safeguard our employees from COVID-19 and the result of the test has been shared with the local health authorities as well as discussion with the local authorities for further improvement in safeguarding our employees.



*Distribution of re-usable facemasks*



*COVID-19 swab test on all employees*



*Distancing in prayer room with sanitisers*



*Key reminder for COVID-19 precaution at strategic location*



*Hand sanitiser at strategic location*



*Disinfection of plant and machinery*

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### A) Occupational Safety and Health (Social) (Cont'd)



### B) Procurement and Spending Practices (Economic)

In-line with sustainability spirit, the Group continues to engage local suppliers and contractors as far as possible. Local supply chain is the most ideal case not only for the growth of the local economy but also for the ease of access and communication and shorter response time. While local supply chain is preferred, the Group keeps in mind that supply chain stabilities play a major role in the manufacturing front. Local suppliers are not spared from stringent qualification process to ensure only qualified suppliers with acceptable materials and services are accepted by the Group while core materials with strict quality requirements are subjected to internal buy-off and customer qualification process. Key suppliers of the Group are subjected to annual appraisal system to ensure the suppliers are able to continue to deliver materials and services with acceptable quality and environmental standard.

Currently, Dominant has 959 local suppliers and contractors. When compared to 2019, the numbers of local suppliers and contractors increased by 11% in 2020. Despite our effort to engage local suppliers, many of the materials required in our production are of highly niche materials hence local suppliers for many materials are not available. The Management is committed to strengthen the local supply chain if the materials which abide to our required specifications are available locally while observing the pricing involved.

Number of suppliers	As At 31.12.18	As At 31.12.19	As At 31.12.20
Local	782	853	959
Foreign	290	338	335

### C) Labour Practices (Social)

Fostering excellent human resources remains a core focus of the Group to recruit and retain employees of high calibre as the Group aims to be an employer of choice. Through effective human resources strategies, the Group is committed in nurturing a diverse, competent and dedicated talent pool that will drive growth and add value to the Group.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### C) Labour Practices (Social) (Cont'd)

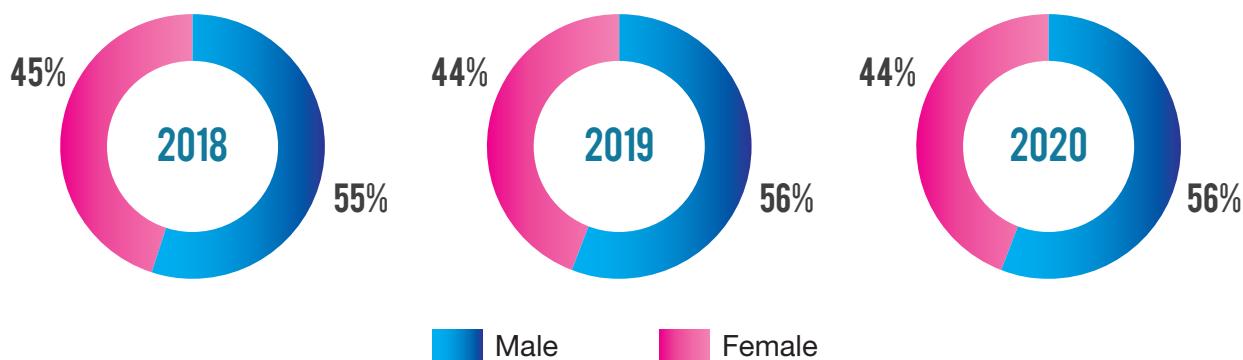
#### Fair Treatment of Employees

The management of human resources is embodied in the formal Code of Conduct and Human Resource Management policy whereby acceptable requirements of fair treatment of legitimate employees are specified for strict compliance. No discrimination of gender (including acts of sexual harassment), sexual orientation, race, religion, ethnicity, nationality, age, political affiliation, marital/pregnant and disable status is allowed and strict enforcement of no illegal and child labour in the work place.

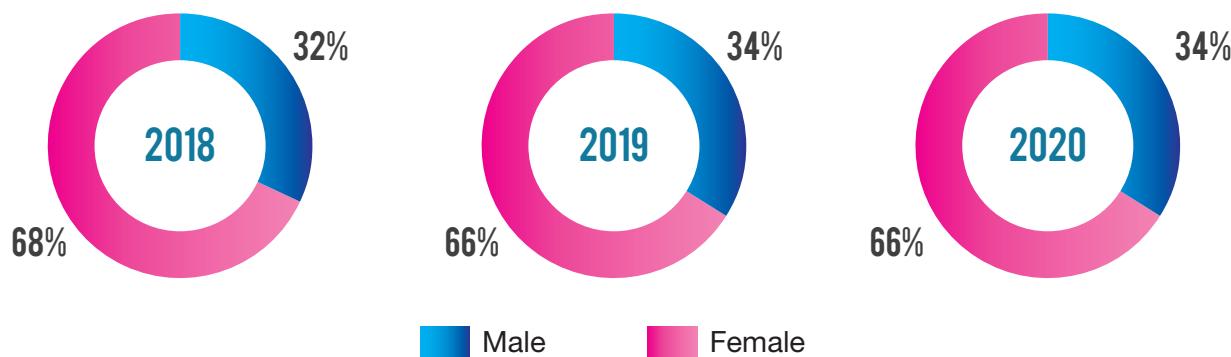
Dominant currently has 82 managerial positions and approximately a quarter of them are female leaders while 63% of the total employees are female. Although the female managerial ratio was maintained throughout the last three years, the Group will continue its effort to promote female leaders as and when such potential candidate(s) and position(s) is/are available.

#### Employee Diversity (Gender)

##### Executive



##### Non Executive



# SUSTAINABILITY STATEMENT

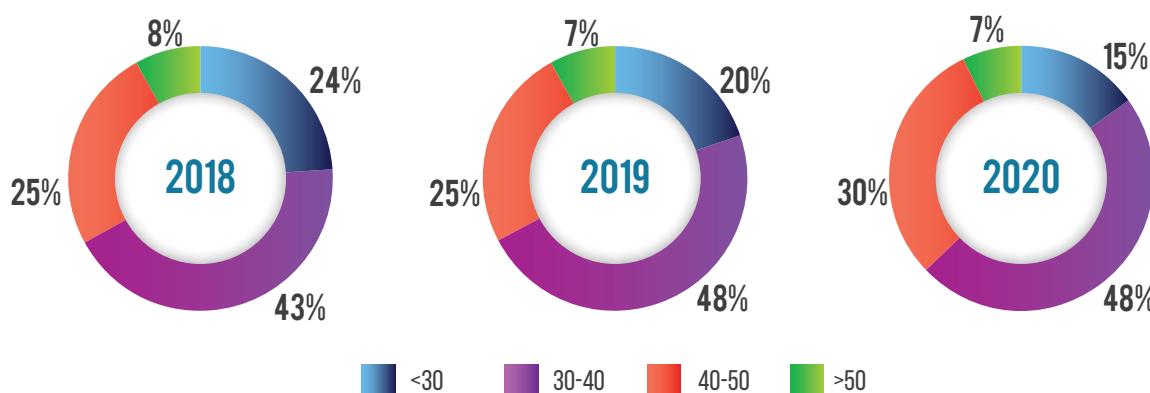
(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

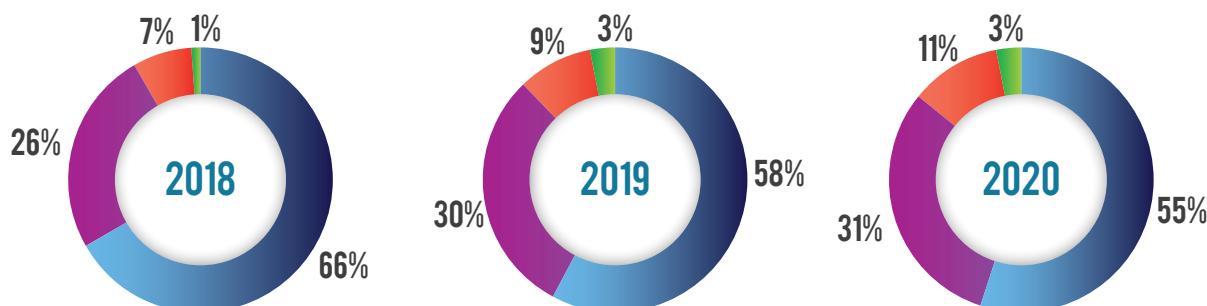
### C) Labour Practices (Social) (Cont'd)

#### Employee Diversity (Age Group)

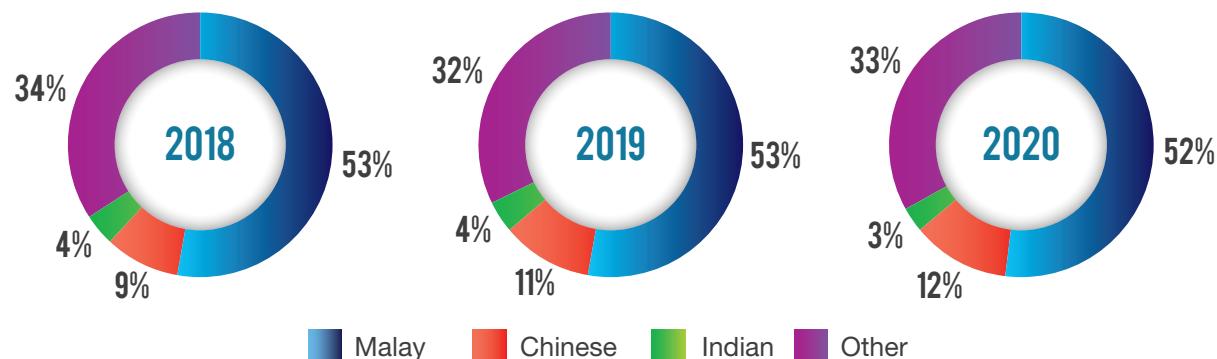
##### Executive



##### Non-Executive



#### Employee Diversity (Ethnicity)



Non-discrimination culture in Dominant is inclusive of Persons with Disabilities (Orang Kurang Upaya or OKU). As such, we have the Persons with Disabilities in our recruitment drive.

	2018	2019	2020
Number of disabled employees	5	4	4

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### C) Labour Practices (Social) (Cont'd)

#### Human and Labour Rights

The Group respects all forms of human and labour rights, and is committed to upholding and protecting our employees' rights, and treating employees with dignity and respect. We have Human Resource Policy that enshrines the following:-



The Group only hires foreign employees with legal work permits and abides strictly to the law that all employees are required to receive at least the minimum wage set by the local law. There will be no wage deduction imposed on disciplinary actions against employees in the event of any misconduct. All foreign employees are given a contract of employment and they are entitled to the same benefits as local employees. All foreign employees are granted freedom of movement and the Group does not withhold any foreign employee's passport/work permit.

The Group complies with all the applicable laws and regulations in the countries we operate as well as regulations governing key matters such as child labour. The Group communicates the Human Resource Policy, which includes the principle of respecting human rights, to our new and existing employees as well as to all our regional sales offices.

- Freely Chosen Labour

The Group does not use forced, bonded or involuntary labour and the Group also ensures that the overall terms of employment are voluntary. Employees are free to terminate their employment in accordance with the law and upon reasonable notice period. The employee is not required to pay any deposit upon being hired.

- Zero Tolerance to all types of Harassment

The Group prohibits mental or physical coercion, verbal abuse and corporal punishment as part of punishment. Harassment (including sexual, offensive gestures) or bullying in any form will not be tolerated. This has been communicated to all employees during our Orientation Program and it is stated in our Company Policy.

- Working Hours According to Local Law

The Group manage operations to ensure that the working hours complies with local laws and do not require employees to work more than the maximum daily hours set by local laws or work without adequate rest periods. Any work performed more than normal hours will be in voluntary basis by employees.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### C) Labour Practices (Social) (Cont'd)

#### Human and Labour Rights (Cont'd)

- No Discrimination

The Group is committed to equal employment opportunity and affirmative actions. Factors such as sex, race, color, religion, national origin, marital status, political affiliation, sexual orientation and disability plays no part in the Group's hiring decision, promotions, rewards and access to training.

- Freedom of Association

Employee has the freedom of association and the right to join or form trade union of their own choosing and to bargain collectively. Furthermore, employees are encouraged to communicate openly and share grievances with Management either through human resource department or through whistle blowing communication channel regarding working conditions and management practices without fear of reprisal, intimidation or harassment.

- Grievance Channel

A whistle-blowing mechanism has been put in place by the Board with serious effort being taken in communicating the whistle-blowing policy to all our employees. Specific grievance procedures are readily available as formal channel of reporting staff grievance(s) to the appropriate level of authority on labour practices, amongst others. A general email and whistle-blowing box was also set-up for whistle-blower to report any inappropriate ethical behaviours and workplace grievances. The confidentiality of the whistle-blowers identity is to be strictly maintained, unless prohibited by law. Privacy Policy was put in place to collect and manage confidential personal data collected from our stakeholders in compliance with Personal Data Protection Act 2010. There was no allegation received by Anti-Bribery and Corruption Committee (ABCC) or by Human Resource during the year.

- Wages & Benefits Comply with all Local Law

The Group provides compensation and benefits that are competitive and always strives to do beyond the minimum requirement by the Law for minimum wages, overtime hours and mandated benefit. The Group also provides employees with an understandable wage statement that includes sufficient information to verify accurate compensation for work performed in each pay period.

For the last 3 years, the Group recorded zero (0) cases on disputes of human and labour rights.

Human Rights and Labour Standards	Year 2018	Year 2019	Year 2020
Number of Child Labour Incidents	0	0	0
Number of Grievances about Human Rights	0	0	0
Number of Forced or Compulsory Labour Incidents	0	0	0
Number of Discrimination Incidents	0	0	0
Number of all types of Harassment Incidents	0	0	0
Number of not Complying with all Local Law for Wages & Benefits Incidents	0	0	0

There was neither legal action taken nor any fine or monetary sanction imposed related to labour practices from financial year ended 31 December 2018 to financial year ended 31 December 2020.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### C) Labour Practices (Social) (Cont'd)

#### Employment Benefits

Career scale system is also established for transparent career advancement visible to all employees and formal succession planning put in place so that the best talent available is trained and ready to assume the next position in their career path. Needless to say, the Group is in strict compliance of and to a certain extend practicing more advance than the relevant laws and regulations in relation to labour practices in the countries the Group have presence, such as minimum wages, statutory contributions, employment practices and safety and health practices.

The table below summarises some of Group's effort in promoting sustainable labour practices to all employees including foreign workers.

Sustainable labour practices	Mandated by Law	Extra Benefits Initiated by Company
Remuneration Package	<ul style="list-style-type: none"> <li>• Adhere to minimum wages or better</li> <li>• Overtime payment for employee work beyond 48 hours per week or 9 hours per day</li> <li>• Employees Provident Fund</li> <li>• Employment Insurance System</li> <li>• Human Resource Development Fund</li> <li>• Social Security Organisation</li> </ul>	<ul style="list-style-type: none"> <li>• 13<sup>th</sup> month salary</li> <li>• Bonuses such as <ul style="list-style-type: none"> <li>a) Performance Bonus (all employees will be entitled when there is an improvement in the current year performance)</li> <li>b) Conformance Bonus (employees with no disciplinary issue will be entitled)</li> <li>c) Margin Achievement Bonus (managers will be entitled when achieved current year targeted margin)</li> </ul> </li> <li>• Overtime payment will be computed for employees who work beyond 45 hours per week or in excess of 9 hours per day.</li> <li>• For operators' salary below RM2,400, he/she will be entitled higher overtime payout rate (1.7 times of hourly salary rate vs 1.5 times of hourly salary rate required by law) for normal working days and Saturday</li> <li>• Perfect attendance allowance (shift workers)</li> <li>• Scope allowance</li> <li>• Retention incentive for operator level (more than 2 years service)</li> <li>• Basic salary will be reviewed annually</li> <li>• Employees' share option was granted to the qualified employees according to bylaw</li> </ul>
Leaves	<ul style="list-style-type: none"> <li>• Minimum 10 days of public holidays</li> <li>• Minimum days of annual leave : &lt; 2 Years – 8 days  &gt; 2 Years – &lt;5 years – 12 days  &gt; 5 Years – 16 days</li> <li>• Maternity leave</li> <li>• Paid sick leave</li> </ul>	<ul style="list-style-type: none"> <li>• Gazetted 16 days Public Holidays</li> <li>• Annual leave provided: <ul style="list-style-type: none"> <li>- Employee work &lt;5 years employee will entitled for 12 – 15 days</li> <li>- Employee work &gt;5 years will entitled for 16 – 23 days</li> </ul> </li> <li>• Paternity leave 2 days</li> <li>• Compassionate leave entitled for 7 days</li> </ul>
Insurance		<ul style="list-style-type: none"> <li>• Group Hospitalisation and Surgery Insurance</li> <li>• Group Term Life Insurance</li> <li>• Group Personal Accident Insurance</li> </ul>

# SUSTAINABILITY STATEMENT

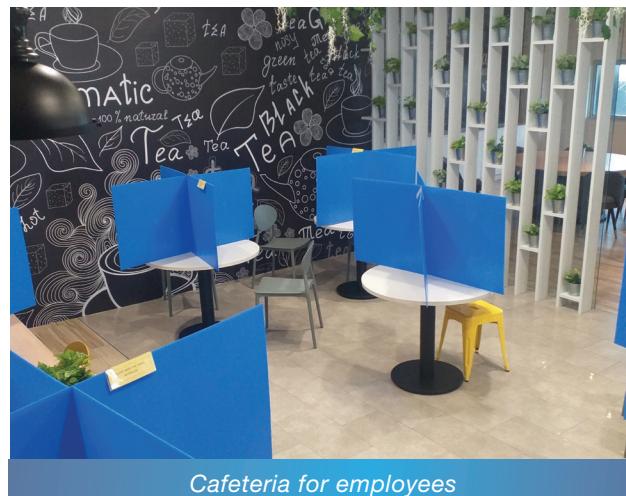
(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### C) Labour Practices (Social) (Cont'd)

#### Employment Benefits (Cont'd)

Sustainable labour practices	Mandated by Law	Extra Benefits Initiated by Company
Employee Health	Medical screening for foreign workers	<ul style="list-style-type: none"> <li>• Budget is allocated to:           <ul style="list-style-type: none"> <li>a) every employee for medical claim</li> <li>b) manager for medical screening</li> </ul> </li> </ul>
Work from Home Program		<ul style="list-style-type: none"> <li>• Office hour employees are practicing 50% rotation of attendance since second half of 2020. Work from home program allowed employees to be productive and fulfill their duties while being at home.</li> </ul>
Infrastructure	Muslim prayer room	<ul style="list-style-type: none"> <li>• There are dedicated parking spaces for pregnant &amp; disabled employees</li> <li>• Personal lockers</li> <li>• 24 hours canteen service</li> <li>• Mummy's nursing room</li> <li>• Hostel provided for foreign operators</li> <li>• Transport services</li> </ul>



Cafeteria for employees



Personal lockers



Mummy's nursing room



Dedicated parking spaces for pregnant & disabled employees

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### C) Labour Practices (Social) (Cont'd)

#### Employment Benefits (Cont'd)

Furthermore, working days and working hours are structured to take into consideration of the ethnic and religious needs of the workforce including worshipping hours.

The Group currently has 2 hostel locations and has adhered to all the hostel regulations stated by the Ministry of Human Resources, also known as Jabatan Tenaga Kerja (JTK) in Malaysia. Besides that, the Group is in the process of purchasing a third hostel location for our employees. This is to further improve and adhere to segregation and proper distancing requirements of the employees at the hostel.

Details of the hostel amenities provided to Dominant's employees compared to JTK's requirement are shown below:

Category	JTK Requirement	Actual
Room space per employee	Minimum 3.6sqm	Average 4.64sqm
Toilet	1 Toilet – 6 people	Complied
Living room / hall	No specific requirement	Provided
Kitchen	No specific requirement	Provided
Place to dry clothes	No specific requirement	Provided
Bed	Minimum 1.7sqm	Complied
Mattress	Minimum thickness of 10.2cm	Complied
Pillow & blanket	No specific requirement	Provided
Cupboard	Minimum size of 0.35m (Length) X 0.35m(width) x 0.9m (height)	Complied
Dining table	No specific requirement	Provided
Gas stove	No specific requirement	Provided
Gas cylinder	No specific requirement	Provided
Fridge	No specific requirement	Provided
First aid kit	No specific requirement	Provided
Lighting	No specific requirement	Provided

#### Trainings to Employees

The Group believes that life-long learning and self-improvement are key to a healthy work culture that is abhorrent to potential corrupt practices. Hence, the Group focuses on talent development by instilling a culture of continuous improvement through various programmes which help employees to develop their full potential in their respective field of work. Among others, the Group has put in place a system of training needs-identification and future planning whereby all new employees are required to attend a special induction programme while existing employees is to undergo continuous learning to support their career development with emphasis on performance-enhancement. The learning can be inclusive of functional, on-the-job or people-based skills that are relevant to current or future job functions as part of the Group's succession planning to ensure that the best talent is available and ready to assume the next logical position in their career path.



Our Yearly Training Plan encompasses 4 main categories which are Quality, Environmental Management System, Technical and Non-Technical Trainings or Programmes. New recruits are assimilated to Dominant on their first day through a well-thought and impactful Orientation Day; introducing the new employees to Dominant, its product, rules and regulations, compensation and benefits and their safety responsibilities in the workplace.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### C) Labour Practices (Social) (Cont'd)

#### Trainings to Employees (Cont'd)

##### *Training and development programmes*

Programmes	Description
Orientation	The 1 day Orientation is the official starting point between Dominant and employee relationship. It is a process to welcome and introduce new employees to our company. The orientation day is managed by Human Resource Department and covers topics such Company Culture, Organisational Structure, Product, Quality & Environmental Policies, Policy, Rules & Regulations, Anti-Bribery & Corruption, Fair Competition, Safety, Compensation and Benefits.
On boarding Training	<p><b>Direct Labor</b></p> <p>All newly hired Direct Labor are trained by Process Training Supervisors and are certified according to their respective processes. The new direct labor undergoes Theory-On-Job Training covering topics such as Product Familiarisation &amp; Application, Processes, Standard Operating Procedure and Reject Criteria. This will be followed by Practical-On-Job Training which includes Hands-On Practice, Work-Instruction, Identification of Reject and Practicing Safety Aspects while working. Direct Labor are required to undergo Theory and Practical-On-Job Test to certify them to operate independently on the line upon passing the said tests.</p> <p><b>Indirect Labor</b></p> <p>New Indirect Staff are trained by the immediate superior within 3 months covering Quality Management System (Q.M.S), IATF 16949, Product Familiarisation and Manufacturing Processes. Evidence that the new indirect staff has been trained is captured in our Indirect Staff On-Job-Training Format.</p>
Quality, Environmental Management System, Technical and Non-Technical Trainings	Relevant employees are identified by the immediate superior to participate in Quality, Environmental Management System, Technical and Non-Technical Trainings or Programmes to fulfill key areas of employee performance gap, upskill employees to meet expected job responsibilities and accomplish business objectives through target-driven performance.
Career Development Programme (CDP)	The people employed at Dominant are its major asset, and the training and development of these human resources is a key investment strategy for individual and organisational success. Hence, we have introduced the CDP which enables our Operators to advance their career path to the level of Junior Technicians. This programme attracts and retains effective persons in our Organisation, utilise human resources optimally, improve morale and motivation level of employees, reduce employee turnover, practice a balanced 'promotion from within' policy, make employees adaptable to changes, increase employees' loyalty and commitment to the Dominant.
Industrial Internship Programme	It has been widely reported that higher learning institute graduates need to be better prepared for the workplace. So, what better way to do this than to let students experience doing real work while they are still studying? Dominant with its extensive experience and expertise in research and technological development, recruit internship students to undergo their industrial training through the Industrial Internship Programme. Through Industrial Training, students could develop their awareness on workplace behavior, appreciate and understand the practical application of their academic program, work with professional mentors and at the same time build up their interpersonal skills.

# SUSTAINABILITY STATEMENT

(CONT'D)

## Sustainability Management Activity and Material Sustainability Matters (Cont'd)

### C) Labour Practices (Social) (Cont'd)

#### Trainings to Employees (Cont'd)

As shown in the table below, the number of employees participated in trainings for the year 2020 decreased significantly due to COVID-19 pandemic. In order to encourage more participation in the training programmes, the Group has adopted online training as well as implementing stricter safety precautions for on-site training. The Group will also explore the possibilities of providing trainings by internal employees who are well versed in the relevant training subjects. With these measures, both on-site and work from home employees will have access to training at their convenience.



Staff orientation

Year	Manager	Non-Manager
2018	130	618
2019	187	523
2020	63	79

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year

### I. Economic

In order to support to the local economy where the Group is operating and to improve the knowledge of locals, it is the policy of the Group that recruitment of local employees shall be prioritised over foreign candidates. Our employee's referral reward system will be one of the recruiting mechanisms used to encourage our employees to refer their competent family members and friends to the Group.

Proportion of locals hired	2018	2019	2020
Experienced Employees	96.5%	88.2%	85.3%
Fresh Graduate	3.5%	11.8%	14.7%

On the forefront of managing COVID-19 business risk of the Group in order to cushion the risk of supply chain disruptions and loss of customers in the event of any unwanted situation, the Management has been monitoring the global pandemic progression, maintaining close communication with the customers and suppliers on any possible disruption to the supply chain, maintaining reliable second source for critical material suppliers and ensuring sustainable cash flow position.

	2018	2019	2020
<b>Key Material</b>			
LED Wafer	5	5	7
Leadframe	8	10	11
<b>Others</b>			
Renovation	1	2	2
Air Conditioner	2	2	4
Key Machines	7	9	11

Supply Chain Sustainability - Extract number of suppliers for key material and property, plant and equipment

# SUSTAINABILITY STATEMENT

(CONT'D)

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

### II. Environment

The Group, as one of the world leading light-emitting diodes ("LEDs") manufacturers offering high-performance and innovative light solutions for automotive market, is holding environment preservation closed to its heart. Dominant, the manufacturing arm of the Group, is accredited with *International Organization for Standardization ("ISO") 14001: 2015 - Environmental Management Systems* by SGS United Kingdom Ltd and SGS (Malaysia) Sdn Bhd. Dominant has a formal Environment Policy to convey its environmental commitment to all stakeholders and to align the organisational focus at all levels and its value chain participants at the environmental direction intended by the Management. The environment initiatives are led by the GMD and EMS Committee, assisted by qualified EMS Officer. They are entrusted with the duties and responsibility to promote environmental awareness and enhance the environmental preservation practices over times. Green practices are incorporated in the standard operating procedures and process specifications.

According to an article from ISO Committee, eight out 17 SDGs directly link to the focus of ISO 14001, such as those related to clean water and sanitation; affordable and clean energy; decent work and economic growth; industry, innovation and infrastructure; responsible consumption and production; climate action; life below water; and life on land. To ensure the effectiveness of the above guideline and procedure, continuous environmental preservation awareness trainings are provided by Dominant to all employees. To supplement the control system in relation to compliance to guideline and procedure per *ISO 14001: 2015 - Environmental Management Systems* accreditation, EHS Department is responsible and accountable for environmental compliances by carrying out compliance monitoring and measurement on all applicable legal requirements and other requirements in *Environmental Quality Act 1974* and its regulations.



ISO 14001 linkage to SDGs



ISO 14001:2015 certificate



SONY

2020 / 06 / 24

グリーンパートナー環境品質認定通知書

Notification of Green Partner Certification

# SUSTAINABILITY STATEMENT

(CONT'D)

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

### II. Environment (Cont'd)

#### Climate Change Action

In the push against climate change, the Group plays its role through its product sold worldwide, the LEDs. LED is a replacement light source that is environmentally friendly, contains no mercury or lead and it uses less energy than incandescent and energy-saving fluorescent lights. Due to low energy consumption, LED luminaires contribute the least amount of carbon dioxide ("CO<sup>2</sup>") into the atmosphere of all lighting sources.

In search for more initiatives against climate change, the Group explored multiple potential options in energy conservation initiatives such as:

- Use of LED lamps throughout the plant
- Replace conventional curing ovens to energy efficient high capacity oven
- Replace old non-efficient air compressor and vacuum system
- Install new energy saving inverter cooling system
- Use of glass window to invite natural light while reducing energy consumption on lighting in new factory cum office building
- Turn off office lights and air-conditioning during non-working hours
- Adopt paperless document handling

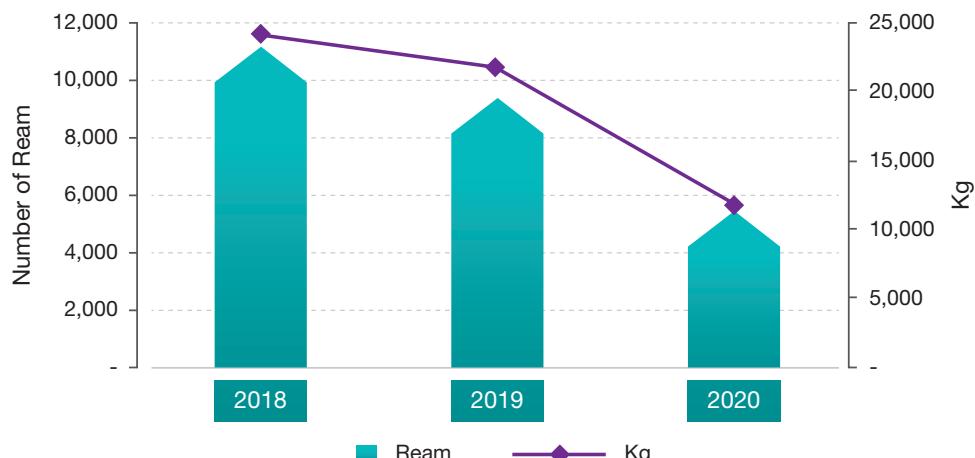
#### Paperless Operating Environment

A simple way to have a huge impact against climate change is through reducing paper consumption, by turning paper documents into electronic form. Consumption of paper contributes to climate change due to deforestation which reduces absorption of CO<sup>2</sup>. This makes us believe that reducing paper consumption is the right approach and many efforts had been carried out in Dominant's operation environment in promoting paperless working culture.

Operation	Paper Document (Before)	Paperless Approach (After)
Procurement	Budget approval Quotation Purchase Requisition ("PR") Purchase Order ("PO")	Electronic filing and online approval
Treasury	Employee Claim Form Payment Voucher	Electronic filing and online approval
Fax	Fax Documents	Fax document automatically convert to softcopy without printing
Documentation Control	Standard Operating Procedure	Electronic filing and online approval under Document Control System
Production	Production lot traveller with full tracking records	Tracking records will be kept in Lot Tracking System

Moving forward, the Group intends to continue to invest in paperless system across the wider scope of our operations.

#### A4 Paper Consumption



# SUSTAINABILITY STATEMENT

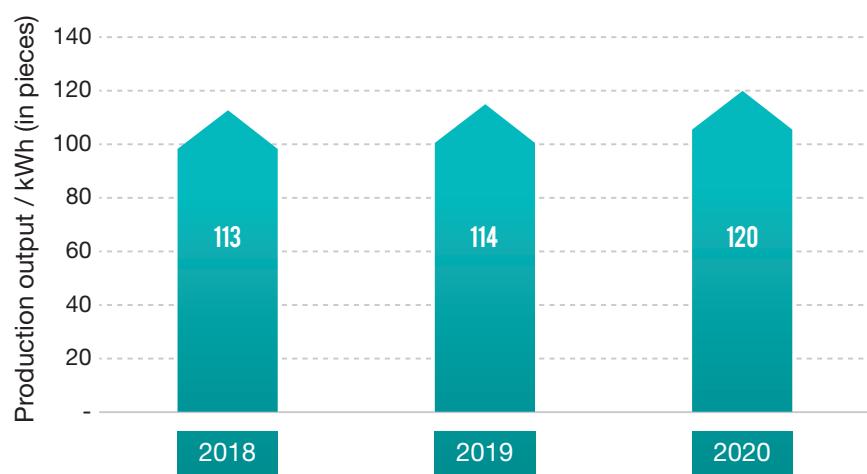
(CONT'D)

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

### II. Environment (Cont'd)

For the last three years, we have improved in the energy usage efficiency. These data were verified by a third party energy consultant and report to Suruhanjaya Tenaga.

**Energy Usage Efficiency**



# SUSTAINABILITY STATEMENT

(CONT'D)

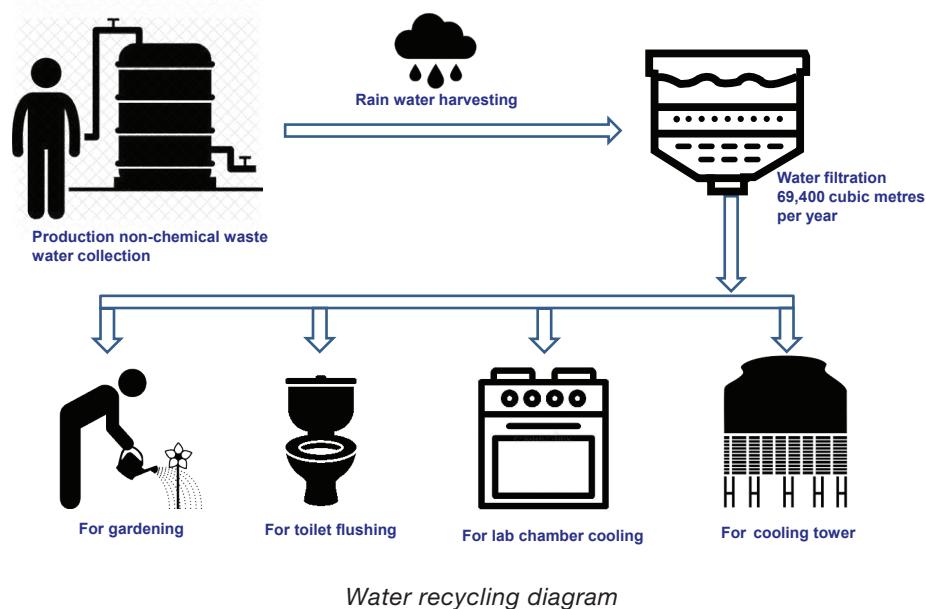
## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

### II. Environment (Cont'd)

#### Water Security

As disclosed in 2019 sustainability report, Dominant's manufacturing premise has adopted recycling water usage whereby water flushing system in washrooms within the factory was retrofitted to use treated clean water generated from effluent produced by the production process.

With improving recycling water quality, the treated clean water can be used for other additional purposes. Up to the date of this report, facility team has successfully retrofitted the heat control system for product reliability testing and cooling tower to use treated clean water collected from rain and production process instead of discharging to the general drain. Approximately 40% of the water usage for cooling tower comes from the treated clean water.



Water recycling diagram



Rain water collection piping



Rain water reservoir

To-date Dominant has recycled 13.5% of its total water usage from production and the Management targeting to recycle up to 20% of total water usage by production in the coming years.

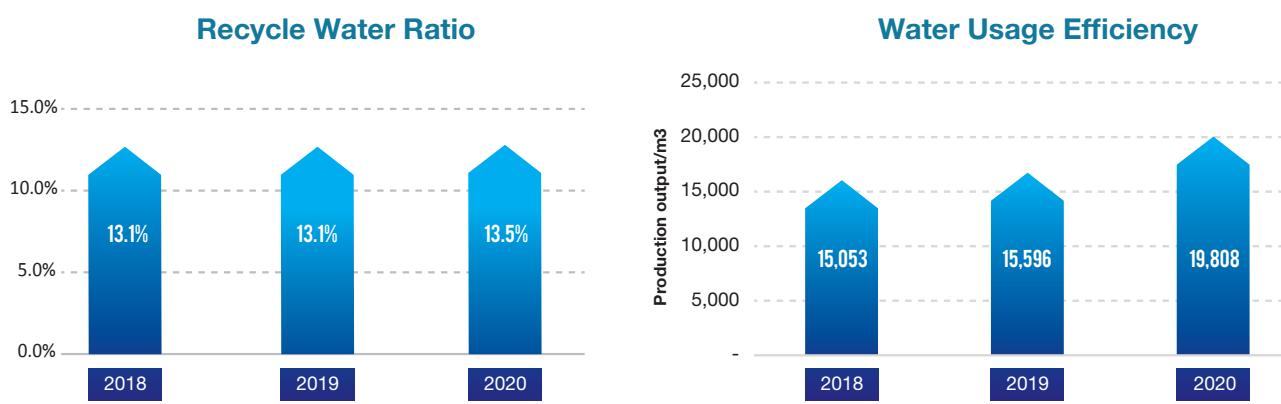
# SUSTAINABILITY STATEMENT

(CONT'D)

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

### II. Environment (Cont'd)

#### Water Security (Cont'd)

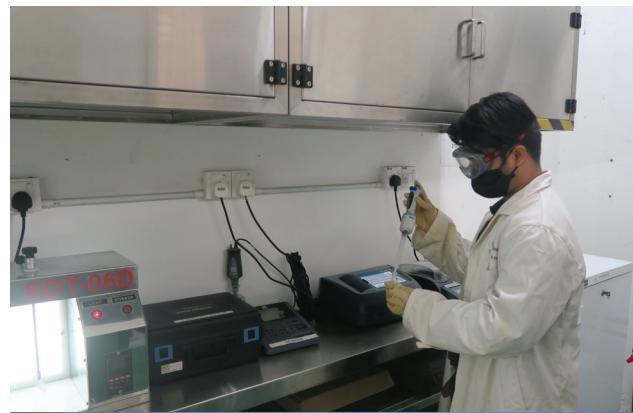


Over the last three years, production output increased for every m<sup>3</sup> city water usage.

#### Pollution and Resources

Standard operating procedures were implemented for Industrial Effluent Treatment System ("IETS"), cooling tower water discharge and emission discharge. In a move to heed the call of the Department of Environment on environmental excellence, Dominant had embarked on streamlining its existing environmental policy and procedures toward compliance with *Guided Self-Regulation and Environmental Mainstreaming Tools (EMT)* proposed by the Department of Environment.

Guideline on disposal of waste and EMS procedure on management of scheduled wastes were established and implemented in compliance with *Environmental Quality Act 1974*. Such guideline and procedure laid down the processes for non-scheduled wastes and scheduled wastes, with particular focus on the scheduled waste notification, handling, off-site treatment and record keeping where strict compliances are required. All effluents generated by Dominant are treated on site under supervision of competent person. In order to enhance the compliance on effluent discharged to the drainage, Dominant had installed real time monitoring system to ensure Chemical Oxygen Demand (COD) levels for treated effluent is sufficiently below the local legislation requirement of 200mg/litre before discharging. Should the COD levels exceed Dominant's acceptable level, the effluent will be blocked by the system from discharging and will be subject to treatment again. Besides, Dominant had invested in a laboratory to enable daily testing of the effluent's key parameters. The Group is committed not to emit any untreated effluents into any water source.



On-site laboratory



COD real time monitoring system

# SUSTAINABILITY STATEMENT

(CONT'D)

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

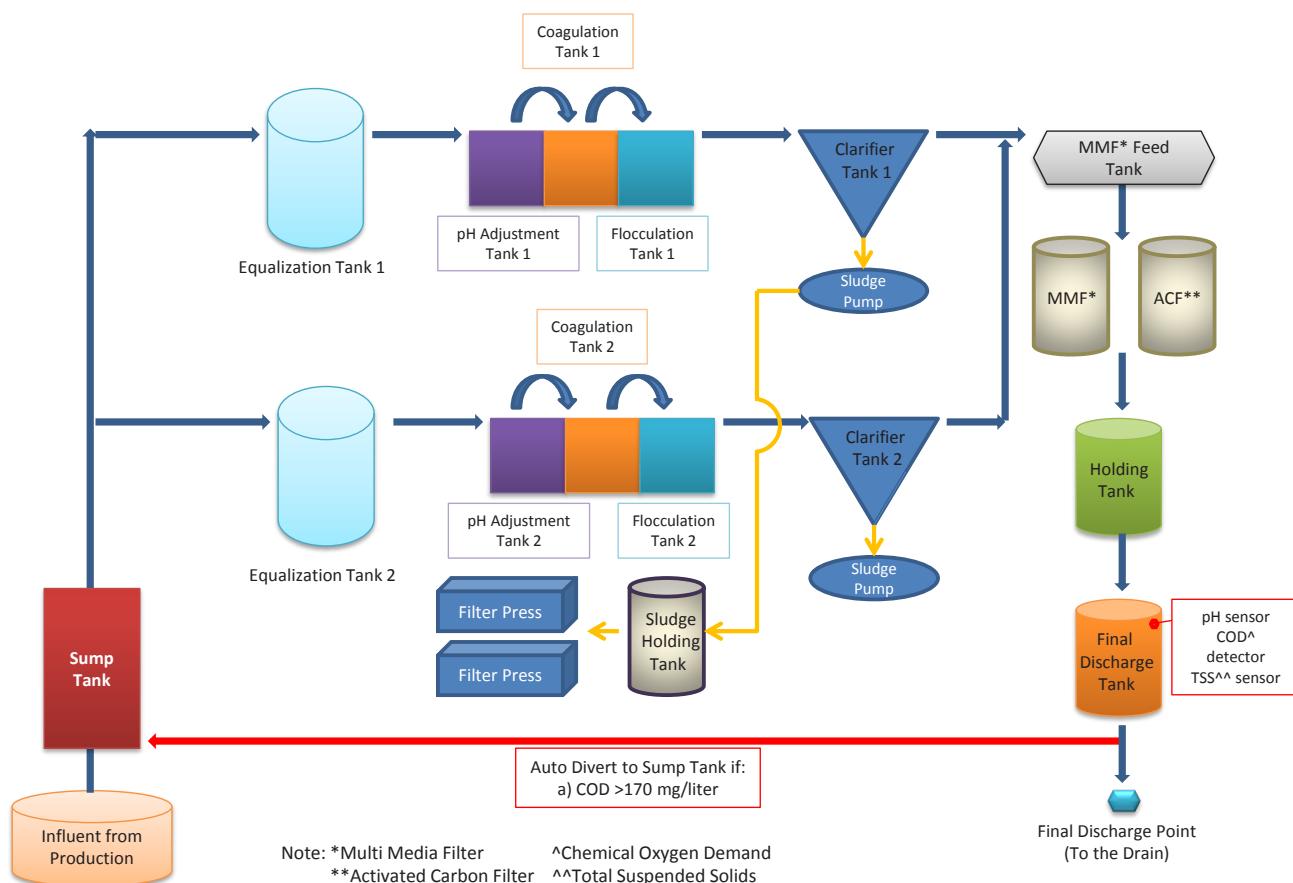
### II. Environment (Cont'd)

#### Pollution and Resources (Cont'd)

The manufacturing plant has complied with the local regulations and the annual key result of effluents discharged by our factory and assessed by an external accredited laboratory is shown below.

Parameter	Unit	Statutory requirement	FY2020	Compliance FY2019	FY2018
pH Value	mg/L	5.5 - 9.0	6.8 - 7.8	6.5 - 8.2	6.6 - 7.8
BOD5 at 20°C	mg/L	50	8 - 44	2 - 41	7 - 35
COD	mg/L	200	46 - 123	6 - 143	14 - 119
Suspended Solids	mg/L	100	4 - 14	12 - 63	3 - 30
Oil & Grease	mg/L	10	1 - 2	1 - 3	1 - 3
Colour	ADMI	200	13 - 54	8 - 71	5 - 35

Industrial Effluent Treatment System (IETS) Schematic Diagram



# SUSTAINABILITY STATEMENT

(CONT'D)

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

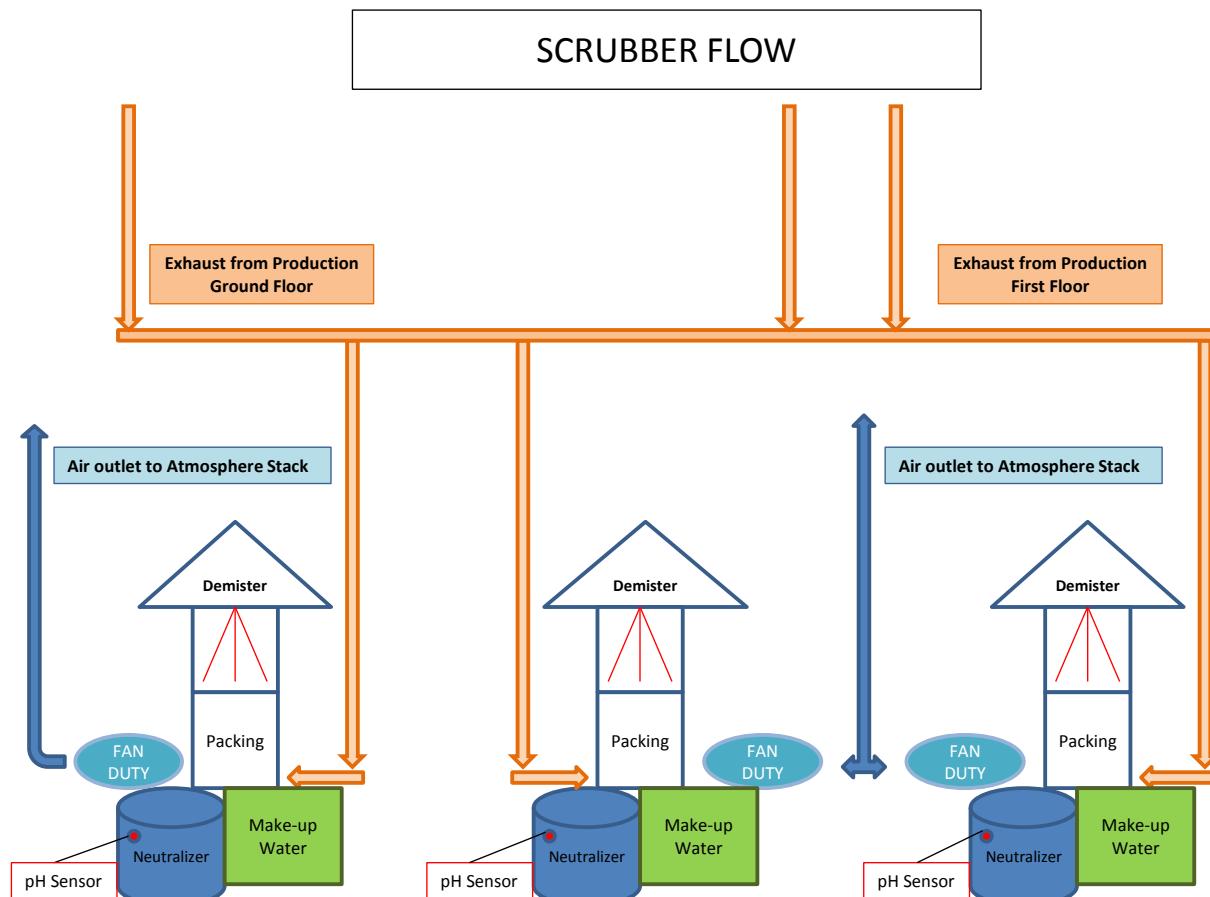
### II. Environment (Cont'd)

#### Pollution and Resources (Cont'd)

In addition, air emission released from the production site are required to be filtered and treated in accordance to local legislative requirements to ensure it does not contain hazardous substances to the environment and test are done annually by independent accredited laboratory to ensure the emission complies to Malaysian Environmental Quality (Clean Air) Regulations 2014 limits. Our manufacturing process emits air through its scrubber and the annual independence test results, showed all results complied with the local regulations.

Parameter for Scrubber	DOE limit (mg/m3)	Compliance		
		FY2020	FY2019	FY2018
Total Particulate Matter (TPM)	50	3.91 - 4.04	2.22 - 3.12	4.72 - 5.19
Sulfuric Acid Mist (Including SO3) as SO2	5	0.051 - 0.063	0.051 - 0.058	0.646 - 0.852
Nitric Acid	30	0.037 - 0.072	0.008 - 0.028	N/A
Toluene	100	0.047 - 0.050	0.016 - 0.029	N/A
Trisiloxane with Acetone	150	< 0.001	1.898 - 2.265	N/A
1-Chloro-2,3-epoxypropane	5	< 0.001	< 0.0001	N/A
Metals: (Tin, Potassium Hydroxide, Sodium Hydroxide, Barium)	5	< 0.001 - 1.600	2.027 - 2.238	N/A

N/A: Data not available under the previous DOE testing parameter.



# SUSTAINABILITY STATEMENT

(CONT'D)

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

### II. Environment (Cont'd)

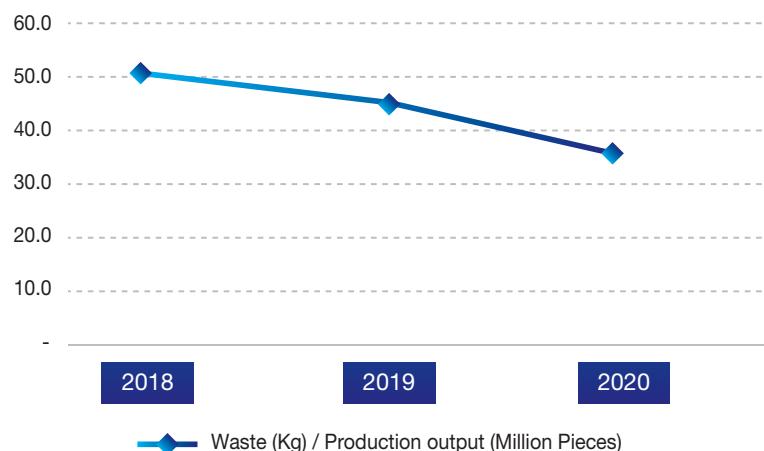
#### Pollution and Resources (Cont'd)

At ground level, GMD led the environment enhancement programme focusing on 3R – “Reuse, Recycle and Reduce” on all aspects of the operations of Dominant. Dominant’s products are 100% recyclable and material or components used in the manufacturing process do not contain hazardous and toxic substance and are in compliance to RoHS and REACH requirement. The EMS officer will ensure that wastes material from production are properly segregated and disposed to license scheduled waste contractors for further treatment and recycle. Employees are educated with the practice of printing documents only on “required to” and “double sided” basis. At the same time, “Say No To Plastics” campaign has been introduced where usage of plastic water bottle and the distribution of plastic utensil in the canteen is strictly prohibited. Employees are encouraged to use re-usable bottle, re-usable food utensil, re-usable bag or mug for food and drinks. Bin system is implemented by Dominant for segregation of wastes at plant-wide and non-scheduled recyclable materials, such as, cardboard and plastic containers, are disposed to recovery centres for recovery or recycling.

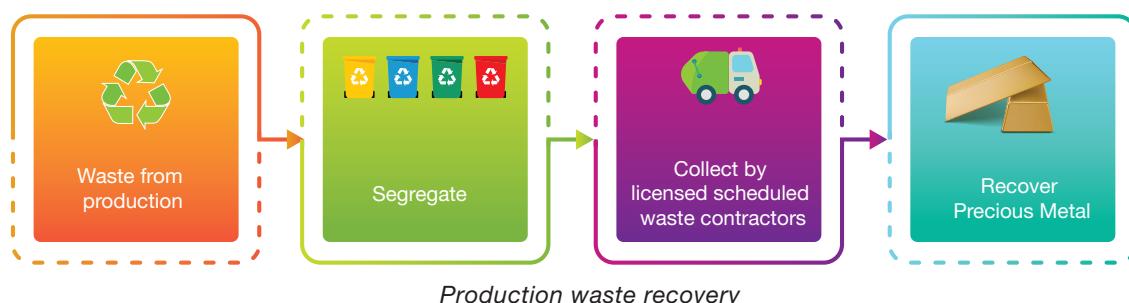


“Say No To Plastics” Campaign

### Waste Efficiency Management



Dominant's continuous investment in R&D activities allows improvement in its production process as well as waste reduction. As disclosed in the graph above, waste in kg per million of production output pieces decreased in the past three years. The major contributions of waste reduction are due to continuous yield improvement and higher density of product leadframe design.



# SUSTAINABILITY STATEMENT

(CONT'D)

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

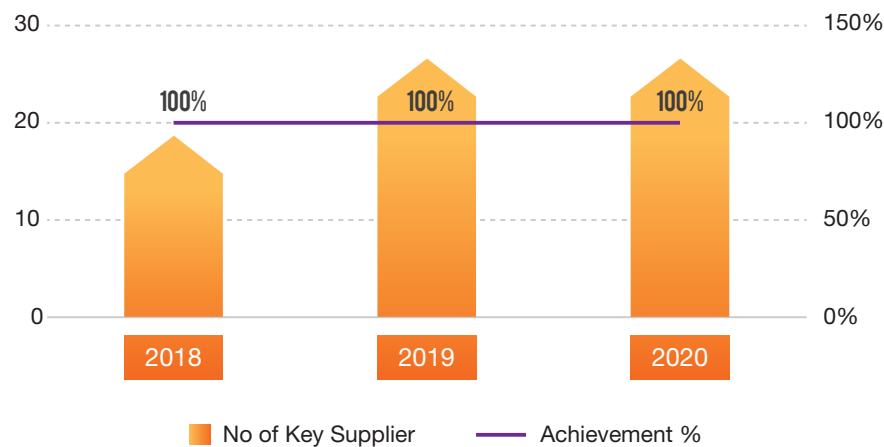
### II. Environment (Cont'd)

#### Supply Chain Management - Environmental

The Group's sustainability efforts are not limited to our manufacturing sites. For all key suppliers in the Group's manufacturing supply chain, other than assessment on product quality, they are also assessed in the environmental aspects before being a qualified key supplier. The assessment topics include ISO14001, the supplier's environmental policy and direction, compliance to European Union's Restriction of Hazardous Substances ("RoHS") and Registration, Evaluation, Authorisation, and Restriction of Chemicals ("REACH"), past environmental violations as well as health and safety of the working environment. During product design stage, R&D team will ensure that all material and components supplied by vendors are supported by Certificate of Compliance ("CoC") or Safety Data Sheet ("SDS").

Besides initial assessment, Dominant will perform re-assessment on key suppliers every 3 year to monitor their ISO14001 status. Based on the assessment conducted over the past three years, all key suppliers reassessed were ISO14001 certified. The assessment activities form part of the supply chain evaluation process to qualify new supplier or to maintain the existing supplier qualification. As one of the Dominant's initiative and commitment to emphasis and create environmental awareness within its supply chain, an annual assessment was also performed by Dominant and supported by accredited third party laboratory certification on key suppliers to monitor their compliances on Dominant's supply chain environmental requirements. All key suppliers were complied with the requirements for the past three years.

#### Annual Key Suppliers' Assessment on Dominant's Environmental Requirement



# SUSTAINABILITY STATEMENT

(CONT'D)

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

### III. Social

As an IATF 16949 certified company, Dominant strictly adheres to all IATF requirements including clause 5.1.1.1 in IATF 16949 which requires the organisation to define and implement Corporate Responsibility Policies ("CRP"). Dominant's CRP covers:

- Code of Ethics and Conduct that sets out the principles and standards which guide the way the Company conduct its business. Our Code of Ethics and Conduct explicitly defines our high expectations on each employee to comply with the terms of good business practices and high personal conduct beyond the strict adherence to local laws and regulations,
- Formal Anti-Bribery and Corruption Framework and Fair Competition Policy that promote integrity value enshrined in Code of Ethics and Conduct and encourage fair competition,
- Whistle-blowing policy that allows the management to take appropriate preventive and corrective actions inside the company without the negative effects that come with public disclosure, such as loss of Company image or reputation, financial distress and loss of investor confidence. Through this program, employees are encouraged to discreetly disclose concerns about illegal, unethical or improper business conduct within the Company. In this manner, the employees can help the Company to monitor and keep track of such illegal, unethical or improper business conduct within the Company which otherwise may not be easily detected through normal process or transaction.

To ensure employees are aware of the CRP, continuous awareness trainings will be conducted on periodical basis.



IATF 16949:2016 certificate

### Supply Chain Management - Social

Supply chain sustainability is increasingly recognised as a key component of corporate responsibility. Dominant manages the social, environmental and economic impacts of supply chains, combating corruption and promote fair competition through its formal Procurement Policy, Quality Assurance Policy on supplier's quality management and CRP. In the policies, all key suppliers are required to pass initial assessment defined by Dominant including CRP that consists of an employee code of ethics and conduct, an anti-bribery and an ethics escalation policy (whistle-blowing policy), at a minimum. Subsequently, the qualified key suppliers shall enter into a Quality Assurance Agreement with Dominant to commit to maintain a quality management system based on ISO9001 and shall continuously improve its quality management system towards IATF 16949. Besides initial assessment, annual assessment will be carried out on critical suppliers to ensure full compliance.

Corporate Responsibility	Year 2018	Year 2019	Year 2020
Number of key suppliers fail the assessment	0	0	0

Key Suppliers' employee code of ethics and conduct is incorporated:

- respects all forms of human and labour rights, personal dignity and privacy,
- elimination of all forms of forced labour,
- non-discrimination on the basis of gender, race, socio-economic status, age, marital status and family circumstances to ensure equality and fairness in terms of employment, working conditions, compensation, benefits, training, performance evaluation and opportunities for advancement,
- full compliance with the laws, rules and regulations of the country in which suppliers are operating including but not limited to employees' working hours, minimum or living wage and prohibit of child labour,
- right to collective bargaining, and
- effective and appropriate complaint mechanisms for labour rights grievances

# SUSTAINABILITY STATEMENT

(CONT'D)

## Other Major Economic, Environment and Social Activities Undertaken During Financial Year (Cont'd)

### III. Social (Cont'd)

#### Community Contribution

The Group plays an active role in supporting the surrounding communities of where it is operating.



*In response to the COVID-19 pandemic the Group donated 5,000 pieces of 3 ply facemask to be distributed to the people of Melaka through the Melaka Chief Minister's Office.*



*Similarly, 1,000 pieces of facemask were donated to Batu Berendam Police Station located near to the factory for the use of the police personnel*

Our Management places high priority on local education for the poor as well. We firmly maintain our prior year's practices and continue donating to local schools where the fund donated is to be used to support the unfortunate students in education. Lastly, to cultivate employee's awareness in giving back to the community, the Management continues to encourage donation campaign where employees helping out fellow employees who are in need of monetary aid.

The Group is committed to continue to invest in community programmes and other corporate social responsibility initiatives to contribute towards the betterment of local communities. Employee's participation is the key to success of these initiatives. Such initiatives help to increase employee's interaction outside working hours, build fellowship and support inter-departmental bonds. Whilst communities benefit, our employees benefit too.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of D & O Green Technologies Berhad (“D&O” or “the Company”) is committed to apply good corporate governance practices throughout the Company and its subsidiaries (“the Group”) and form the fundamental basis of the corporate sustainability pursued by the Group for long term shareholders’ value creation. Hence, the Board fully supports the principles of good corporate governance practices (including the Intended Outcomes) as promulgated by the Malaysian Code on Corporate Governance 2017 (“MCCG”) to direct and manage the business and affairs of the Group towards promoting business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders.

This statement sets out the overview of the manner in which the Company had applied the principles set out in the MCCG and the extent of compliance with the principles of MCCG advocated therein in accordance with paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

Furthermore, the application of each practice set out in the MCCG during the financial year are disclosed in the Corporate Governance Report prescribed by Bursa Securities (“CG Report”) and announced together with the announcement of this Annual Report in accordance with paragraph 15.25 and Practice Note 9 of MMLR. The CG Report for the financial year under review and previous financial years are available for download from the “Corporate Governance” section of Company’s website at [www.do.com.my](http://www.do.com.my).

The Corporate Governance Overview Statement (“CG Overview Statement”) should be read in tandem with the CG Report to provide comprehensive disclosure of the application of each principle and practice set out in the MCCG during the financial year.

### **PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS**

#### **Board Responsibilities**

The Board is responsible for the overall performance of the Group and exercises oversight over the Management. It focuses mainly on the strategic management, performance measurement and monitoring, risk management and internal control system, standards of conduct and critical business issues and decisions. The Board comprise of Directors who are entrepreneurs and experienced professionals in the fields of business management, legal, economics, accountancy and engineering. These different skills put together to enable the Board to effectively lead and control the Group. The Board is guided by the Board Charter approved by the Board and led by a Non-Executive Chairman to ensure its effectiveness. Together with other Directors, the Non-Executive Chairman leads the Board by promoting effective communication between stakeholders and at the same time instilling good corporate governance practice, leadership and effectiveness across the Board. A summary of the responsibilities of Chairman is disclosed in Practice 1.2 of CG Report.

It is the responsibilities of the Board to lead the Group towards its vision and mission and is responsible for the success of the Group by providing entrepreneur leadership, direction and management oversight. On the other hand, the Group Managing Director and Executive Directors are delegated with the authorities and responsibilities to ensure proper execution of strategies as well as effective and efficient operations throughout the Group. The authorisation procedures for key processes are stated in the Group’s policies and procedures.

The Board reviews and approves the Group’s charter and policies (including subsequent updates), whereas the Board of each subsidiaries of the Group is responsible to ensure the respective operating procedures are in line with the Group’s charter and policies.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

#### Board Responsibilities (Cont'd)

The Board is assuming the following, amongst other roles and responsibilities, broad categories of roles and responsibilities:-

- 1) Establishing and reviewing the mission, vision and strategic direction of the Group.
- 2) Overseeing the conduct of the business of the Group and to evaluate whether the business is being properly managed.
- 3) Establishing the Group's Code of Ethics and Conduct to govern the standard of ethics and goods conduct expected from the employees, customers and vendors and form the foundation for ethic rules within the Group.
- 4) Identifying principal risks faced by the Group and ensuring the implementation of appropriate controls and systems to monitor and manage these risks.
- 5) Establishing succession planning including appointing, training, determining the compensation, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board.
- 6) Overseeing the development and implementation of a corporate disclosure policy for the Company.
- 7) Reviewing the adequacy and the integrity of internal control systems and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines.
- 8) Reviewing the draft CG Report and CG Overview Statement and formulating action plans from time to time to enhance and promote good and recommended corporate governance practices.
- 9) Ensuring that the Group's strategies promote sustainability for long term benefits.

The roles and responsibilities of the Board and the application of the MCGC's practice are disclosed in Practice 1.1 of the CG Report.

Aside from the nine core roles and responsibilities listed above, significant matters that requires deliberation and approval from the Board is clearly defined by the Board in the Board Charter as matters reserved for the Board for consideration and approval during the Board's meeting.

The Board has delegated specific duties to the Board Committees which operate within a clearly defined terms of reference approved by the Board.

To ensure that there is a balance of power and authority within the Board, the position of the Chairman and the Group Managing Director is separated and there is a clear division of responsibilities between the Chairman who is the Non-Independent Non-Executive Director and the Group Managing Director who is the Executive Director. The Chairman of the Board is responsible for the governance, orderly conduct and effectiveness of the Board while the Group Managing Director is responsible for managing the Group's business operations and implementation of policies and strategies approved by the Board. A summary of the separation of the roles of Chairman and Group Managing Director is disclosed in Practice 1.3 of CG Report.

The Independent and Non-Executive Directors play an important role in ensuring that the strategies proposed by the Management are fully deliberated and examined, to ensure that the interest of all shareholders and stakeholders are given due considerations in the decision-making process.

In addition, Senior Independent Director is identified by the Board to whom concerns may be conveyed.

All board members shall notify the Chairman of the Board before accepting any new directorship or significant commitments outside the Company, including an indication of the time that will be spent on the new appointment. The Chairman shall also notify the Board if he or she has any new significant commitments outside the Company.

All Directors had confirmed that their directorship in listed companies do not exceed 5 to meet the expectation on time commitment.

In discharging its duties efficiently and effectively, the Board is assisted by a licensed Company Secretary and the details of the Company Secretary are disclosed in Practice 1.4 of CG Report.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

#### Board Responsibilities (Cont'd)

- **Board Charter**

The Board is guided by a formal Board Charter approved by the Board. The Board Charter sets out the composition, roles, functions, responsibilities and authorities of the Board and the Board Committees of the Company as well as roles and responsibilities of the Chairman of the Board, the Group Managing Director (including the Executive Directors), the Senior Independent Director and the Company Secretary. The Charter further defines the specific responsibilities and matters reserved for the Board, the Board delegation of authorities, commitment by all Directors, tenure of Independent Directors, governance structure of the Board and Board Committee, the Board proceedings, financial reporting responsibilities, unrestricted rights to access to information and independent advice, the Board evaluation and performance, the Board remuneration, Directors' training and continuing education, general meetings and attendance and code of conduct.

Further details of the Board Charter are disclosed in Practice 2.1 of CG Report.

The Board Charter is available for download from the Company's website at [www.do.com.my](http://www.do.com.my) under the "Corporate Governance" section of "Investor Relation" with last review performed on 24 March 2021.

- **Code of Ethics and Conduct and Whistle-Blowing Policy**

The Board is fully committed to the highest standards of integrity, transparency and accountability in the conduct of the Group's business and operations to ensure business sustainability through their conducts, individually or collectively, focusing on the key principles of serving with integrity and competency, avoiding conflict of interest, preserving confidentiality and privacy, working environment and condition are safe and healthy, workers are treated with respect and dignity and business operation are conducted ethically.

The Board incorporated the above key principles of expected conducts into the Company's Code of Ethics and Conduct ("the Code") to govern the standards of ethics and good conduct expected that is applicable to all the Group's employees and other stakeholders worldwide. The Code forms the integrity and ethical value expected from the employees which are incorporated in the Policy and Procedure for Employees.

To further enhance the ethical value throughout the Group, formal Anti-Bribery and Corruption Framework and Fair Competition Policy had been put in place by the Management to reduce the risk of bribery, conflict of interest and anti-competition practices within the Group.

Please refer to Practice 3.1 of CG Report for details.

To foster an environment where integrity and ethical behavior are maintained, the Board has put in place a formal Whistle-Blowing Policy to encourage employees and other interested parties to disclose concerns about illegal, unethical or improper business conduct within the Group.

Please refer to Practice 3.2 of CG Report for details.

The Code of Ethics and Conduct, Anti-Bribery and Corruption Framework and Whistle-Blowing Policy are available for download from the "Corporate Governance" section of "Investor Relation" of the Company's website at [www.do.com.my](http://www.do.com.my).

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

#### Board Responsibilities (Cont'd)

- **Board Meetings**

The Board meets regularly to perform its main function on the development and implementation of strategic plans, formulation of policies, overseeing the conduct and operations of the businesses of the Group, succession planning and ensuring appropriateness of internal control and effectiveness of risk management while being mindful of the importance of business sustainability in conducting the Group's business.

To carry out its functions and responsibilities, the Board met five (5) times during the financial year ended 31 December 2020 and the attendance of each Director at the Board Meetings is as follows:-

Director	No. of Attendance	No. of Meetings Eligible to Attend
Dato' Mohammed Azlan Hashim	5	5
Tay Kheng Chiong	5	5
Cheam Dau Peng	5	5
Goh Nan Yang	5	5
Wong Meng Tak	5	5
Yeow See Yuen	5	5
Jesper Bjoern Madsen	4	5
Goh Chin San *	2	2

\* Appointed with effect from 24 August 2020

The Board plans to meet at least four (4) times a year at quarterly intervals, with additional meetings convened when urgent and important decisions are required to be made between the scheduled meetings. All meetings of the Board are duly recorded in the Board minutes by the Company Secretary. The Company Secretary also attended all the Board Meetings of the Company. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory registers at the registered office of the Company.

- **Supply of Information**

The Board members in their individual capacity have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information, i.e. minutes of previous Board and individual committee meeting as well as board papers, no less than five (5) business days before the meeting to enable them to have sufficient time in obtaining a comprehensive understanding of the issues to be deliberated upon in order to arrive at a decision.

Besides direct access to management staff, external independent professional advisers are also made available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.

The Directors also have accessed to the advice and services of the Company Secretary who is responsible for ensuring that the Board's procedures are adhered to.

Please refer to Practice 1.5 of CG Report for details of the Board's proceedings on meeting materials and supply of information.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

#### Board Responsibilities (Cont'd)

- **Composition of the Board**

The Board currently has eight (8) members comprising two (2) Executive Directors (including the Group Managing Director), three (3) Independent Non-Executive Directors, and three (3) Non-Independent Non-Executive Directors. The profile of each Director is presented on pages 14 to 17 of this Annual Report. The composition of Independent Non-Executive Directors is in compliance with the minimum prescribed requirement in the MMLR to ensure that there is sufficient independent element in the Board to provide the necessary check and balance within the Board.

It is the responsibility of the Board to ensure that all members of the Board possess the necessary leadership experience, skill and diverse background, integrity and professionalism to discharge their duties and responsibilities diligently and effectively.

Although the above composition is a departure from Practice 4.1 of MCGC which requires that at least half of the Board comprise of Independent Directors, the Board is in the opinion that adequate degree of independence is maintained notwithstanding the fact that only 37.5% of the Board are Independent Directors. The Board came to this conclusion after taking into consideration through formal assessments conducted on the Board, the Board Committees and the independence of the Independent Directors. Besides that, the Board noted that the Independent Directors are professionals who have a diverse range of skill, knowledge and experience in relevant fields and the Independent Directors had demonstrated their independence and objectivity and actively participated during the Board and Board Committees' proceedings. Therefore, there is no disproportionate imbalance of power and authority on the Board between the Non-Independent and Independent Directors. The Board is to review the adequacy and effectiveness of the independent and objectivity element within the Board from time to time to ensure that it is adequate and effective in view of the Group is Large Company for financial year ending 31 December 2021.

Please refer to Practice 4.1 of CG Report for further details.

- **Board Diversity**

It is the Board's responsibility to ensure that the diversity within the Board is preserved so that required mix of knowledge, skills, expertise and experience as well as age, ethnic and gender diversity are brought to the Board. The Board is satisfied that, through the formal procedure for nomination and selection and annual performance appraisal of the Board, the Board Committees and individual Directors, the current board composition represents a mix of knowledge, skills and experience required to discharge the Board's duties and responsibilities effectively as well as to ensure that no individual or small groups of individuals dominates the Board's decision-making process. The Board is supporting age, ethnic and gender diversity within the Group including the workplace, with a particular focus on supporting the representation of women and multi races with relevant age group at the Board and senior level management within the Group if such potential candidate is available.

Please refer to Practice 4.4 of the CG Report for the detailed disclosure on the Boardroom Diversity and Practice 4.5 of the CG Report for the detailed disclosure on the gender diversity.

- **Independent Directors**

Independence of the candidates to act as an Independent Director is assessed by Nomination Committee prior to their appointment based on formal nomination and selection process with the results of the review are reported to the Board for consideration and decision.

On annual basis, all Independent Non-Executive Directors are subjected to independent assessment based on prescribed criteria on his independence and objectivity for the Nomination Committee's review and recommendation to the Board to form an opinion on the independence and objectivity of the Independent Non-Executive Directors. Based on the above assessment performed in 2020, the Board is satisfied with the level of independence and objectivity demonstrated by all Independent Non-Executive Directors, and their ability to bring independent and objective judgement for Board deliberations.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

#### Board Responsibilities (Cont'd)

- **Independent Directors (Cont'd)**

The tenure of an Independent Director as stated in the Board Charter, shall not exceed a cumulative term of nine (9) years. In the event such Director is to remain as an Independent Director, the Board shall first justify and obtain annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12<sup>th</sup>) year, the Board should seek annual shareholders' approval through a two-tier voting process.

As at the date of this Annual Report, Mr. Wong Meng Tak, the Senior Independent Non-Executive Director and Mr. Yeow See Yuen, the Independent Non-Executive Director had served on the Board for a cumulative term of more than twelve (12) years. Based on the Independent Directors' self-assessment submitted to the Nomination Committee for review and recommendation and subsequent review and deliberation by the Board in March 2021, the Board concluded that Mr. Wong Meng Tak and Mr. Yeow See Yuen, remains objective and independent during the deliberations and decision making of the Board and Board Committees they are in. The length of their service on the Board did not interfere with their independent judgment and they continue to act in the best interest of the Group.

To remain as Independent Non-Executive Director, Mr. Wong Meng Tak and Mr. Yeow See Yuen will be subjected to two-tier voting in the forthcoming Seventeenth Annual General Meeting ("17<sup>th</sup> AGM").

Please refer to Practice 4.2 of CG Report for further details.

- **Appointment of Directors and Senior Management and Re-election of Directors**

Appointment of new Directors to the Board and member of Senior Management is recommended to the Nomination Committee for consideration and approved by the Board in accordance with the formal Policy and Procedures on Nomination and Selection of Directors and Senior Management developed by Nomination Committee and approved by the Board. It is the policy of the Board that highly qualified candidates for the Board and the Senior Management with sufficient and relevant knowledge, skills and competency are sought. This is to enable them to discharge their responsibilities and duties effectively and contribute to the governance of the Group. At the same time, gender and ethnic balance are being upheld within the Board and the Senior Management as and when such potential candidate is identified.

The processes and criteria for the nomination and selection of Director and Senior Management are specified in formal Policy and Procedures on Nomination and Selection of Directors and Senior Management. It is the policy established by the Board that recommendations from independent sources shall be sought (in addition to the recommendations from existing Directors and major shareholders) in relation to candidates for new directorship.

Nomination Committee may also seek independent professional advice, at the Company's expense, to perform its responsibilities under nomination and selection procedure.

All Board members who are newly appointed are subject to retirement at the subsequent annual general meeting of the Company. All Directors (including the Group Managing Director) will retire at regular intervals by rotation at least once every three years and shall be eligible for re-election.

Please refer to Practice 4.4 and 4.6 of CG Report for the details on the nomination and election process of the Directors.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

#### Board Responsibilities (Cont'd)

- **Performance Assessment and Evaluation of the Board and Group Financial Controller**

On annual basis, the Company Secretary circulates to each Director the relevant assessment and review forms/questionnaires in relation to the Board and Board Committee assessments/evaluations with sufficient time for all the Directors to complete in advance of the meeting of the Nomination Committee and the Board in order for the Company Secretary to collate the assessments/evaluations results for the Nomination Committee to review and report to the Board.

The following assessments and evaluations were performed during the financial year:

1. Board performance evaluation with recommended evaluation criteria per Corporate Governance Guide issued by Bursa Malaysia Berhad, with necessary adaptation;
2. Peer review of the performance, knowledge, competency and skills of fellow Directors based on recommended evaluation criteria per Corporate Governance Guide issued by Bursa Malaysia Berhad with necessary adaptation;
3. Performance evaluation of board committees, i.e. the Audit Committee, Nomination Committee, Remuneration Committee and Employees' Share Option Scheme ("ESOS") Committee based on the recommended evaluation criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad, with necessary adaptation;
4. Self-financial literacy evaluation by Audit Committee members with evaluation criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad, with necessary adaptation;
5. Independence assessment of individual Independent Non-Executive Directors based on the criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad, with necessary adaptation;
6. Self and peer evaluation of the individual members of the Audit Committee based on the criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad, with necessary adaptation;
7. Audit Committee Evaluation Questionnaire based on the criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad, with necessary adaptation; and
8. Performance evaluation of the Group Financial Controller via Group Financial Controller's Evaluation Form.

With the above evaluation/review processes, the Board, through the Nomination Committee, reviewed and assessed its required mix of skills, competencies, experience and other qualities, including core competencies of individual Director, the Group Financial Controller, and the Board as a whole to ensure that they are able to lead the Group effectively.

Based on the above evaluations conducted for financial year ended 31 December 2020, the Board, via reports by the Nomination Committee, was satisfied with the composition, performance and effectiveness of the Board, the Board Committees, the Directors and the Group Financial Controller.

Please refer to Practice 5.1 of CG Report for the details on the performance assessment and evaluation of the Board and the Group Financial Controller.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

#### Board Responsibilities (Cont'd)

- **Directors and Senior Managements Remuneration**

The Board assumes the overall responsibility to establish and implement effective remuneration policy that serves to attract, retain and motivate the Directors and Senior Management in pursue of the medium to long-term objectives of the Group. The Board had put in place a formal Board and Senior Management Remuneration Policy for adoption by Remuneration Committee and serves as a guidance when reviewing the proposed remuneration package of the members of the Board and Senior Management. Major components of the remuneration package for Executive Director, member of Senior Management and Non-Executive Director are specified in the formal policy.

The Remuneration Committee is responsible for recommending to the Board the remuneration packages of the members of the Board and Senior Management. None of the Executive Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the Directors and Senior Management. Individual Directors are abstained from deliberation and approval of his own remuneration.

Please refer to Practice 7.1 of CG Report for the remuneration of individual Directors (including fees, salary, bonus, benefits in-kind and other emoluments) on named basis for the financial year ended 31 December 2020.

Disclosure on named basis of the Senior Management's remuneration component in bands of RM50,000 is not adopted as the Board is of the opinion that the disclosure may jeopardise the personal security of the individual Senior Management and increase the risk of loss of key personnel if their remuneration packages are published publicly.

Please refer to Practice 7.2 of CG Report for the explanation on the departure in relation to disclosure on named basis of the Senior Management's remuneration component in bands of RM50,000.

- **Directors' Training**

As per the Board Charter, the Board is assigned with the responsibility to assess the training needs of the Directors and thereafter to enhance the Directors' knowledge and skills via continuing education program in the form of training programs and field trips identified.

All Executive Directors have been with the Company for many years and are familiar with their duties and responsibilities as Directors. In addition, any newly appointed Director will be given briefings and orientation by the Executive Directors and Senior Management on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as a Director.

As at 31 December 2020, all the Directors had completed the Mandatory Accreditation Program prescribed by Bursa Securities and they are mindful that they should receive appropriate continuous training and to attend seminars and briefings in order to broaden their perspective and to keep abreast with new developments for the furtherance of their duties.

During the financial year ended 31 December 2020, all Directors received regular briefings and updates on the Group's business and operations and received updates on new regulations and statutory requirements. The Board identified the training needs of the members of the Board through the formal peer assessment of skills possessed by individual Directors submitted by the members of the Board and reviewed by Nomination Committee to identify the knowledge and skills required by the Board to discharge its responsibilities.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

#### Board Responsibilities (Cont'd)

- **Directors' Training (Cont'd)**

During the financial year, all members of the Board have attended training(s) that were organised by regulatory bodies or professional organisations. The trainings attended by individual Board member are shown in the following table:-

Director	Name of Conference/Talk/Seminar Attended or Participated	Organiser
Dato' Mohammed Azlan Hashim	Adequate Procedures: Anti-Bribery & Corruption	In-house training by NeedsBridge Advisory Sdn Bhd
	Digital Transformation Program	Employer Provident Fund
	Amendments to Main Market Listing Requirements and Review of Internal Audit Function	In-house training by NeedsBridge Advisory Sdn Bhd
	Corporate Liability for Directors / Senior Management	KPMG
	The Way Forward	The Forbes CEO Asia Webinar
Tay Kheng Chiong	Adequate Procedures: Anti-Bribery & Corruption	In-house training by NeedsBridge Advisory Sdn Bhd
	Amendments to Main Market Listing Requirements and Review of Internal Audit Function	In-house training by NeedsBridge Advisory Sdn Bhd
Cheam Dau Peng	Adequate Procedures: Anti-Bribery & Corruption	In-house training by NeedsBridge Advisory Sdn Bhd
	Amendments to Main Market Listing Requirements and Review of Internal Audit Function	In-house training by NeedsBridge Advisory Sdn Bhd
Goh Nan Yang	Adequate Procedures: Anti-Bribery & Corruption	In-house training by NeedsBridge Advisory Sdn Bhd
	Amendments to Main Market Listing Requirements and Review of Internal Audit Function	In-house training by NeedsBridge Advisory Sdn Bhd
Wong Meng Tak	Adequate Procedures: Anti-Bribery & Corruption	In-house training by NeedsBridge Advisory Sdn Bhd
	Amendments to Main Market Listing Requirements and Review of Internal Audit Function	In-house training by NeedsBridge Advisory Sdn Bhd
Yeow See Yuen	Adequate Procedures: Anti-Bribery & Corruption	In-house training by NeedsBridge Advisory Sdn Bhd
	Amendments to Main Market Listing Requirements and Review of Internal Audit Function	In-house training by NeedsBridge Advisory Sdn Bhd
Jesper Bjoern Madsen	Adequate Procedures: Anti-Bribery & Corruption	In-house training by NeedsBridge Advisory Sdn Bhd
	Amendments to Main Market Listing Requirements and Review of Internal Audit Function	In-house training by NeedsBridge Advisory Sdn Bhd
Goh Chin San	Amendments to Main Market Listing Requirements and Review of Internal Audit Function	In-house training by NeedsBridge Advisory Sdn Bhd

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

#### Board Responsibilities (Cont'd)

- **Board Committees**

In discharging its fiduciary duties, the Board has delegated specific duties to four (4) subcommittees (Audit, Remuneration, Nomination and ESOS). The Committees have the authority to examine particular issues and report to the Board with their recommendation. The ultimate responsibility for the final decision on all matters lies with the entire Board.

All Committees have written terms of references and the Board receives reports on their proceedings and deliberations. The Chairman of the respective Committees is to brief the Board on the matters discussed at the Committee meetings and minutes of these meetings are circulated at the Board meetings.

- **Audit Committee**

The terms of reference, the number of meetings held, and activities carried out during the financial year and the attendance of each member can be found on pages 69 to 74 of the Audit Committee Report.

Please refer to Practice 8.1, 8.2, 8.3, 8.4 and 8.5 of CG Report on disclosure in relation Audit Committee.

- **Nomination Committee**

The Nomination Committee comprises exclusively of Non-Executive Directors, a majority of whom are Independent Non-Executive Directors as required under MMLR. The Nomination Committee is guided by written terms of reference duly approved by the Board defining its rights, authorities and responsibilities. The Nomination Committee is chaired by a Senior Independent Director.

The Nomination Committee's Terms of Reference are published in the "Corporate Governance" section of "Investor Relation" of the Company's website at [www.do.com.my](http://www.do.com.my).

The Nomination Committee members and the attendance records for meeting held during the financial year ended 31 December 2020 are as follows:-

Nomination Committee	No. of Meetings Held	Attendance
Wong Meng Tak (Chairman)	2	2
Yeow See Yuen	2	2
Goh Nan Yang	2	2

During the financial year ended 31 December 2020, the Nomination Committee conducted evaluation/review of the performance of the Board, the Board Committees and the Group Financial Controller, the skills possessed by each Directors and the independent assessment of the Independent Directors based on the pre-determined processes and evaluation/review criteria. The Nomination Committee reported the results of all the evaluations/reviews to the Board for review and deliberation to enable effective actions (including trainings to be attended) to be formulated and implemented for the proper and effective functioning of the Board and its Committees.

Please refer to Practice 4.4, 4.5 4.6, 4.7 and 5.1 of CG Report for details on the Nomination Committee and its activities.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

#### Board Responsibilities (Cont'd)

- **Remuneration Committee**

The Remuneration Committee was formed to assist the Board in determining, developing and recommending an appropriate remuneration policy and remuneration package that will attract, retain and motivate the Directors and Senior Management. The Remuneration Committee is guided by formal terms of reference. Further disclosure on the Remuneration Committee (and its activities) and remuneration policies and procedure can be found in Practice 6.1 and 6.2 of CG Report.

The Remuneration Committee comprises exclusively of Non-Executive Directors, majority of whom are independent. Their attendance records are as follows:-

Remuneration Committee	No. of Meetings Held	Attendance
Goh Nan Yang (Chairman)	1	1
Jesper Bjoern Madsen	1	1
Yeow See Yuen	1	1

The Remuneration Committee's Terms of Reference are published in the "Corporate Governance" section of the Company's website at [www.do.com.my](http://www.do.com.my).

The Remuneration Committee held a meeting during the financial year ended 31 December 2020 to review the proposed Directors' fees for Non-Executive Directors, proposed remuneration package of Executive Directors and Senior Management and with such recommended Directors' fees and remuneration packages were reported to the Board for approval or recommendation to the shareholders for approval, if applicable.

- **ESOS Committee**

The ESOS Committee was established on 28 June 2011, consists of two (2) Executive Directors and one (1) Non-Executive Director with the primary responsibility to administer the ESOS scheme established by the Company, Dominant Electronics Sdn Bhd ("DESB") and Dominant Technologies Sdn Bhd ("DTSB"). The composition of the ESOS Committee is set out in the Corporate Information section of this Annual Report.

The authorities of the ESOS Committee are to do all acts and things, execute all documents and delegate any of its authorities and duties relating to the ESOS Schemes as it may, in its discretion consider to be necessary or desirable for giving effect to the ESOS Schemes.

ESOS committee is allowed to obtain advice from experts and advisers, both internal and external and to have full and unrestricted access to information to enable the Committee to fulfill its objectives and duties.

The functions of the ESOS Committee are:

1. To implement and administer the ESOS Schemes in such manner as it shall in its discretion deem fit in accordance with the ESOS Bylaws, including to deal with the issue and allotment of new shares arising from the exercise of option by grantees;
2. To decide on the number of shares to be offered to eligible participants and to make offers to eligible participants in accordance with the ESOS Bylaws;
3. To recommend the subscription price of the ESOS to the Board;
4. To recommend to the Board where it deems necessary, any amendment, modification, addition or deletion of the ESOS Bylaws;
5. To enter into any transactions, agreements, deeds, documents or arrangements, and make rules, regulations or impose terms and conditions or delegate its authorities relating to the ESOS Schemes subject to the provisions of the ESOS Bylaws; and
6. To take all other actions within the purview of the Committee pursuant to the ESOS Bylaws, for the necessary and effective implementation and administration of the ESOS Schemes.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

#### Board Responsibilities (Cont'd)

- **ESOS Committee (Cont'd)**

Up to the date of this annual report, the ESOS Committee reviewed and authorised the offer of new options of 400,000 new ordinary shares in DESB and new options of 400,000 new ordinary shares in DTSB in accordance with the Bylaws of the ESOS and the allotment of new ordinary shares pursuant to the exercise of options by the grantees of the ESOS of the Company, DESB and DTSB.

- **Economic, Environment and Social**

In order to promote sustainability of the Group's businesses, one of the business strategies adopted by the Board is to ensure the economic, environmental and social aspects of the businesses undertaken are well taken care of. The Group upheld the principle to maintain effective sustainability management continuously in order to contribute positively to the socio-economic development of the communities, to promote environmentally friendly business practices and to uphold good governance practice.

Please refer to the Sustainability Statement for the governance structure and process employed as well as the identification, assessment, management and reporting of sustainability matters during the financial year under review and up to the date of this Annual Report.

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

The Audit Committee is tasked with the oversight role on the effectiveness of Audit and Risk Management. The composition and terms of reference of Audit Committee, the number of meetings held, attendance, and activities carried out during the financial year are available in the Audit Committee Report on pages 69 to 74 of this Annual Report and Practice 8.1 to 8.5 of CG Report.

- **Relationship with Auditors**

The Group maintains a close and transparent relationship with its external auditors and internal audit function in seeking professional advice and ensuring compliance with the Group's policies and procedures, approved accounting standards and relevant regulations in Malaysia and the countries it is operating. The roles and responsibilities of the Audit Committee in relation to the external auditors and internal audit function are prescribed in the Audit Committee's Terms of Reference.

The engagement of the external auditors is governed by the engagement letter with terms of engagement (which includes, amongst others, the scope of coverage, the responsibilities of the external auditors, confidentiality, independence and the proposed fees) reviewed by the Audit Committee and its recommendation to the Board.

The Audit Committee met with the external auditors thrice during the financial year under review to discuss on audit plans, audit findings, financial statements and other special matters that require the Audit Committee's attention. The Audit Committee also encourages free flow of information and views between Audit Committee and external auditor to allow external auditor to freely express their opinion without undue pressure.

The oversight of the external auditors was enhanced by the conduct of performance evaluation of the external auditors by the Audit Committee and subsequently reported to the Board. The external auditors of the Group confirmed to the Audit Committee on their independence in relation to the audit works to be performed and their commitment to communicate to the Audit Committee on their independence status on ongoing manner.

The Audit Committee had also considered the nature of other non-audit services provided during the year by the external auditors and the quantum of the fees as tabulated in the table below and was satisfied that the provision of these services did not in any way compromise their independence.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

- **Relationship with Auditors (Cont'd)**

The audit and non-audit fees incurred for services rendered by the external auditors and their affiliated firms and companies to the Company and its subsidiaries for the financial year were as follows:

	Company	Group	Description
Audit Fees (RM)	48,000	158,500	Financial statement audit fees
Non-Audit Fees (RM)	5,000	5,000	Review of statement of risk management & internal controls
	6,800	34,500	Tax agent fees
	-	12,000	Transfer pricing documentation
	-	4,900	Assist in liaison with Inland Revenue Board

- **Risk Management**

The Board recognises the importance of Risk Management in pursuing its Company's objective and has in place a formal Risk and Opportunity Management Policy and Procedure. The details of the Risk and Opportunity Management Policy and Procedure and risk management process are disclosed in Statement on Risk Management and Internal Control on pages 75 to 82 of this Annual Report.

- **Internal Control & Internal Audit Function**

The Board recognises the importance of having a sound internal control system for good corporate governance. As such, the internal audit function is established to perform the review of the adequacy and integrity of the internal control system in managing the principal risks of the Group. The internal audit function is outsourced to a professional firm to assist the Audit Committee in reviewing the state of internal control of the Group and to highlight areas for management and operational improvements.

The state of system of internal control and internal audit function of the Group is explained in greater detail in Statement on Risk Management and Internal Control on pages 75 to 82 of this Annual Report and Practice 10.1 & 10.2 of CG Report.

- **Uphold Integrity in Financial Reporting**

The Directors strive to ensure that a balanced, clear and meaningful assessment of the financial positions and prospects of the Group are made in all disclosures to shareholders, investors and the regulatory authorities.

All financial statements, both annual financial statements to shareholders and the quarterly announcement of financial results, were reviewed by the Audit Committee and approved by the Board to ensure accuracy, adequacy and completeness of information and compliance with relevant accounting standards and regulations prior to its public release or submission to the regulatory authorities.

The Board, through the review by the Audit Committee and consultation with the Management and the external auditors, had presented fair and meaningful assessment of the Group's financial performance and position.

A summary of the works of the Audit Committee in the discharge of its functions and duties in relation to financial reporting during the financial year is set out in the Audit Committee Report on pages 69 to 74 of this Annual Report.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

- Corporate Disclosure and Stakeholders Communication**

The core communication channel with the stakeholders employed by the Company is via the announcements made in Bursa Securities and all announcements to be made in Bursa Securities are to be approved by the Board, prior to its release. The Board is observing all disclosure requirements as laid down by MMLR and Capital Markets and Services Act 2007 where all material event and information are to be disseminated publicly and transparently on timely basis to ensure fair and equitable access by all stakeholders without selective disclosure.

The Board has adopted a Corporate Disclosure Policy which set out the policies and procedures for the disclosure of material information of the Group.

The Annual Report is the main communication tool between the Company and its stakeholders. The Annual Report communicates comprehensive information on the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the Annual Report are governed by the MMLR.

Please refer to Practice 11.1 of CG Report on further disclosure of stakeholders' communication.

- Encourage Shareholders Participation at General Meetings**

The general meetings are the principal forum for dialogue with shareholders. The shareholders are given the opportunity and are encouraged to participate in general meetings of the Company. The Board Charter includes the requirement that notice for the Annual General Meeting to be given to shareholders at least 28 clear days prior to the meeting.

To encourage shareholders' participation at general meetings, the Company allows a shareholder to appoint a proxy who may not be a member of the Company and no qualification of proxy is imposed.

Adequate time is given during the general meetings to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters. The external auditors are present at the Annual General Meeting to provide professional and independent clarification on issues and concerns raised by the shareholders during the meeting. The external auditors were present virtually at the 16<sup>th</sup> AGM.

In addition to the above, the Company welcomes requests for meetings and interviews with professionals from the investment community and is always willing to meet up with institutional investors when required.

- Poll Voting**

Pursuant to the Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is to be voted by poll. All resolutions put forth for shareholders' approval at the forthcoming 17<sup>th</sup> Annual General Meeting are to be voted by way of poll voting.

- Leverage on Information Technology**

In order to promote transparency and thoroughness in public dissemination of material information, the Company's website incorporates an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public via <http://www.do.com.my>. The "Investor Relations" section enhances the investor relations function by including all announcements made by the Company, Annual Reports of the Company and relevant Board Charter and policies as well as terms of reference of relevant Board Committees established and implemented by the Board for the public to access. Furthermore, email address is provided in the "Contact" section of Company's website to which concerns or request of any investor can be forwarded to.

# CORPORATE GOVERNANCE

## OVERVIEW STATEMENT

(CONT'D)

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

- **Leverage on Information Technology (Cont'd)**

Amid COVID-19 pandemic and as part of the safety measure, the Group conducted its Sixteenth Annual General Meeting ("16<sup>th</sup> AGM") in full virtual platform for the first time on 16 June 2020. The virtual general meeting allows shareholders to exercise their right to participate, pose questions, and vote at the general meeting safely and remotely via Remote Participation and Voting ("RPV") facility, after successfully registered online (subject to verification and on boarding process of the RPV facility). The AGM was broadcast via RPV facility with only essential individuals involved in conducting the meeting were physically present at the broadcast venue, with full adherence to the standard health and safety operating procedures and Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by Securities Commission.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that:-

- i. the annual financial statements of the Group and the Company are prepared in accordance with the provisions of the Malaysian Companies Act 2016 and applicable approved accounting standards of Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2020, and of the results of their operations and cash flows for the year ended on that date; and
- ii. proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In preparing the annual audited financial statements, the Directors have, after taking consideration of the impacts brought about by COVID-19 pandemic:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent;
- prepared the annual audited financial statements on a going concern basis; and
- obtained representation from the Group Financial Controller on matters on financial reporting through self-assessment by the Group Financial Controller.

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The key focus areas of the Board during the financial year were to preserve governance practices championed and approved by the Board during the challenging time of COVID-19 pandemic. It entailed prioritising the safety and health of the employees of the Group, ensuring business and operation continuity, leveraging on virtual meeting technology for board meetings and general meeting held during the financial year under review and to continue update shareholders and interested stakeholders on the impact of the COVID-19 pandemic on the Group.

In view of the Company is a Large Company per MCCG for financial year ending 31 December 2021, it is the focus of the Board to take steps to enhance the existing governance practices to gradually comply with practices that applies to Large Company, i.e. at least half of the Board is made up of Independent Directors, to have woman representation on the Board, to establish a Risk Management Committee (comprises of majority of Independent Directors) to oversee the company's risk management framework and policies and to enhance on the disclosure of remuneration packages of the Directors and Key Senior Management.

In the medium term, the Board is to take steps to enhance board evaluation process by engaging independent experts annually to facilitate objective and board evaluations and to adopt integrated reporting based on a globally recognised framework.

# ADDITIONAL COMPLIANCE STATEMENT

- Material Contracts with Related Parties**

Apart from recurrent related party transactions as disclosed on page 180 of this Annual Report, the followings are the material contract subsisting at the financial year ended 31 December 2020 or entered into since the end of the previous financial year by the Company and its subsidiaries which involve the interests of Director and major shareholders:

- On 8 August 2018, the Company and its subsidiary, Dominant Opto Technologies Sdn Bhd ("Dominant") entered into share options agreements to grant the following Directors and Senior Management ("Grantees") the options to subscribe for new ordinary share in Dominant ("Dominant Options"):

Grantee	Options
Tay Kheng Chiong	1,320,000
Low Tek Beng	1,100,000
Siay Say Fei	880,000

Pursuant to the share options agreements, the Grantees are entitled to subscribe for one (1) ordinary share in Dominant at the exercise price of RM5.95 per Dominant Options held by the Grantees. The Dominant Options shall vest from the date of grant of the Dominant Options, which shall be a date to be determined by the Dominant's Board and stated in the notice of grant issued to the Grantees from time to time. The Dominant Options shall be in force for a period of 10 years from 8 August 2018, being the date of the share options agreement.

As at the date of this Statement, the Dominant Options were yet to be granted to the Grantees by the Dominant's Board.

- Employee Share Scheme**

During the financial year under review, there was three (3) subsisting Employees' Share Option Scheme ("ESOS").

- ESOS of the Company - D&O Employees' Share Option Scheme 2011 ("D&O ESOS")**

During the financial year, no option was granted under the D&O ESOS of the Company.

With regards to the options granted to the Directors and Senior Management, the aggregate allocation applicable to them since commencement of the scheme was 82,716,000 options, which is equivalent to 47.79% of the new ordinary shares of the Company available under the scheme.

Please refer to pages 140 to 142 of the audited financial statement of the Company for the year ended 31 December 2020 for the additional details of the D&O ESOS.

- ESOS of DESB established on 26 February 2020 and expiring on 25 February 2030 for eligible Directors and employees of DESB ("DESB ESOS")**

The maximum number of ESOS Shares to be offered and allotted to eligible Directors and employees under DESB ESOS shall not exceed in aggregate 10% of the total number of issued shares of DESB (excluding treasury shares), at any point of time throughout the duration of the DESB ESOS.

The maximum number of new DESB Shares that may be offered and allotted to an eligible participant shall be determined at the discretion of the ESOS Committee after taking into consideration, the performance, seniority and number of years in service of the eligible participant and/or such other factors that ESOS committee may deem relevant, subject always the aggregate allocation to the Directors and Senior Management of the DESB shall not exceed 50% of the new DESB Shares available under the DESB ESOS. The Subscription Price shall be the higher of a price to be determined by the Board of the Company upon the recommendation of the ESOS Committee which shall not be less than DESB's net assets per share at the relevant time or RM1.00 per DESB Share.

## ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

- **Employee Share Scheme (Cont'd)**

- **ESOS of DESB established on 26 February 2020 and expiring on 25 February 2030 for eligible Directors and employees of DESB ("DESB ESOS") (Cont'd)**

Since the commencement of the DESB ESOS on 26 February 2020, there was grant of 380,000 options to the Directors representing 4.75% (Maximum allocation: 5%) of the issued share capital of DESB. There was no option offered to and exercised by Senior Management of the Company under DESB ESOS since the commencement of the DESB ESOS.

A total of 400,000 options were granted and accepted during the financial year ended 31 December 2020 and since the commencement of DESB ESOS.

Since Commencement and up to 31 December 2020				
	No. of Options Granted since Commencement date	No. of Options Lapsed (No. of Options)	No. of Options Exercised (No. of Options)	No. of Options Outstanding (No. of Options) Carried Forward
All Options Granted	400,000	-	-	400,000
There in:	-	-	-	-
Directors	380,000	-	-	380,000

There was no option offered to and exercised by Non-Executive Directors of the Company under DESB ESOS during financial year ended 31 December 2020 and since the commencement of the DESB ESOS.

- **ESOS of DTSB established on 26 February 2020 and expiring on 25 February 2030 for eligible Directors and employees of DTSB ("DTSB ESOS")**

The maximum number of ESOS Shares to be offered and allotted to eligible Directors and employees under DTSB ESOS shall not exceed in aggregate 10% of the total number of issued shares of DTSB (excluding treasury shares), at any point of time throughout the duration of the DTSB ESOS.

The maximum number of new DTSB Shares that may be offered and allotted to an eligible participant shall be determined by the ESOS committee after taking into consideration, the performance, seniority and number of years in service of the eligible participant and/or such other factors that ESOS committee may deem relevant, subject always the aggregate allocation to the Directors and Senior Management of the DTSB shall not exceed 50% of the new DTSB Shares available under the DTSB ESOS. The Subscription Price shall be the higher of a price to be determined by the Board of the Company upon the recommendation of the ESOS Committee which shall not be less than DTSB's net assets per share at the relevant time or RM1.00 per DTSB Share.

Since the commencement of the DTSB ESOS on 26 February 2020 and up to the date of this Annual Report, there was grant of 400,000 options to the Directors representing 5.00% (Maximum allocation: 5%) of the issued share capital of DTSB. There was no option offered to and exercised by Senior Management of the Company under DTSB ESOS since the commencement of the DTSB ESOS.

## ADDITIONAL COMPLIANCE STATEMENT

(CONT'D)

- Employee Share Scheme (Cont'd)

- ESOS of DTSB established on 26 February 2020 and expiring on 25 February 2030 for eligible Directors and employees of DTSB ("DTSB ESOS") (Cont'd)

A total of 400,000 options were granted and accepted since the commencement of the DTSB ESOS and up to the date of this Annual Report.

Since Commencement and to date of this Annual Report				
	No. of Options Granted since Commencement date	No. of Options Lapsed (No. of Options)	No. of Options Exercised (No. of Options)	No. of Options Outstanding (No. of Options) Carried Forward
All Options Granted	400,000	-	-	400,000
There in:	-	-	-	-
Directors	400,000	-	-	400,000

There was no option offered to and exercised by Non-Executive Directors of the Company under DTSB ESOS since the commencement of the DTSB ESOS and up to the date of this Annual Report.

- Utilisation of proceeds

The net proceeds from the exercise of options by eligible Directors and employees granted in accordance with the Bylaws of subsisting D&O ESOS (after deducting expenses incurred in the issuance of new shares, if any) are utilised for the purpose of funding the continuing growth and expansion and working capital requirement of the Group.

# AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present below the report of Audit Committee.

## COMPOSITION

The members of the Audit Committee are as follows:-

Name	Position
Wong Meng Tak (Senior Independent and Non-Executive Director)	Chairman
Yeow See Yuen (Independent and Non-Executive Director)	Member
Jesper Bjoern Madsen (Independent and Non-Executive Director)	Member

The composition of Audit Committee is in compliance with the paragraph 15.09 of Main Market Listing Requirements (“MMLR”), whereby the Audit Committee consists of three (3) Independent Non-Executive Director, with one of the Audit Committee members, Mr. Yeow See Yuen fulfils the requirements under paragraph 15.09 (1)(c)(iii) and paragraph 7.1 of Practice Note 13 of MMLR.

The Audit Committee Chairman is a Senior Independent Director and no alternate director had been appointed as a member of the Audit Committee. In compliance with Practice 8.1 of the Malaysian Code on Corporate Governance 2017 (“MCCG”), the Audit Committee Chairman is not the Chairman of the Board of Directors of the Company.

The Audit Committee’s Terms of Reference is published on the Company’s corporate website ([www.do.com.my](http://www.do.com.my)) under “Corporate Governance” section of “Investor Relations”.

The profile of the members can be found on pages 14 to 17 of this Annual Report.

## 1. ATTENDANCE OF MEETINGS

There were five (5) meetings held by the Audit Committee members during the financial year ended 31 December 2020 and details of their attendance are as follows:-

Name	Attendance of Audit Committee meetings
Wong Meng Tak	5/5
Jesper Bjoern Madsen	4/5
Yeow See Yuen	5/5

The meetings were conducted with the quorum of minimum two (2) members and majority of members presented at the meeting were Independent Non-Executive Directors.

The meetings were appropriately structured through the use of notices of meeting and agendas, which were distributed together with the minutes of the previous meeting and relevant papers and reports to the members at least five (5) business days before the meetings. This allowed the members to have sufficient review time for the proper discharge of their duties and responsibilities diligently and effectively in compliance with the MMLR and its terms of reference.

The Group Financial Controller and representatives from external and internal auditors were also invited to attend the meetings and brief the members on specific issues during the meetings.

The Secretary of the Audit Committee is the Company Secretary and is responsible, together with the Chairman, to draft the agenda and circulating it prior to each meeting.

# AUDIT COMMITTEE REPORT

(CONT'D)

## 2. SUMMARY OF THE WORKS OF THE AUDIT COMMITTEE

The followings are the works performed by the Audit Committee and reported to the Board for its discussion and decision during the financial year ended 31 December 2020:-

- a) Reviewed the adequacy and relevance of the scope, functions, resources, internal audit plan and results from the internal audit reviews with the internal auditors.

During the financial year, the outsourced internal audit function reported the findings, recommendations and management action plans in relation to the internal audit cycles carried out based on the approved internal audit plan. Apart from that, the outsourced internal audit function reported to the Audit Committee on the progress of the approved internal audit plan for their review and subject to the revision of the internal audit focus and scope by the Audit Committee if it deems necessary based on the risk consideration. In addition, the outsourced internal audit function reported to the Audit Committee, through progress update report, the resources, experience, competency and continuous professional development of the outsourced internal audit function for its review on adequacy.

Please refer to the Statement on Risk Management and Internal Control from pages 75 to 82 for the oversights of the Audit Committee on the outsourced internal audit function.

- b) Reviewed with management on the quarterly financial reports for announcement to the regulatory authorities and year-end statutory accounts as well as the preparation for the annual financial statements prior to the commencement of the annual audit.

During the scheduled quarterly meetings, the Group Financial Controller presented the draft quarterly financial statements (including statement of financial position, statement of comprehensive income, statement of cash flow and notes to the account) for the Audit Committee's review. The key focuses during the review were on accounting policies used, analysis of major changes in components of statement of financial position, statement of comprehensive income and statement of cash flow, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with MMLR and other legal requirements.

The reviews of the quarterly financial reports performed by the Audit Committee were supplemented by the analysis of the financial performance of the key operating subsidiaries and debtor ageing as well as comparison of actual financial results against budgeted financial results. Furthermore, the Audit Committee was able to assess the reasonableness of the assumption and estimates made in the draft quarterly financial statements based on the report by the Group Managing Director on the operation, proposed business strategy, market analysis, inventories' level, capacity expansion and process/productivity improvement activities undertaken/to be undertaken.

- c) Reviewed with external auditors on their audit plan prior to the commencement of audit.

During the financial year, the external auditors presented the Audit Planning Memorandum to the Audit Committee for review and comment prior to the commencement of the audit to ensure that the audit scope is adequate and reasonable time was given to allow the audit carried out effectively and not under undue time pressure. The Audit Planning Memorandum by the external auditors covers the engagement and reporting requirements, audit approaches, communication with the Audit Committee and Management, significant events during the financial year, areas of audit emphasis, engagement team and reporting timeline and deliverables, scope of component auditors, proposed audit fees, updates of accounting standards and MMLR and indicators of going concern.

## AUDIT COMMITTEE REPORT (CONT'D)

### 2. SUMMARY OF THE WORKS OF THE AUDIT COMMITTEE (CONT'D)

d) Reviewed the annual statutory accounts, the Audit Report, issues and reservations arising from audits and the management letter with the external auditors.

Prior to the announcement of final quarterly financial statements, the external auditors presented Audit Review Memorandum and draft audit report to the Audit Committee (which include significant audit findings and significant deficiencies in internal control arising from the audits, proposed audit adjustment and unadjusted differences, if any). During the closing meeting, the external auditors presented the expected audit opinion on the financial statements, going concern, key audit matters, accounting records and other records and register, Statement on Risk Management and Internal Control and review of draft Annual Report. In addition, confirmation was sought from the external auditors by the Audit Committee that the results for the financial year were not differed by 10% or more from unaudited results previously made or released by the Company for that period.

During the financial year, the Audit Committee recommended for the Board's approval and adoption of the audited statutory financial statements of the Company and the Group after it was satisfied:

1. with the adequacy of the internal audit coverage on the effectiveness and reliability of the supporting internal controls and records;
2. that the audit had been adequately planned and carried out in accordance with the approved auditing standards after the review with the external auditors and the Management;
3. that the audited financial statements have been prepared in accordance with generally accepted accounting principles which have been consistently applied and in compliance with applicable accounting standards after review with the external auditors and the Management; and
4. that presentation of the financial statements had been prepared in full compliance with the statutory requirements and applicable approved accounting standards after the review with the external auditors and the Management.

e) Conducted performance evaluation and independent assessment on external auditors.

During the financial year under review, the Audit Committee conducted performance evaluation and independent assessment on external auditors based on recommended evaluation criteria per Corporate Governance Guide issued by Bursa Malaysia Berhad, such as caliber of the firm, quality process and performance, knowledge and skill sets of audit team, independence and objectivity, audit scope and planning, audit fees and audit communication. In addition, during the meetings with the external auditors, the external auditors confirmed to the Audit Committee on their independence in relation to the audit works to be performed and their commitment to communicate to the Audit Committee on their independence status on ongoing manner.

Based on satisfactory results of the performance and independence of the external auditors, the Audit Committee recommended to the Board on the reappointment of the external auditors as auditors of the Company for the financial year ended 31 December 2020.

f) The Audit Committee met once with the external auditors during the financial year under review without the presence of the Executive Directors and Management where they are given the opportunity to raise any concern or professional opinion and thus, to be able to exert its functions independently.

During the private session, the external auditors informed the Audit Committee that there was no major audit issue to be highlighted to the Audit Committee and the Management was cooperative during the audit.

# AUDIT COMMITTEE REPORT

(CONT'D)

## 2. SUMMARY OF THE WORKS OF THE AUDIT COMMITTEE (CONT'D)

- g) Reviewed the disclosure of related party transactions and any conflict-of-interest situation.

During the scheduled quarterly meetings, the Group Financial Controller reported to the Audit Committee the value of the individual Recurrent Related Party Transactions ("RRPT") (from date of shareholders' mandate to end of the financial period) as compared to the approved value of transactions per the shareholders' mandate obtained in the previous general meeting. This enabled the Audit Committee to identify RRPT exceeded or about to exceed the approved amount per the shareholders' mandate so that prompt action can be taken in resolving the matter. Apart from this, the Group Financial Controller also reported to the Audit Committee the 12 months' transactions value of the RRPT where shareholders' mandate and announcement were not required in accordance with the MMLR and Related Party Transaction (if any) for the Audit Committee to review.

- h) Reviewed the latest changes of pronouncements issued by the accountancy, statutory and regulatory bodies.

The Audit Committee was kept aware of the new and revision of the accounting standards through the updates by the external auditors. The Audit Committee sought clarification of the application and impact of new and revised accounting standards with the external auditors shall the needs arise. The Audit Committee also received trainings by professionals on the updates and changes in MMLR and financial reporting standards during the financial year to assess the impacts on the financial reporting and MMLR compliances.

- i) Reported to the Board on significant issues and concerns discussed during the Committee's meetings and where appropriate, made the necessary recommendations to the Board. Minutes of the Committee's meetings were made available to all Board Members for review and to seek clarification and confirmation from the Audit Committee Chairman.
- j) Reviewed the notice and agenda of Annual General Meeting, Management Discussion and Analysis, Corporate Governance Report, Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control, Sustainability Statement, the Board's responsibility statement for the preparation of the annual audited financial statements and other information which requires disclosure (such as profile of Directors and Key Management, RRPTs, etc.) to ensure compliance with the MMLR, MCCG and other guidelines for publication in the Company's Annual Report.

The reviews were performed through meeting held with the Management to seek confirmation and clarification and presentation by the internal audit function on the results of the review of the compliance of the Corporate Governance Report, Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control and Sustainability Statement, with the MMLR and MCCG.

- k) Reviewed the draft circular to shareholders – proposed renewal of Shareholders' Mandate for RRPTs of a revenue or trading nature.

The Audit Committee reviewed the draft circular with the Company Secretary and the Management to ensure the contents and presentation were in compliance with the MMLR.

- l) Identified high risk areas and sought mitigation and responses from the Management.

During the review and presentation of the financial performance, operational performance and business strategy of key operating subsidiaries, the Audit Committee identified areas or matters with high risk potential. The Audit Committee had sought clarification and mitigation plans from the Management on the potential high risk events with follow-up on subsequent meeting as matters arising therefrom until it is satisfied that such events are properly addressed based on the risk appetite of the Board.

# AUDIT COMMITTEE REPORT (CONT'D)

## 2. SUMMARY OF THE WORKS OF THE AUDIT COMMITTEE (CONT'D)

- m) Reviewed the Key Risk and Opportunity Profile Update Report of the Group.

During the financial year under review, the Audit Committee reviewed and deliberated the Key Risk and Opportunity Profile Update Report (included but not limited to, Risk and Control Score Sheet (consists of strategic risks and key operational risks and opportunities), existing control activities for risks mitigation and opportunities optimisation, likelihood and impact rating used and risk management process employed for review and assessment exercise by the Management) on its adequacy and effectiveness. Based on the review, the Audit Committee was satisfied with the process and results of the risk assessment and its responses and subsequently reported the results of the review to the Board.

- n) Reviewed the Sustainability Matters Assessment Result of the Group.

The Audit Committee reviewed the sustainability matters assessment result presented by the Management. The review conducted by the Audit Committee was on the update on the identified material sustainability matters. Based on the review, the Audit Committee was satisfied with the process and result of the sustainability matters assessment and subsequently reported the result of review to the Board.

- o) Reviewed the ESOS Allocation.

During the financial year under review, the Audit Committee reviewed the share options granted and the new ordinary shares issued in relation to the exercise of the options granted and confirmed that the share options granted and the new ordinary shares issued during the financial year complied with the criteria set out in the ESOS By-laws.

- p) Reviewed the Anti-Bribery and Corruption Report.

During the financial year under review, the Audit Committee reviewed the Anti-Bribery and Corruption report from the Anti-Bribery & Corruption Committee where the Audit Committee was updated on the expenses incurred based on the Anti-Bribery and Corruption Framework, whistleblowing cases received by the Company and the proposed update for the Anti-Bribery and Corruption Framework. The Audit Committee was satisfied with the results of the update and that there were no whistleblowing cases received and reported the results of the review to the Board.

## 3. THE INTERNAL AUDIT FUNCTION AND ACTIVITIES

The Group's internal audit function is outsourced to a professional firm. The outsourced internal audit function assists the Board and the Audit Committee in providing an independent assessment on the adequacy and effectiveness of the Group's system of internal control. The outsourced internal audit function reports directly to the Audit Committee. The audit engagement of the outsourced internal audit function is governed by the engagement letter. Key terms of the engagement include purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the Management's responsibilities, the authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review and approval by the Audit Committee for its reporting to the Board for ultimate approval.

The scope of review by the outsourced internal audit function, through the internal audit plan, is determined and approved by the Audit Committee with feedback from the Executive Management. In addition, the Audit Committee enhanced their oversight by reviewing the resources of the outsourced internal audit function provided in terms of their qualification, experience/exposure and continuous professional development of the employees of the outsourced internal audit function during the financial year under review. The performance of the internal audit function is formally evaluated by the Audit Committee through prescribed evaluation form adapted from Corporate Governance Guide issued by Bursa Malaysia Berhad. Private session with the Internal Audit Function was held once by the Audit Committee during the financial year to promote free exchange of views and opinions between the Audit Committee and the internal audit function.

## AUDIT COMMITTEE REPORT (CONT'D)

### 3. THE INTERNAL AUDIT FUNCTION AND ACTIVITIES (CONT'D)

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee.

The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, Audit Committee and other specialised services from within or outside the Group and necessary assistance of personnel in units of the Group where they perform audits.

During the financial year, the outsourced internal audit function conducted scheduled internal audits in accordance with the internal audit plan (and any amendments thereof) approved by the Audit Committee. Areas of improvement in internal controls had been identified and formally tabled at the quarterly Audit Committee meetings. Follow up reviews were carried out to ascertain the status of implementation of agreed management action plans. The results of the follow up reviews were reported to the Audit Committee.

The further details on outsourced internal audit function and internal audit activities are disclosed in the Statement on Risk Management and Internal Control available in pages 75 to 82 of this Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Listing Requirements”) in relation to the requirement to prepare statement about the state of internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”) and the Malaysian Code on Corporate Governance 2017, the Board of D & O Green Technologies Berhad (“D&O” or “the Company”) (collectively with its subsidiaries, “the Group”) is pleased to present the statement on the state of the internal controls of the Group for the financial year ended 31 December 2020. The scope of this Statement includes the Company and its operating subsidiaries.

## BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for maintaining a sound governance, risk management and internal control system and for reviewing their adequacy and effectiveness so as to provide assurance on the achievement of the Group’s mission, vision, core values, strategies and business objectives as well as to safeguard all its stakeholders’ interests and protecting the Group’s assets. The Board is to establish risk appetite of the Group based on the risk capacity, strategies, internal and external business context, business nature and corporate lifecycle. The Board is committed to the establishment and maintenance of an appropriate control environment that is embedded into the corporate culture, strategies and processes of the Group as well as to articulate the importance of adequate and effective risk management and internal control system. The Board delegates the duty of identification, assessment and management of key business risks and opportunities to the Group Managing Director while the Audit Committee, through its terms of reference approved by the Board, is delegated with the duty to review the adequacy and effectiveness of risk management and internal control system of the Group and to provide assurance to the Board on the adequacy and effectiveness of such risk management and internal control system. Through the Audit Committee, the Board is kept informed on all significant control issues brought to the attention of the Audit Committee by the Management, the internal audit function and the external auditors.

The system of internal control covers, inter-alia, control environment, risk assessment, control activities, information and communication and monitoring activities. However, in view of the limitations that are inherent in any system of internal control, the system of internal control is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business objectives. Accordingly, the system of internal control can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

## RISK MANAGEMENT

The Board recognises risk management as an integral part of internal control system and good management practice in the pursuits of its strategies and business objectives. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks and opportunities faced by the Group systematically during the financial year under review. The Board had put in place a formal Risk and Opportunity Management Policy and Procedure (“ROMP”), as the governance structure and processes for the risk management on enterprise wide, in order to embed the risk management practice into all level of the Group and to manage key business risks faced by the Group as well as to optimise key business opportunities available to the Group adequately and effectively as second-line-of-defense. The duties for the identification, evaluation and management of the key business risks and opportunities are delegated to the Group Managing Director.

The principles, practices and process of ROMP established by the Board are, in all material aspects, guided by the IATF 16949:2016 Standard by International Automotive Task Force.

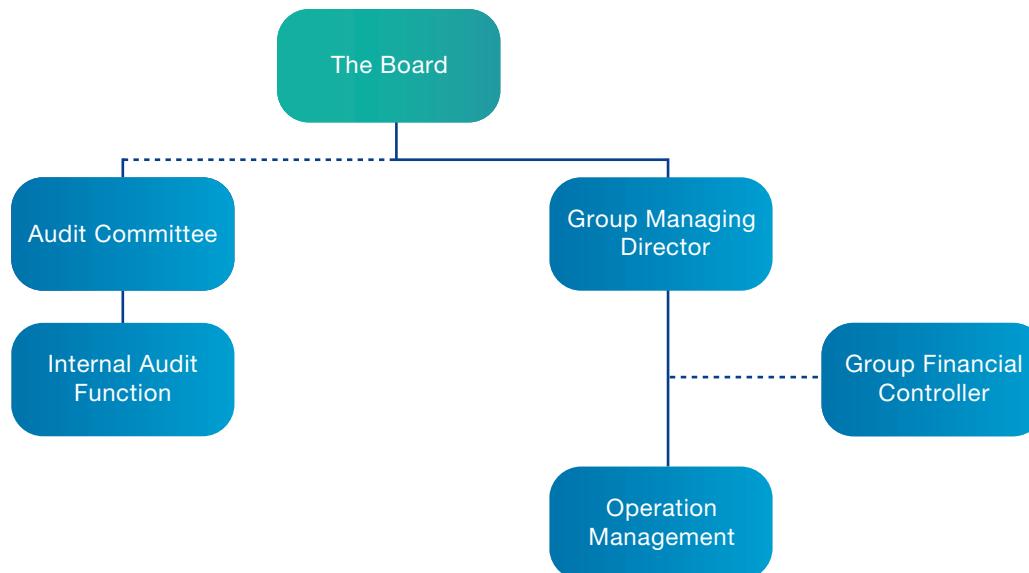
# STATEMENT ON

## RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### RISK MANAGEMENT (CONT'D)

The ROMP established lays down the objectives and processes defined by the Board with formalised governance structure of the risk and opportunity management activities of the Group as follows:-



Clear roles and responsibilities of the Board, the Audit Committee, the Group Managing Director, the Operation Management (as risk and opportunity owners), the Group Financial Controller (as key risk and opportunity officer) and internal audit function are defined in the ROMP. In particular, the roles and responsibilities of the Group Managing Director in relation to the risk and opportunity management are as follows:-

- (a) implement the risk and opportunity management framework as approved by the Board;
- (b) develop and implement the risk and opportunity management process which includes the identification of key risks and opportunities as well as devising appropriate additional action plan in cases where existing controls are ineffective, inadequate or non-existent and communicate the methodology to the Heads of Department;
- (c) ensure that risk and opportunities strategies adopted are aligned with the Group's strategies (e.g. vision/mission, corporate strategies/goals, etc) and ROMP;
- (d) periodic review and update of the Risk and Control Score Sheet of the Group and determination of corrective management action plan, if required; and
- (e) update the Board on changes to the risks and opportunities on periodic basis (at least on annual basis) via Risk Report or when appropriate (due to significant fluctuations to the register) and the course of action to be taken by Management in managing the changes.

In addition, the Operation Management team, i.e. the Heads of Department, is designated as risk and opportunity owners within their area of expertise and delegated with operational responsibilities with the following roles and responsibilities:-

- (a) manage the risks and opportunities of the business processes under his/her control;
- (b) identify risks and opportunities as well as evaluate existing controls and action plans. If controls and action plans deemed ineffective, inadequate or non-existent, report to the Group Managing Director with the development of the management action plans and implement these action plans;
- (c) periodic update of the changes in the Risk and Control Score Sheet, management action plans and the status of these plans;
- (d) ensure that staff working under the Heads of Department understand the risk exposure and opportunities of the relevant process under his/her duty and the importance of the related controls and action plans; and
- (e) ensure adequacy of training for staff on risk and opportunity management.

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

### **RISK MANAGEMENT (CONT'D)**

Systematic risk and opportunity management process is stipulated in the ROMP, whereby each step of the risk and opportunity identification, evaluation, control identification, treatment and control activities are laid down for application by the Group Managing Director and the Operation Management. Risk and opportunity assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board based on the risk appetite acceptable by the Board. In the risk and opportunity management process, Risk and Control Score Sheet were updated by the respective Head of Department with relevant key risks and opportunities identified and rated based on the agreed upon risk and opportunity rating. The Risk and Control Score Sheet is compiled by the Group Financial Controller before reporting to the Group Managing Director for his review and subsequently reported to the Audit Committee via the Risk Report. The Risk and Control Score Sheet were primarily used for the identification of high residual risks which is above the risk appetite of the Group that require the Management and the Board's immediate attention and risk treatment as well as for future risk monitoring. In addition, key opportunities identified were registered in relevant Risk and Control Score Sheet to monitor the implementation of action plans to ensure its achievement. As an important risks and opportunities monitoring mechanism, the Management is scheduled to review the Risk and Control Score Sheet of key operating subsidiaries and assessment of emerging risks and opportunities identified at strategic and operational level on annual basis or on more frequent basis if circumstances required and to report to the Audit Committee on the results of the review and assessment.

During the financial year under review, the Management conducted a review and assessment exercise on existing strategic, governance and key operational risks as well as opportunities of D&O and its operating subsidiaries with emerging risks and opportunities assessed and incorporated into the Risk and Control Score Sheet for on-going monitoring and assessment, after taken into consideration of the internal audit findings. Key Risk and Opportunity Profile (included but not limited to, Risk and Control Score Sheet (consists of strategic risks and key operational risks and opportunities), existing control activities for risks mitigation and opportunities optimisation, likelihood and impact rating used and risk management process employed for review and assessment exercise by the Management) was compiled and tabled to the Audit Committee for review and deliberation on its adequacy and effectiveness and thereafter reported the results of review to the Board, which assumes the primary responsibility of the Group's risk management.

At strategic level, business plans, business strategies and investment proposals with risks and opportunities consideration are formulated by the Senior Management and presented to the Group Managing Director and the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite approved by the Board. In addition, specific strategic and key operational risks and opportunities are highlighted and deliberated by the Audit Committee and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

As first-line-of-defense, respective heads of departments/divisions (i.e. risk and opportunity owners) are responsible for managing the risks under their responsibilities. Risk and opportunity owners are responsible for effective and efficient operational monitoring and management by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in key operational risks or emergence of new key business risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management, generated by internal management information system, supplemented by external data and information collected. Respective risk and opportunity owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage these risks. Critical and material risks are highlighted to the Group Managing Director for the final decision on the formulation and implementation of effective internal controls and reported to the Audit Committee and the Board by the Group Financial Controller and the Group Managing Director respectively.

The monitoring of the risk and opportunity management by the Group is enhanced by the internal audits carried out by the internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal audit plan approved by the Audit Committee.

The above process has been practiced by the Group for the financial year under review and up to the approval date of this statement.

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

## INTERNAL CONTROL SYSTEM

The key features of the Group's internal control system are made up of five core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component are as follows:-

- **Board of Directors/Board Committees**

The role, functions, composition, operation and processes of the Board are guided by formal board charter whereby roles and responsibilities of the Board, the Non-Independent Non-Executive Chairman and the Executive Directors (including the Group Managing Director) are specified to preserve the independence of the Board from the Management and to improve oversight roles of the Board.

Board Committees (i.e. Audit Committee, Remuneration Committee, Nomination Committee and Employees' Share Option Scheme ("ESOS") Committee) are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference.

Meetings of Board of Directors and Audit Committee are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective while meetings for Remuneration Committee, Nomination Committee and ESOS committee are carried out whenever required. Business plans and business strategies are proposed by the Group Managing Director for the Board's review and approval, after taking into risk consideration and responses.

- **Integrity and Ethical Value**

The tone from the top on integrity and ethical value are enshrined in a formal Code of Ethics and Conduct updated and approved by the Board on 28 November 2018. This formal code forms the foundation of integrity and ethical value for the Group.

Integrity and ethical value are incorporated in the Policy and Procedure for Employees whereby the ethical behaviours of the employees with the customers, suppliers, society and environment are stated. Codes of conduct of the employees in carrying out their duties and responsibilities assigned are also established and formalised in Policy and Procedure for Employees.

To further enhance the ethical value throughout the Group, a formal Anti-Bribery and Corruption Framework had been put in place by the Management to prevent the risk of bribery and conflict of interest within the Group with Whistle-blowing Policy implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of financial reporting, compliance and other malpractices at the earliest opportunity.

Performance of Code of Ethics and Conduct are monitored via control activities monitoring mechanism implemented with non-compliances are timely detected and investigated with appropriate corrective action, including but not limited to disciplinary actions, taken to rectify non-compliance.

- **Organisation Structure, Accountability and Authorisation**

The Group has a well-defined organisation structure in place with clear lines of reporting and accountability with the Board assuming the oversight roles. The Group is committed to employ suitable and qualified staff so that the appropriate level of authorities and responsibilities can be delegated while accountability of performance and controls are assigned accordingly to competent staffs to ensure operational efficiency. The establishment and communication of job responsibilities and accountability of performance and controls for key positions are further enhanced via the job descriptions established by the Management.

The authorisation requirement of the key internal control points of key business processes are stated in the Group's policies and procedure.

# STATEMENT ON

## RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### INTERNAL CONTROL SYSTEM (CONT'D)

- **Performance Measurement**

Key performance indicators are established by the Management for the monitoring of operational performance at scheduled interval.

Annual Budget (profit and loss, planned capital expenditure, financial positions and cash flow) and forecasts for the Group are presented to and approved by the Board on an annual basis and is applied to every key divisions of the Group. The actual performances are closely monitored against budgets to identify significant variances for prompt actions to be taken.

- **Succession Planning and Human Resource**

It is the Management's commitment to identify and satisfy the needs of employees to continuously develop their knowledge, skills and competency for personal development and corporate excellence. Functional Replacement and Succession Plan is put in place to ensure key roles within the Group are supported by competent second-in-line to reduce the impact of abrupt departure of key personnel to the minimum possible.

Comprehensive guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience (which are enhanced by continuous trainings thereafter) to carry out their duties and responsibilities effectively and efficiently.

Performance evaluations which form the basis of the incentives and promotion are carried out for all levels of staff to identify performance gaps, training needs and to assist in talent development.

- **Risk Assessment and Control Activities**

Risk assessment is performed by risk owners at scheduled interval or when there is change in internal and/or business context in accordance with ROMP. Internal controls, as risk responses, are formulated and put in place to mitigate risks identified to a level acceptable by the Board.

The Group's policies and procedures are regularly reviewed and updated to ensure it is relevance to support the Group's business activities in achieving the Group's business objectives.

- **Information and Communication**

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

The Group puts in place effective and efficient information and communication infrastructures and channels (i.e. computerised systems, secured intranet, electronic mail system and modern telecommunication) and processing system, so that operation data and external data can be collected and processed into relevant and adequate information and communicated timely, reliably and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders. Apart from that, relevant financial and management reports are generated for different level of the organisation structure for review and decision making. The management and board meetings are held for effective two-way communication of information at different level of Management and the Board.

Communication of policies and procedures of the Group are conducted via written format, information boards, electronic mail system and in-house trainings by respective risk or control owners.

# STATEMENT ON

## RISK MANAGEMENT AND INTERNAL CONTROL

(CONT'D)

### INTERNAL CONTROL SYSTEM (CONT'D)

- **Monitoring and Review**

At operational level, monitoring activities are embedded into the policies and procedures established by the Management with incidents of non-compliance and exceptions are noted and escalated to appropriate level of management. Key performance indicators are formulated to monitor the performance of key divisions/departments against targets established for prompt management action to be addressed for unsatisfactory performance. Periodic management meetings are held to discuss and review budgets, financial and operational performance of key divisions/departments of the Group. The monitoring of compliance with relevant laws and regulations are further enhanced by reviewing specific areas of safety, health and environment by independent consultants engaged by the Group and enforcement bodies.

Apart from the above, quarterly financial statement which contains key financial results is presented to the Board for their review. Operational and financial performance report are also presented by the Group Managing Director during the Board's meeting for the Board to assess the operational performance (including comparison against budgets), business strategies, future prospect, external business conditions, capacity expansion and process/productivity improvement activities undertaken/to be undertaken.

In addition to the internal audits, significant control issues highlighted by the External Auditors as part of their statutory audits and the monitoring of compliance with ISO certification carried out by internal ISO auditors as well as surveillance audit by independent consultants engaged by the Group serve as the fourth-line-of-defense.

### INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional firm, NeedsBridge Advisory Sdn Bhd, who, through the Audit Committee, provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's system on the risk management and internal control. To uphold the professional firm's independence and objectivity, the outsourced internal audit function is reporting directly to the Audit Committee. At least once annually, the Audit Committee will meet with the outsourced internal audit function without the presence of the Management to promote free flow of information.

The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global. The engagement director, Mr. Pang Nam Ming, is a Certified Internal Auditor and Certification in Risk Management Assurance accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance of the Standards to Institute of Internal Auditors during his annual renewal as Certified Internal Auditor. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) manager, assisted by at least one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the director.

Based on the formal evaluation of internal audit function and review of the works performed and deliverables by the outsourced internal audit function during the financial year, the Audit Committee and the Board are satisfied:

- that the outsourced internal audit function is free from any relationships or conflicts of interest which could impair their objectivity and independence;
- with the scope of the outsourced internal audit function;
- that the outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively, possesses sufficient resources and has unrestricted access to employees and information for the internal audit activities; and
- with the internal audit plan, processes, the results of the internal audit and/or investigation undertaken.

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

### INTERNAL AUDIT FUNCTION (CONT'D)

Risk-based internal audit plan in respect of financial year ended 31 December 2020 was drafted by the outsourced internal audit function, after taking into consideration the existing and emerging key business risks identified in the Key Risk and Opportunity Profile, the Senior Management's opinion and the previous internal audits performed, and was reviewed and approved by the Audit Committee prior to execution. Each internal audit cycles within the internal audit plan are specific with regards to audit objective, key risks to be assessed and scopes of the internal control review.

As third-line-of-defense, the internal control review procedures performed by the outsourced internal audit function are designed to understand, document and evaluate risks and related controls in order to determine the adequacy and effectiveness of governance, risk structures, control structures and control processes. The outsourced internal audit function shall provide recommendations formulated based on the root cause(s) of the internal audit observations. The internal audit procedures applied principally consist of process evaluations through interviews with relevant personnel involved in the process under review, review of the standard operating procedures and/or process flows provided and observations of the functioning of processes against the results of interviews, documented standard operating procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples.

During the financial year ended 31 December 2020, based on the internal audit cycles reviewed and approved by the Audit Committee for execution, the outsourced internal audit function has conducted reviews for Bribery and Corruption Management and Sales Management for key manufacturing subsidiary based in Malaysia as well as a review on the Corporate Governance Report, Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control.

Upon the completion of the individual internal audit fieldwork during the financial year, the internal audit report was presented to the Audit Committee during its scheduled meeting. During the presentation, the internal audit findings, priority level, risk/potential implication, internal audit recommendations, management responses/action plans, person-in-charge and date of implementation were presented and deliberated with the members of the Audit Committee. This is to enable the Audit Committee to form an opinion on the adequacy and/or effectiveness of the governance, risk and control of the business process under review. Progress follow ups were performed by the outsourced internal audit function on the management action plans that were not implemented in the previous internal audit fieldworks by way of verification via physical observation or through verification of sample provided by person-in-charge to substantiate the implementation of the management action plan. The updates on the status of action plans were presented via the Action Plan Progress Report tabled at subsequent Audit Committee meeting for review and deliberation.

In addition, during the Audit Committee meeting, the outsourced internal audit function reported its staff strength, qualification and experience as well as continuous professional education for the Audit Committee to review.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 31 December 2020 amounted to RM57,000.

### ASSURANCE PROVIDED BY THE GROUP MANAGING DIRECTOR AND THE GROUP FINANCIAL CONTROLLER AND CONTROLS AND REGULATION ASSESSMENT BY THE SENIOR MANAGEMENT

In line with the Guidelines, the Group Managing Director, being highest ranking executive in the Company and the Group Financial Controller, being the person primarily responsible for the management of the financial affairs of the Company have provided assurance to the Board that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

In addition, during the financial year, the Senior Management conducted assessment of controls and regulation based on the criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad. The criteria assessed includes overall control environment (i.e. identification and evaluation of business risks, internal controls, information systems, insurance and corporate code of conduct), other regulatory areas (i.e. tax and duties, environment, social and governance) and legal and secretarial matters. The results of the assessment by the Senior Management were tabled to the Board for review.

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

## OPINION AND CONCLUSION

Based on the review of the risk management results and process, results of the internal audit activities, monitoring and review mechanism stipulated above, assurance provided by the Group Managing Director and the Group Financial Controller and the review by the Board of the results of the controls and regulation assessment completed by the Senior Management, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control system in meeting the Group's business objectives.

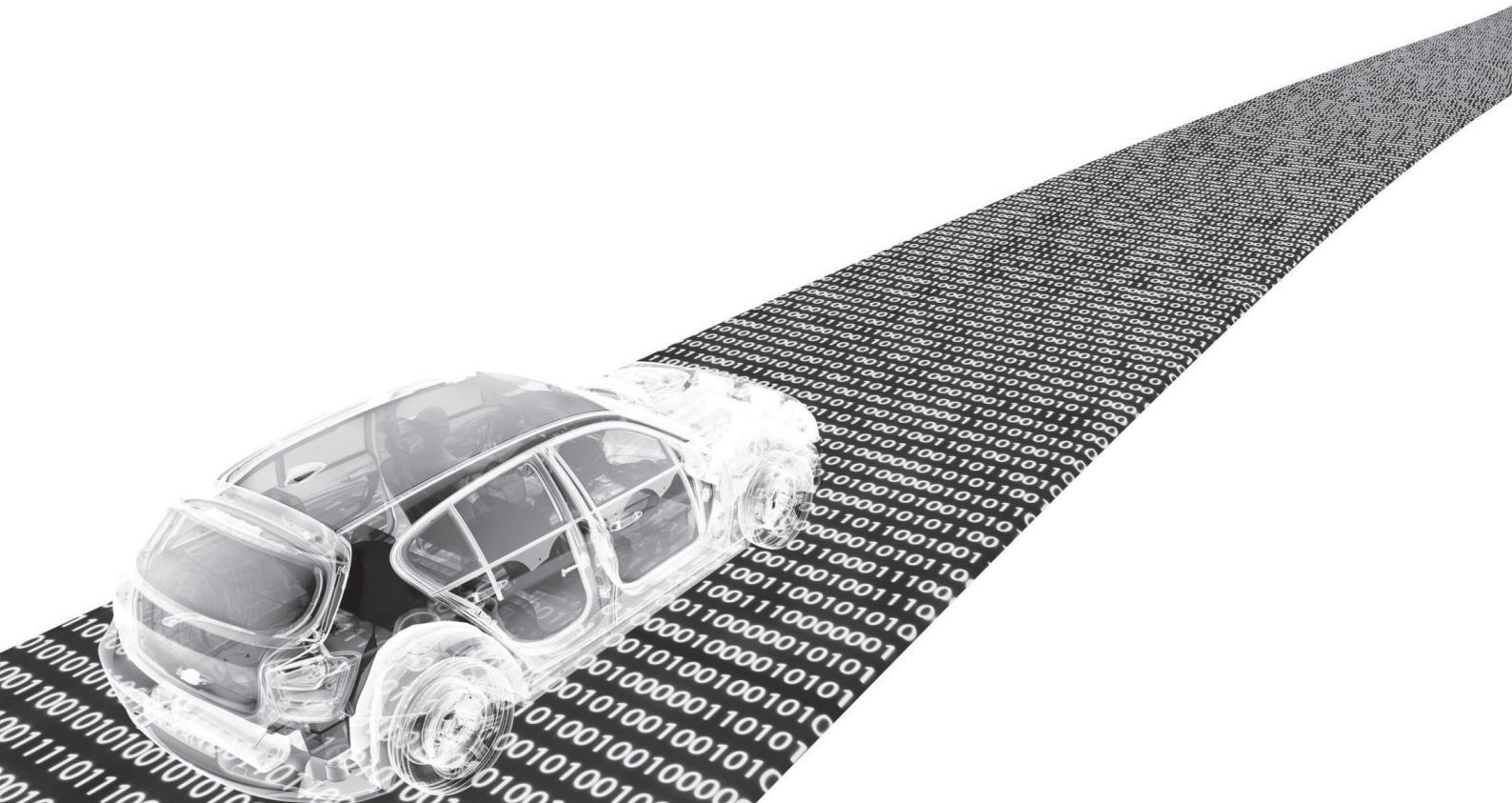
The Board is committed towards maintaining an effective risk management and internal control system throughout the Group and where necessary put in place appropriate plans to further enhance the Group's internal control system and improve the risk maturity in the Group. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to achieve its mission, vision, core value, strategies and business objectives.

## ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysia Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies to be set out, nor is factually incorrect.

# FINANCIAL STATEMENTS

<b>84</b>	Directors' Report
<b>90</b>	Statement by Directors
<b>90</b>	Statutory Declaration
<b>91</b>	Independent Auditors' Report
<b>95</b>	Statements of Financial Position
<b>97</b>	Statements of Profit or Loss and Other Comprehensive Income
<b>99</b>	Statements of Changes in Equity
<b>105</b>	Statements of Cash Flows
<b>107</b>	Notes to the Financial Statements



# DIRECTORS' REPORT

The Directors of D & O Green Technologies Berhad have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services (inclusive of manufacturing plant facility services). The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

## RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	55,375	16,398
Attributable to:-		
Owners of the Company	49,652	16,398
Non-controlling interests	5,723	-
	55,375	16,398

## DIVIDENDS

Dividends paid by the Company since 31 December 2019 are as follows:-

### In respect of the ordinary shares

(a) An interim dividend of 0.65 sen per ordinary share for the financial year ended 31 December 2020 amounting to RM7,500,623 was paid on 28 December 2020;

### In respect of Irredeemable Convertible Preference Shares ("ICPS")

(a) An interim dividend of 0.65 sen per ICPS for the financial year ended 31 December 2020 amounting to RM2,450,979 was paid to ICPS holders on 28 December 2020 based on the terms of the ICPS.

## RESERVES AND PROVISIONS

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

## DIRECTORS' REPORT (CONT'D)

### **ISSUES OF SHARES AND DEBENTURES**

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM171,559,260 to RM191,653,570 by way of:-
  - (i) issuance of 8,140,000 new ordinary shares at an exercise price of RM0.17, pursuant to the Employees' Share Option Scheme 2011 ("ESOS");
  - (ii) issuance of 10,614,000 new ordinary shares at an exercise price of RM0.30, pursuant to the ESOS;
  - (iii) issuance of 162,500 new ordinary shares at an exercise price of RM0.25, pursuant to the ESOS;
  - (iv) issuance of 6,381,600 new ordinary shares at an exercise price of RM0.28, pursuant to the ESOS;
  - (v) issuance of 3,245,000 new ordinary shares at an exercise price of RM0.495, pursuant to the ESOS; and
  - (vi) issuance of 6,398,100 new ordinary shares at an exercise price of RM0.725, pursuant to the ESOS

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

- (b) there were no issues of debentures by the Company.

### **OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's ESOS.

### **EMPLOYEES' SHARE OPTION SCHEME 2011**

The ESOS is governed by the ESOS By-Laws and was approved by shareholders on 28 June 2011. The ESOS is to be in force for a period of 10 years effective from 7 September 2011.

Details of the ESOS are set out in Note 17(c) to the financial statements.

### **BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

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

# DIRECTORS' REPORT

(CONT'D)

## CURRENT ASSETS

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

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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

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

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

## CHANGE OF CIRCUMSTANCES

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

## ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

## DIRECTORS

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

Dato' Mohammed Azlan Hashim  
Tay Kheng Chiong  
Cheam Dau Peng  
Goh Nan Yang  
Wong Meng Tak  
Yeow See Yuen  
Jesper Bjoern Madsen  
Goh Chin San (Appointed on 24 August 2020)

# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS (CONT'D)

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

Goh Nan Kioh  
 Ong Hock Kheng  
 Tai Tzu Hsiang  
 Goh Keng Chye  
 Masashi Nakamachi  
 Low Tek Beng  
 Tushar Dhayagude

## DIRECTORS' INTERESTS

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

### (a) Ordinary Share

	Number of Ordinary Shares				At 31.12.2020																																									
	At 1.1.2020	By exercise of ESOS	Transfer	Sold																																										
<b>The Company</b>																																														
<i>Direct Interests</i>																																														
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Dato' Mohammed Azlan</td> <td style="width: 15%; text-align: right;">78,024,302</td> <td style="width: 15%; text-align: right;">1,060,000</td> <td style="width: 15%; text-align: right;">-</td> <td style="width: 15%; text-align: right;">-</td> <td style="width: 15%; text-align: right;">79,084,302</td> </tr> <tr> <td>Hashim</td> <td style="text-align: right;">12,164,552</td> <td style="text-align: right;">6,880,500</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(1,200,000)</td> <td style="text-align: right;">17,845,052</td> </tr> <tr> <td>Tay Kheng Chiong</td> <td style="text-align: right;">8,201,576</td> <td style="text-align: right;">2,557,700</td> <td style="text-align: right;">(2,040,000)</td> <td style="text-align: right;">(1,000,000)</td> <td style="text-align: right;">7,719,276</td> </tr> <tr> <td>Cheam Dau Peng</td> <td style="text-align: right;">133,333</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">133,333</td> </tr> <tr> <td>Goh Nan Yang</td> <td style="text-align: right;">508,333</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(50,000)</td> <td style="text-align: right;">458,333</td> </tr> <tr> <td>Wong Meng Tak</td> <td style="text-align: right;">5,886,799</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">(1,100,000)</td> <td style="text-align: right;">4,786,799</td> </tr> <tr> <td>Yeow See Yuen</td> <td style="text-align: right;">20,000</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">20,000</td> </tr> </table>					Dato' Mohammed Azlan	78,024,302	1,060,000	-	-	79,084,302	Hashim	12,164,552	6,880,500	-	(1,200,000)	17,845,052	Tay Kheng Chiong	8,201,576	2,557,700	(2,040,000)	(1,000,000)	7,719,276	Cheam Dau Peng	133,333	-	-	-	133,333	Goh Nan Yang	508,333	-	-	(50,000)	458,333	Wong Meng Tak	5,886,799	-	-	(1,100,000)	4,786,799	Yeow See Yuen	20,000	-	-	-	20,000
Dato' Mohammed Azlan	78,024,302	1,060,000	-	-	79,084,302																																									
Hashim	12,164,552	6,880,500	-	(1,200,000)	17,845,052																																									
Tay Kheng Chiong	8,201,576	2,557,700	(2,040,000)	(1,000,000)	7,719,276																																									
Cheam Dau Peng	133,333	-	-	-	133,333																																									
Goh Nan Yang	508,333	-	-	(50,000)	458,333																																									
Wong Meng Tak	5,886,799	-	-	(1,100,000)	4,786,799																																									
Yeow See Yuen	20,000	-	-	-	20,000																																									

	Number of Ordinary Shares			At 31.12.2020					
	At 1.1.2020	Bought	Sold						
<i>Deemed Interests</i>									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%;">Dato' Mohammed Azlan Hashim *</td> <td style="width: 15%; text-align: right;">33,554,113</td> <td style="width: 15%; text-align: right;">-</td> <td style="width: 15%; text-align: right;">(6,500,000)</td> <td style="width: 15%; text-align: right;">27,054,113</td> </tr> </table>					Dato' Mohammed Azlan Hashim *	33,554,113	-	(6,500,000)	27,054,113
Dato' Mohammed Azlan Hashim *	33,554,113	-	(6,500,000)	27,054,113					

\* Deemed interest by virtue of Section 8 of the Companies Act 2016 (shareholding held through his spouse, Datin Nonadiah Binti Abdullah).

### (b) Irredeemable Convertible Preference Shares

Save for the deemed interest of 112,975,409 ICPS (29.96% of the total ICPS) by Mr Goh Nan Yang via his deemed interest by virtue of his shareholdings held through Thames Electronics Sdn Bhd, none of the other Directors have any interest, direct or deemed, in the ICPS of the Company.

# DIRECTORS' REPORT

(CONT'D)

## DIRECTORS' INTERESTS (CONT'D)

In addition to the above, the following directors are deemed to have interests in the shares of the Company to the extent of the options granted to them pursuant to the ESOS of the Company are as follows:-

	Number of Options under ESOS			
	At 1.1.2020	Granted	Exercised	At 31.12.2020
Dato' Mohammed Azlan Hashim	1,060,000	-	(1,060,000)	-
Tay Kheng Chiong	12,959,800	-	(6,880,500)	6,079,300
Cheam Dau Peng	4,127,000	-	(2,557,700)	1,569,300
Goh Nan Yang	4,350,000	-	-	4,350,000
Wong Meng Tak	1,225,000	-	-	1,225,000
Yeow See Yuen	1,450,000	-	-	1,450,000
Jesper Bjoern Madsen	900,000	-	-	900,000

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 34 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to certain directors pursuant to the ESOS of the Company and its subsidiaries.

## DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 33 to the financial statements.

## INDEMNITY AND INSURANCE COST

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and certain officers of the Group were RM5,000,000 and RM9,088, respectively. No indemnity was given to or insurance effected for auditors of the Company.

## SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 39 to the financial statements.

**DIRECTORS'  
REPORT  
(CONT'D)****AUDITORS**

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

The details of the auditors' remuneration are disclosed in Note 28 to the financial statements.

Signed in accordance with a resolution of the directors dated 24 March 2021.

**Dato' Mohammed Azlan Hashim**

**Tay Kheng Chiong**

## STATEMENT BY DIRECTORS

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

We, **Dato' Mohammed Azlan Hashim** and **Tay Kheng Chiong**, being two of the directors of **D & O Green Technologies Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 95 to 178 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 of 31 December 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 24 March 2021

**Dato' Mohammed Azlan Hashim**

**Tay Kheng Chiong**

## STATUTORY DECLARATION

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

I, **Lee Han Yung**, being the officer primarily responsible for the financial management of **D & O Green Technologies Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 95 to 178 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Lee Han Yung, NRIC Number: 801118-04-5141,  
at Melaka  
on this 24 March 2021

**Lee Han Yung**

Before me

**Pierre Lim Vey Yeow (M-085)**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF D & O GREEN TECHNOLOGIES BERHAD  
(Incorporated In Malaysia) Registration No: 200401006867 (645371 - V)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of D & O Green Technologies Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 95 to 178.

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

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

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

Goodwill impairment	
Refer to Note 10 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>Goodwill balance as at 31 December 2020 stood at RM24.207 million.</p> <p>Management is required to conduct annual impairment assessment on the goodwill. For this purpose, management has estimated the recoverable amounts of the cash-generating unit in which the goodwill is attached to, using the value-in-use approach. This is derived from the present value of the future cash flows from the cash-generating unit.</p> <p>This assessment is significant to our audit as it is highly subjective, involves significant judgement and is based on assumptions that may be affected by future market and economic conditions.</p> <p>Further details are shown in Note 10 to the financial statements.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>Reviewed management's estimate of the recoverable amount and tested the cash flows forecast for their accuracy;</li> <li>Reviewed the key business drivers underpinning the cash flows forecast prepared to support the recoverable amount;</li> <li>Evaluated the appropriateness and reasonableness of the key assumptions by considering prior budget accuracy, comparison to recent performance and our understanding of the business, trend analysis, and historical results;</li> <li>Reviewed sensitivity analysis performed by management over the key assumptions to understand the impact of changes over the valuation model; and</li> <li>Reviewed the adequacy of the Group's disclosures.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF D & O GREEN TECHNOLOGIES BERHAD  
(Incorporated In Malaysia) Registration No: 200401006867 (645371 - V)  
(CONT'D)

## Key Audit Matters (Cont'd)

<b>Inventories</b> Refer to Note 11 to the financial statements	
<b>Key Audit Matter</b>	
<p>The Group carries significant inventories as disclosed in Note 11 to the financial statements. The assessment of inventory write-downs due to excess quantities, obsolescence and decline in net realisable value below cost involved judgements and estimation uncertainty including forming expectations about future sales and demands.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Obtained understanding of:- <ul style="list-style-type: none"> <li>▪ the Group's inventory management process;</li> <li>▪ the Group's process of identification and assessment of inventory write-downs; and</li> <li>▪ the Group's procedure for the estimation of inventory write-downs.</li> </ul> </li> <li>• Reviewed the net realisable value of inventories on sampling basis; and</li> <li>• Evaluated the reasonableness and adequacy of the allowance for inventories recognised for identified exposures.</li> </ul>

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

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

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

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

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

## Responsibilities of the Directors for the Financial Statements

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF D & O GREEN TECHNOLOGIES BERHAD  
(Incorporated In Malaysia) Registration No: 200401006867 (645371 - V)  
(CONT'D)

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

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

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

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

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

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

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF D & O GREEN TECHNOLOGIES BERHAD  
(Incorporated In Malaysia) Registration No: 200401006867 (645371 - V)  
(CONT'D)

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

### OTHER MATTERS

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

**Crowe Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF1018  
Chartered Accountants

**Chua Wai Hong**  
02974/09/2021 J  
Chartered Accountant

Kuala Lumpur

24 March 2021

# STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2020

Note	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>ASSETS</b>				
NON-CURRENT ASSETS				
Investments in subsidiaries	5	-	429,065	455,677
Property, plant and equipment	6	255,407	222,158	1,677
Right-of-use assets	7	9,257	8,832	2,718
Other investments	8	32,336	28,710	32,336
Intangible assets	9	10,520	10,354	-
Goodwill	10	24,207	24,207	-
Deferred tax assets	20	265	-	-
		331,992	294,261	465,796
				489,468
CURRENT ASSETS				
Inventories	11	179,583	151,638	-
Trade receivables	12	176,375	117,244	-
Other receivables, deposits and prepayments	13	5,305	6,197	10
Amount owing by subsidiaries	23	-	-	2,650
Current tax assets		1,982	2,571	-
Deposits with financial institutions	14	9,047	16,570	6,000
Cash and bank balances		65,878	46,532	3,399
		438,170	340,752	12,059
TOTAL ASSETS		770,162	635,013	477,855
				490,004

# STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2020  
(CONT'D)

Note	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Share capital	15	191,654	171,559	191,654
Irredeemable convertible preference shares	16	228,671	228,671	228,671
Reserves	17	(5,835)	(44,600)	56,808
Equity attributable to owners of the Company		414,490	355,630	477,133
Non-controlling interests	5	35,765	31,489	-
<b>TOTAL EQUITY</b>		<b>450,255</b>	<b>387,119</b>	<b>477,133</b>
<b>NON-CURRENT LIABILITIES</b>				
Lease liabilities	18	1,021	607	-
Long-term borrowings	19	48,792	37,349	-
Deferred tax liabilities	20	18,708	15,583	150
		<b>68,521</b>	<b>53,539</b>	<b>150</b>
<b>CURRENT LIABILITIES</b>				
Trade payables	21	171,315	113,925	-
Other payables and accruals	22	15,998	17,903	572
Amount owing to a subsidiary	23	-	-	514
Lease liabilities	18	948	761	35,840
Current tax liabilities		2,281	6	-
Short-term borrowings	24	60,844	61,760	-
		<b>251,386</b>	<b>194,355</b>	<b>572</b>
<b>TOTAL LIABILITIES</b>		<b>319,907</b>	<b>247,894</b>	<b>722</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>770,162</b>	<b>635,013</b>	<b>477,855</b>
				<b>490,004</b>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
REVENUE	26	575,781	504,305	760	1,308
COST OF SALES		(417,917)	(363,862)	-	-
GROSS PROFIT		157,864	140,443	760	1,308
OTHER INCOME		9,947	4,108	21,421	17,608
		167,811	144,551	22,181	18,916
SELLING AND DISTRIBUTION EXPENSES		(9,896)	(8,711)	-	-
ADMINISTRATIVE EXPENSES		(42,824)	(47,409)	(3,433)	(4,809)
OTHER EXPENSES		(45,751)	(37,866)	(2,299)	(759)
FINANCE COSTS		(2,883)	(3,393)	#	(126)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	27	(121)	(102)	-	-
PROFIT BEFORE TAXATION	28	66,336	47,070	16,449	13,222
INCOME TAX EXPENSE	29	(10,961)	(8,013)	(51)	(37)
PROFIT AFTER TAXATION		55,375	39,057	16,398	13,185
OTHER COMPREHENSIVE INCOME/(EXPENSES)					
<u>ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</u>					
Fair value changes of equity instruments		3,626	4,211	3,626	4,211
<u>ITEMS THAT WILL BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</u>					
Foreign currency translation differences		2,277	(1,331)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		61,278	41,937	20,024	17,396

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(CONT'D)

Note	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>				
<b>Owners of the Company</b>				
Owners of the Company	49,652	34,871	16,398	13,185
Non-controlling interest	5,723	4,186	-	-
	55,375	39,057	16,398	13,185
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>				
<b>Owners of the Company</b>				
Owners of the Company	54,711	37,888	20,024	17,396
Non-controlling interest	6,567	4,049	-	-
	61,278	41,937	20,024	17,396
<b>EARNINGS PER SHARE (SEN)</b>				
	30			
BASIC		4.166	2.803	
DILUTED		3.250	2.305	

# - Amount less than RM1,000

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Group	Note	Share Capital RM'000	ICPS RM'000	ESOS Reserve RM'000	Capital Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Attributable To Owners Of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Balance at 1.1.2019		164,916	228,671	13,581	29,918	(2,226)	11,559	(123,283)	323,136	29,190
Profit after tax for the financial year		-	-	-	-	-	-	34,871	34,871	4,186
Other comprehensive (expenses)/income for the financial year:										
- foreign currency translation differences		-	-	-	-	(1,194)	-	-	(1,194)	(137)
- fair value changes of equity instruments		-	-	-	-	-	4,211	-	4,211	-
Total comprehensive (expenses)/income for the financial year		-	-	-	-	(1,194)	4,211	34,871	37,888	4,049
Balance carried forward		164,916	228,671	13,581	29,918	(3,420)	15,770	(88,412)	361,024	33,239
										394,263

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



# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

The Group	Note	Non-distributable				Attributable					
		Share Capital RM'000	ICPS RM'000	ESOS Reserve RM'000	Capital Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000	Attributable To Owners Of the Company RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance brought forward		164,916	228,671	13,581	29,918	(3,420)	15,770	(88,412)	361,024	33,239	394,263
Contribution by and distribution to owners of the Company:											
- ESOS vested		-	-	5,622	-	-	-	-	5,622	-	5,622
- Issuance of shares:		3,889	-	-	-	-	-	-	3,889	-	3,889
- Exercise of ESOS											
- Transfer to share capital for ESOS options exercised	31	2,754	-	(2,754)	-	-	-	-	-	-	-
- Dividend paid:		-	-	-	-	-	-	(14,905)	(14,905)	-	(14,905)
- by the Company											
- by the subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,750)
Total transactions with owners		6,643	-	2,868	-	-	-	(14,905)	(5,394)	(1,750)	(7,144)
Transfer of ESOS Reserve for lapsed ESOS options		-	-	(474)	-	-	-	474	-	-	-
Balance at 31.12.2019		171,559	228,671	15,975	29,918	(3,420)	15,770	(102,843)	355,630	31,489	387,119

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

The Group	Note	Non-distributable				Attributable				
		Share Capital RM'000	ICPS RM'000	ESOS Reserve RM'000	Capital Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000	Company RM'000	Controlling Interests RM'000
Balance at 31.12.2019/1.1.2020	171,559	228,671	15,975	29,918	(3,420)	15,770	(102,843)	355,630	31,489	387,119
Profit after tax for the financial year		-	-	-	-	-	-	49,652	49,652	5,723
Other comprehensive income for the financial year:										
- foreign currency translation differences		-	-	-	-	1,433	-	-	1,433	844
- fair value changes of equity instruments		-	-	-	-	3,626	-	-	3,626	2,277
Total comprehensive income for the financial year		-	-	-	-	1,433	3,626	49,652	54,711	3,626
Balance carried forward	171,559	228,671	15,975	29,918	(1,987)	19,396	(53,191)	410,341	38,056	448,397

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

The Group	Note	Non-distributable				Distributable				Non-Controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	ICPS RM'000	ESOS Reserve RM'000	Capital Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Accumulated Losses RM'000	Attributable To Owners Of the Company RM'000		
Balance brought forward		171,559	228,671	15,975	29,918	(1,987)	19,396	(53,191)	410,341	38,056	448,397
Contribution by and distribution to owners of the Company:											
- ESOS vested		-	-	920	-	-	-	-	920	-	920
- Issuance of shares:				-	-	-	-	-	12,641	-	12,641
- Exercise of ESOS		12,641	-	-	-	-	-	-	-	-	-
- Transfer to share capital for ESOS options exercised		7,454	-	(7,454)	-	-	-	-	-	-	-
- Dividend paid:	31	-	-	-	-	-	-	(9,952)	(9,952)	-	(9,952)
- by the Company		-	-	-	-	-	-	-	-	-	-
- by the subsidiary to non-controlling interests		-	-	-	-	-	-	-	-	(1,751)	(1,751)
20,095	-	(6,534)	-	-	-	-	-	(9,952)	3,609	(1,751)	1,858
Changes in subsidiaries' ownership interests that do not result in loss of control		-	-	-	607	-	-	(67)	540	(540)	-
Total transactions with owners Transfer of ESOS Reserve for lapsed ESOS options		20,095	-	(6,534)	-	607	-	(10,019)	4,149	(2,291)	1,858
Balance at 31.12.2020		191,654	228,671	9,429	29,918	(1,380)	19,396	(63,198)	414,490	35,765	450,255

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

**STATEMENTS OF  
CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

	Note	Share Capital RM'000	ICPS RM'000	Non-distributable ESOS Reserve RM'000	Fair Value Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
<b>The Company</b>							
Balance at 1.1.2019		164,916	228,671	13,581	11,559	22,771	441,498
Profit after tax for the financial year		-	-	-	-	13,185	13,185
Other comprehensive income for the financial year: - Fair value changes of equity instruments		-	-	-	4,211	-	4,211
Total comprehensive income for the financial year		-	-	-	4,211	13,185	17,396
Contribution by and distribution to owners of the Company: - ESOS vested - Issuance of shares: - Exercise of ESOS - Transfer to share capital for ESOS options exercised - Dividend paid	32	-	-	5,622	-	-	5,622
3,889		-	-	-	-	-	3,889
2,754		-	(2,754)	-	-	-	-
Total transactions with owners		6,643	-	2,868	-	(14,905)	(5,394)
Transfer of ESOS Reserve for lapsed ESOS options		-	-	(474)	-	474	-
Balance at 31.12.2019		171,559	228,671	15,975	15,770	21,525	453,500

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

	Note	Share Capital RM'000	ICPS RM'000	Non-distributable ESOS Reserve RM'000	Fair Value Reserve RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
<b>The Company</b>							
Balance at 31.12.2019/ 1.1.2020		171,559	228,671	15,975	15,770	21,525	453,500
Profit after tax for the financial year		-	-	-	-	16,398	16,398
Other comprehensive income for the financial year: - Fair value changes of equity instruments		-	-	-	3,626	-	3,626
Total comprehensive income for the financial year		-	-	-	3,626	16,398	20,024
Contribution by and distribution to owners of the Company: - ESOS vested		-	-	920	-	-	920
- Issuance of shares: - Exercise of ESOS		12,641	-	-	-	-	12,641
- Transfer to share capital for ESOS options exercised		7,454	-	(7,454)	-	-	-
- Dividend paid	31	-	-	-	-	(9,952)	(9,952)
Total transactions with owners		20,095	-	(6,534)	-	(9,952)	3,609
Transfer of ESOS Reserve for lapsed ESOS options		-	-	(12)	-	12	-
Balance at 31.12.2020		191,654	228,671	9,429	19,396	27,983	477,133

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>					
Profit before taxation:		66,336	47,070	16,449	13,222
Adjustments for:-					
Amortisation of intangible assets	9	1,075	1,047	-	-
Bad debt written off		-	79	-	-
Depreciation of property, plant and equipment	6	38,640	35,216	647	663
Depreciation of right-of-use assets	7	1,190	1,140	39	38
Employee benefits expense		920	5,622	469	1,616
Loss/(Gain) on disposal of property, plant and equipment		114	(18)	-	-
Impairment loss on:					
- Trade and other receivables	12&13	295	232	-	-
- Property, plant and equipment		-	8	-	-
- Investment in subsidiaries		-	-	93	-
Interest expense		2,483	2,851	-	125
Interest expense on lease liabilities		87	70	-	-
Interest income		(445)	(291)	(81)	(12)
Inventories written down		432	503	-	-
Inventories written off		9,117	7,343	-	-
Property, plant and equipment written off		55	534	-	-
Dividend income		(2,299)	(258)	(17,708)	(15,667)
Government grant income		(415)	-	(59)	-
Reversal of impairment losses on trade receivables	12	(174)	(130)	-	-
Unrealised gain on foreign exchange		(4,018)	(2,367)	-	-
Operating profit/(loss) before working capital changes		113,393	98,651	(151)	(15)
Increase in inventories		(37,494)	(9,393)	-	-
(Increase)/Decrease in trade and other receivables		(59,022)	(13,774)	57	131
Increase/(Decrease) in trade and other payables		58,653	(13,182)	58	(188)
<b>CASH FROM/(FOR) OPERATIONS</b>		<b>75,530</b>	<b>62,302</b>	<b>(36)</b>	<b>(72)</b>
Income tax paid		(5,329)	(8,089)	(45)	(30)
Interest paid		(2,570)	(2,921)	-	(125)
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>		<b>67,631</b>	<b>51,292</b>	<b>(81)</b>	<b>(227)</b>

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

Note	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>				
Acquisition of subsidiaries	-	-	(7,732)	-
Acquisition of additional shares in a subsidiary	-	-	(3,800)	-
Acquisition of intangible assets	(1,241)	(1,393)	-	-
Dividend received	2,299	258	17,708	15,667
Interest received	445	291	81	12
Net withdrawal of deposits with maturity period of more than three months	-	2,887	-	-
Withdrawal/(Placement) of deposits pledged with licensed banks	96	(14)	-	-
Proceeds from disposal of property, plant and equipment	20	20	-	-
Proceeds from capital reduction in a subsidiary	-	-	2,660	-
Purchase of property, plant and equipment	32(a)	(71,982)	(75,865)	-
(Advances to)/Repayment from subsidiaries	-	-	(2,650)	4,929
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>	<b>(70,363)</b>	<b>(73,816)</b>	<b>6,267</b>	<b>20,608</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>				
Government grant received	415	-	59	-
Net drawdown of bankers' acceptances	5,020	15,773	-	-
Proceeds from exercise of ESOS	12,641	3,889	12,641	3,889
Drawdown of term loans	31,576	63,501	-	-
Advances from a subsidiary	-	-	-	148
Repayment of term loans	(23,379)	(15,974)	-	-
Net repayment of revolving credits	(1,178)	(10,500)	-	(9,500)
Payment of lease liabilities	(1,013)	(997)	-	-
Dividend paid to shareholders of the Company	(9,952)	(14,905)	(9,952)	(14,905)
Dividend paid to non-controlling interest	(1,751)	(1,750)	-	-
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>	<b>12,379</b>	<b>39,037</b>	<b>2,748</b>	<b>(20,368)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>9,647</b>	<b>16,513</b>	<b>8,934</b>	<b>13</b>
<b>EFFECTS OF FOREIGN EXCHANGE TRANSLATION</b>	<b>2,272</b>	<b>(1,300)</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>	<b>62,630</b>	<b>47,417</b>	<b>465</b>	<b>452</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<b>32(d)</b>	<b>74,549</b>	<b>62,630</b>	<b>9,399</b>
				<b>465</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office : No. 15, Bukit Ledang, Off Jalan Duta,  
50480 Kuala Lumpur.

Principal place of business : Lot 6, Batu Berendam Free Trade Zone, Phase III,  
75350 Melaka.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 March 2021.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services (inclusive of manufacturing plant facility services). The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

## 3. BASIS OF PREPARATION

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

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

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

Amendments to MFRS 3: Definition of a Business

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

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

Amendments to MFRS 16: COVID-19-Related Rent Concessions

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

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

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

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

### **Effective Date**

1 January 2023

MFRS 17 Insurance Contracts

1 January 2022

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and

MFRS 16: Interest Rate Benchmark Reform – Phase 2

1 January 2021

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Deferred

Amendments to MFRS 17 Insurance Contracts

1 January 2023

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

1 January 2023

Amendments to MFRS 101: Disclosure of Accounting Policies

1 January 2023

Amendments to MFRS 108: Definition of Accounting Estimates

1 January 2023

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

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

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The outbreak of the COVID-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the COVID-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

#### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made 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 other than as disclosed below:-

#### (a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

#### (b) Income Taxes

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

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

*Key Sources of Estimation Uncertainty (Cont'd)*

**(c) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 10 to the financial statements.

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

The Group determines whether its property, plant and equipment and right-of-use assets is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to uncertainty on how the COVID-19 pandemic may progress and evolve and volatility in markets in which the Group operates. The carrying amount of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 6 and 7 to the financial statements.

**(e) Amortisation of Patent Licence**

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised. The carrying amount of patent licence as at the reporting date is disclosed in Note 9 to the financial statements.

**(f) Write-down of Inventories**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

**(g) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales including changes in the customer payment profile in response to the COVID-19 pandemic and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 12 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

#### (a) Lease terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

#### (b) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

### 4.2 BASIS OF CONSOLIDATION

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

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

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

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

#### (a) Business Combinations

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

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

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.2 BASIS OF CONSOLIDATION (CONT'D)**

**(a) Business Combinations (Cont'd)**

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

**(b) Non-Controlling Interests**

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

**(c) Changes In Ownership Interests In Subsidiaries Without Change of Control**

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

**(d) Loss of Control**

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

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

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

**4.3 GOODWILL**

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES

##### (a) Functional and Presentation Currency

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

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

##### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

##### (c) Foreign Operations

Assets and liabilities of foreign operations are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.5 FINANCIAL INSTRUMENTS

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

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

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

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

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

#### (a) Financial Assets

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

##### *Debt Instruments*

###### (i) Amortised Cost

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

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

###### (ii) Fair Value through Other Comprehensive Income

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

## NOTES TO THE

### FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(CONT'D)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

###### (a) Financial Assets (Cont'd)

###### *Debt Instruments (Cont'd)*

###### (iii) Fair Value through Profit or Loss

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

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

###### *Equity Instruments*

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

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

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

###### (b) Financial Liabilities

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

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

###### (ii) Other Financial Liabilities

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

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

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.5 FINANCIAL INSTRUMENTS (CONT'D)**

**(c) Equity Instruments**

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

**(i) Ordinary Shares**

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

**(ii) ICPS**

ICPS are classified as equity if they are non-redeemable and any dividends are discretionary.

ICPS are classified as equity in accordance with the substance of the contractual arrangement of the instruments. Dividends on ICPS are recognised as distributions within equity.

**(d) Derivative Financial Instruments**

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

**(e) Derecognition**

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

#### (f) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

### 4.6 INVESTMENTS IN SUBSIDIARIES

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

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

### 4.7 PROPERTY, PLANT AND EQUIPMENT

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The principal annual rates used for this purpose are:-

Buildings	5%
Renovation	10 - 20%
Plant and machinery	10 - 20%
Motor vehicles	10 - 20%
Furniture and fittings, office equipment and electrical installation	10 - 50%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available to use.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

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

**4.8 INTANGIBLE ASSETS**

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

**(a) Patent Licence**

The purchased patent licence is stated at cost less accumulated amortisation and impairment losses, if any. The patent licence is amortised on a straight-line basis over the periods of 5 to 20 years. In the event that the expected future economic benefits are no longer probable of being recovered, the patent licence is written down to its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.8 INTANGIBLE ASSETS (CONT'D)

#### (b) Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its intention to complete and the ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

### 4.9 IMPAIRMENT

#### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.9 IMPAIRMENT (CONT'D)**

**(b) Impairment of Non-Financial Assets**

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflect current market assessment of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**4.10 LEASES**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and the estimated costs of dismantling and restoration costs, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

## NOTES TO THE

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.10 LEASES (CONT'D)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount has been reduced to zero.

#### 4.11 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The cost of raw materials is determined on the weighted average cost method and comprises the purchase price and incidentals incurred in bringing the raw materials to their present location and condition.

Cost of finished goods and work-in-progress is determined using the standard cost basis, which approximates the actual costs and includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 4.12 INCOME TAXES

##### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

##### (b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.12 INCOME TAXES (CONT'D)**

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

**4.13 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

**4.14 PROVISIONS**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

**4.15 EMPLOYEE BENEFITS**

**(a) Short-term Benefits**

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

**(b) Defined Contribution Plans**

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

**(c) Share-based Payment Transactions**

The Group operates an equity-settled share-based compensation plan whereby certain employees of the Group and the Company have been granted rights to equity instruments of the Company (known as "share options") for services provided to the Group.

At grant date, the fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase to capital contribution in equity, over the period in which the employees become unconditionally entitled to the share options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.15 EMPLOYEE BENEFITS (CONT'D)

##### (c) Share-based Payment Transactions (Cont'd)

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option scheme reserve.

Upon expiry of the share option, the employee share option scheme reserve is transferred to retained profits.

When the share options are exercised, the employee share option scheme reserve is transferred to share capital if new ordinary shares are issued.

#### 4.16 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### 4.17 OPERATING SEGMENTS

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

#### 4.18 BORROWING COSTS

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

#### 4.19 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

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

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**4.20 FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

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

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

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

**4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME**

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME (CONT'D)

#### (a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

The Group's obligation to replace or compensate faulty products under the standard terms is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### (b) Interest Income

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

#### (c) Dividend Income

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

#### (d) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

#### (e) Rendering of Facility Services Fee

Revenue from providing facilities services is recognised over time in the period in which the services are rendered.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

#### (f) Government Grants

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

Grants that compensate the Group for the cost of an asset are recognised as deferred grant income in the statement of financial position and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**5. INVESTMENTS IN SUBSIDIARIES**

	<b>The Company</b>	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost:-		
- At 1 January	463,777	463,777
- Additions during the financial year	11,532	-
- Capital reduction	(38,501)	-
 - At 31 December	 436,808	 463,777
Share options granted to the employees of subsidiaries:		
- At 1 January	18,534	14,528
- Additions during the financial year	450	4,006
 - At 31 December	 18,984	 18,534
 Less: Accumulated impairment losses	 455,792	 482,311
	(26,727)	(26,634)
	429,065	455,677
Accumulated impairment losses:-		
- At 1 January	26,634	26,634
- Additions during the financial year	1,747	-
- Reversal during the financial year	(1,654)	-
 - At 31 December	 26,727	 26,634

The details of the subsidiaries are as follows:-

<b>Name of Subsidiary</b>	<b>Principal Place of Business/Country of Incorporation</b>	<b>Effective Equity Interest</b>		<b>Principal Activities</b>
		2020 %	2019 %	
<i>Subsidiaries of the Company:-</i>				
Omega Semiconductor Sdn. Bhd. ("Omega")	Malaysia	100	100	Dormant.
Dominant Opto Technologies Sdn. Bhd. ("Dominant Malaysia")	Malaysia	89.79	89.79	Manufacturing semiconductor components and machineries.
Dominant Electronics Sdn. Bhd. ("Dominant Electronics")	Malaysia	100	-	Design, manufacturing and sales of printed circuit board assemblies and provision of engineering services.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2020 %	2019 %	
<i>Subsidiaries of the Company:- (cont'd)</i>				
Dominant Technologies Sdn. Bhd. ("Dominant Technologies")	Malaysia	100	-	An investment holding company and design, develop, purchase and sales of integrated circuits ("IC") chips.
<i>Subsidiaries of Dominant Malaysia:-</i>				
Dominant Semiconductors Europe GmbH ^	Germany	89.79	89.79	Merchandising semiconductor components.
Dominant Opto Technologies Korea Inc ^	The Republic of Korea	89.79	89.79	Merchandising semiconductor components.
Domilight Technologies Sdn. Bhd. @	Malaysia	-	48.49	Dormant.
Dominant Opto Technologies (Shanghai) Co., Ltd. #	The People's Republic of China	89.79	89.79	Merchandising semiconductor components.
Dominant Opto Technologies North America, Inc. ^^	United States of America	89.79	89.79	Merchandising semiconductor components and receiving sales commission of related products.
Dominant Electronics Sdn. Bhd. ("Dominant Electronics")	Malaysia	-	89.79	Design, manufacturing and sales of printed circuit board assemblies and provision of engineering services.
Dominant Opto Technologies Japan K.K. ^^	Japan	89.79	89.79	Merchandising semiconductor components and receiving sales commission of related products.
Dominant Technologies (Singapore) Pte. Ltd. ("Dominant Singapore") #	Singapore	-	89.79	An investment holding company.
Dominant Technologies Sdn. Bhd. ("Dominant Technologies")	Malaysia	-	89.79	An investment holding company and design, develop, purchase and sales of IC chips.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/Country of Incorporation	Effective Equity Interest		Principal Activities
		2020 %	2019 %	
<i>Subsidiaries of Dominant Technologies:-</i>				
Dominant Technologies (Singapore) Pte. Ltd. ("Dominant Singapore") #	Singapore	100	-	An investment holding company.
Dominant Technologies (Taiwan) Co. Ltd. #	Taiwan, Republic of China	100	-	Design, develop, purchase and sales and IC chips.
DOT Semiconductor Inc. ^^	United States of America	100	89.79	Design, develop, purchase and sales of IC chips.
<i>Subsidiary of Dominant Singapore:-</i>				
Dominant Semiconductors (Lao) Sole Co., Ltd ^^	The Lao People's Democratic Republic	100	89.79	Dormant.

*Notes:-*

- # These subsidiaries were audited by other firms of chartered accountants.
- ^ These subsidiaries were audited by member firms of Crowe Global of which Crowe Malaysia PLT is a member.
- ^^ Not required to be audited under the laws of the country of incorporation.
- © The subsidiary was struck off during the current financial year on 15 July 2020.
- (a) As part of internal group restructuring, Dominant Technologies had on 31 January 2020, acquired 100% equity interests in Dominant Singapore, from Dominant Malaysia for a total purchase consideration of USD1. Subsequently on 26 August 2020, the Company had acquired 100% equity interests in Dominant Electronics and Dominant Technologies, from Dominant Malaysia for a total purchase consideration of RM6,028,322 and RM1,703,236 respectively. Following the completion of the acquisition, the Company became the immediate holding company of both subsidiaries.

On 21 November 2020, the Company subscribed for an additional 3,800,000 new ordinary shares in Dominant Technologies for a total consideration of RM3,800,000.

- (b) During the financial year, Omega undertook a capital reduction exercise pursuant to Section 117 of the Companies Act 2016 by way of a reduction of its issued and paid-up share capital from RM48,452,540 to RM9,951,986 or RM8.44 per share.

## NOTES TO THE

### FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

#### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The non-controlling interests at the end of the reporting period comprised the following:-

	Effective Equity Interest		The Group	
	2020 %	2019 %	2020 RM'000	2019 RM'000
Dominant Malaysia	10.21	10.21	35,765	31,489

(d) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Dominant Group	
	2020 RM'000	2019 RM'000
<u>At 31 December</u>		
Non-current assets	264,514	236,493
Current assets	423,563	337,510
Non-current liabilities	(67,758)	(53,389)
Current liabilities	(251,188)	(193,837)
Net assets	369,131	326,777
<u>Financial Year Ended 31 December</u>		
Revenue	575,780	504,305
Profit for the financial year	56,086	41,016
Total comprehensive income	58,394	39,688
Net cash flows from operating activities	66,244	50,110
Net cash flows for investing activities	(64,436)	(74,105)
Net cash flows (for)/from financing activities	(3,300)	38,902

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**6. PROPERTY, PLANT AND EQUIPMENT**

The Group	At 1.1.2020 RM'000	Additions RM'000	Disposals RM'000	Write-offs RM'000	Transfers RM'000	At 31.12.2020 RM'000							
						Currency Differences RM'000	Translation Differences RM'000	Depreciation Charges RM'000					
<b>2020</b>													
<b>Carrying Amount</b>													
Buildings	7,561	4,204	-	-	27,812	-	(4,596)	34,981					
Renovation	11,266	1,386	(65)	-	7,959	2	(4,024)	16,524					
Plant and machinery	150,484	3,602	(69)	(51)	51,577	2	(27,809)	177,736					
Motor vehicles	127	-	-	-	-	4	(37)	94					
Furniture and fittings, office equipment and electrical installation	5,875	2,845	-	(4)	568	88	(2,174)	7,198					
Capital work-in-progress	46,845	59,945	-	-	(87,916)	-	-	18,874					
	222,158	71,982	(134)	(55)	-	96	(38,640)	255,407					



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2019 RM'000	Additions RM'000	Disposals RM'000	Impairment Loss RM'000	Write-offs RM'000	Transfers RM'000	At 31.12.2019 RM'000								
							Currency Translation Differences RM'000	Depreciation Charges RM'000	31.12.2019 RM'000						
<b>2019</b>															
<b>Carrying Amount</b>															
Buildings	10,700	-	-	-	-	-	(103)	(3,036)	7,561						
Renovation	11,960	807	-	-	-	-	(1)	(2,910)	11,266						
Plant and machinery	137,754	5,400	-	-	(524)	35,260	(2)	(27,404)	150,484						
Motor vehicles	167	-	-	-	-	-	(2)	(38)	127						
Furniture and fittings, office equipment and electrical installation	3,947	3,785	(2)	-	(7)	-	(20)	(1,828)	5,875						
Capital work-in-progress	17,653	65,873	-	(8)	(3)	(36,670)	-	-	46,845						
	182,181	75,865	(2)	(8)	(534)	-	(128)	(35,216)	222,158						

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The Group	At	Accumulated	Carrying
	Cost RM'000	Depreciation RM'000	Amount RM'000
<b>2020</b>			
Buildings	47,808	(12,827)	34,981
Renovation	36,914	(20,390)	16,524
Plant and machinery	381,030	(203,294)	177,736
Motor vehicles	561	(467)	94
Furniture and fittings, office equipment and electrical installation	20,613	(13,415)	7,198
Capital work-in-progress	18,874	-	18,874
	505,800	(250,393)	255,407
<b>2019</b>			
Buildings	15,792	(8,231)	7,561
Renovation	28,734	(17,468)	11,266
Plant and machinery	333,210	(182,726)	150,484
Motor vehicles	652	(525)	127
Furniture and fittings, office equipment and electrical installation	17,497	(11,622)	5,875
Capital work-in-progress	46,845	-	46,845
	442,730	(220,572)	222,158
<b>The Company</b>			
<b>2020</b>			
<i>Carrying Amount</i>			
Buildings	2,324	(647)	1,677
<b>2019</b>			
<i>Carrying Amount</i>			
Buildings	2,987	(663)	2,324

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
Buildings	9,140	(7,463)	1,677
Plant and machinery	1,195	(1,195)	-
Furniture and fittings, office equipment and electrical installation	1,477	(1,477)	-
	11,812	(10,135)	1,677
<b>2019</b>			
Buildings	9,140	(6,816)	2,324
Plant and machinery	1,195	(1,195)	-
Furniture and fittings, office equipment and electrical installation	1,477	(1,477)	-
	11,812	(9,488)	2,324

- (a) Capital work-in-progress represents building, plant and machinery under construction which are not ready for commercial use at the end of the reporting period.
- (b) As at 31 December 2020, the property, plant and equipment of the Group with a carrying amount of RM129,272,486 (2019 – RM97,693,087), were pledged to licensed banks for credit facilities granted to the Group.

## 7. RIGHT-OF-USE ASSETS

The Group	At 1.1.2020 RM'000	Additions RM'000	Currency Translation Differences RM'000		Depreciation Charges RM'000	At 31.12.2020 RM'000
<b>2020</b>						
<i>Carrying Amount</i>						
Leasehold land	7,539	-	-	-	(214)	7,325
Buildings	509	1,021	6	(522)	1,014	
Motor vehicles	708	-	6	(342)	372	
Furniture and fittings, office equipment and electrical installation	76	-	-	(64)	12	
Machinery	-	582	-	(48)	534	
	8,832	1,603	12	(1,190)	9,257	

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**7. RIGHT-OF-USE ASSETS (CONT'D)**

The Group	At	Currency			At	
	1.1.2019 RM'000	Additions RM'000	Termination RM'000	Translation Differences RM'000		
<b>2019</b>						
<i>Carrying Amount</i>						
Leasehold land	7,716	-	-	-	(177) 7,539	
Buildings	829	477	(249)	(13)	(535) 509	
Motor vehicles	1,078	-	-	(6)	(364) 708	
Furniture and fittings, office equipment and electrical installation	140	-	-	-	(64) 76	
	9,763	477	(249)	(19)	(1,140) 8,832	
 <b>The Company</b>						
<b>2020</b>						
<i>Carrying Amount</i>						
Leasehold land			2,757	(39)	2,718	
 <b>The Company</b>						
<b>2019</b>						
<i>Carrying Amount</i>						
Leasehold land			2,795	(38)	2,757	
 <b>The Group</b>						
		2020 RM'000	2019 RM'000	The Company		
Analysed by:-				2020 RM'000	2019 RM'000	
Cost	12,310	10,669		3,118	3,118	
Accumulated depreciation	(3,053)	(1,837)		(400)	(361)	
	9,257	8,832		2,718	2,757	

As at 31 December 2020, the right-of-use assets of the Group with a carrying amount of RM4,512,000 (2019: RM4,575,000) was pledged to licensed banks for credit facilities granted to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(CONT'D)

### 7. RIGHT-OF-USE ASSETS (CONT'D)

(a) The Group leasing activities are summarised below:-

(i) Leasehold land	The Group has 3 (2019: 3) leasehold factory lands. It is under lease period of 3, 75 and 90 (2019: 3, 75 and 90) years. Out of these 3 leases, there are 2 leases, which do not allow the Group to transfer or create any charge, whole or any part of the land unless prior consent from the state authority.
(ii) Buildings	The Group has leased 5 (2019: 4) office buildings under operating leases agreements that run between 2 to 5 (2019: 2 to 5) years.
(iii) Motor vehicles	The Group has leased certain motor vehicles under hire purchase arrangements with lease terms of 5 (2019: 5) years. These leases are secured by the related motor vehicles. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount. The Group has also leased certain motor vehicles under operating leases with lease terms of 3 (2019: 3) years.
(iv) Furniture and fittings, office equipment and electrical installation	The Group has leased 3 servers under operating leases agreements that run for 3 (2019: 3) years.
(v) Machinery	The Group has leased 1 machinery under lease agreement. The Group has an option to purchase the asset at the expiry of the lease period of 3 years.

### 8. OTHER INVESTMENTS

	The Group/The Company	
	2020 RM'000	2019 RM'000
Quoted shares, at fair value	32,336	28,710
Unquoted shares, at fair value	-	-
	32,336	28,710

#### Quoted and Unquoted shares:-

At 1 January	28,710	24,499
Fair value changes	3,626	4,211
At 31 December	32,336	28,710

#### Equity Investments at Fair Value Through Other Comprehensive Income

(a) The Group has designated the below equity investments at fair value through other comprehensive income because the Group intends to hold for the long-term strategic purposes.

The fair value of each investment is summarised below:-

	The Group/The Company	
	2020 RM'000	2019 RM'000
Unquoted shares	-	-
- Tongfang Optoelectronic (HK) Limited		
Quoted shares		
- Securitag Assembly Group Co., Ltd.	32,336	28,710
	32,336	28,710

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**9. INTANGIBLE ASSETS**

	At 1.1.2020 RM'000	Additions RM'000	Transfer RM'000	Amortisation RM'000	At 31.12.2020 RM'000
<b>The Group</b>					
<b>2020</b>					
<i>Carrying Amount</i>					
Patent licence	9,147	-	-	(1,058)	8,089
Development expenditure	-	48	290	(17)	321
Development expenditure in progress	1,207	1,193	(290)	-	2,110
	<hr/> 10,354	1,241	-	(1,075)	10,520
	At Cost RM'000	Accumulated Amortisation RM'000		Carrying Amount RM'000	
<b>The Group</b>					
<b>2020</b>					
Patent licence	16,389	(8,300)		8,089	
Development expenditure	338	(17)		321	
Development expenditure in progress	2,110	-		2,110	
	<hr/> 18,837	(8,317)		10,520	
	At 1.1.2019 RM'000	Additions RM'000	Amortisation RM'000	At 31.12.2019 RM'000	
<b>The Group</b>					
<b>2019</b>					
<i>Carrying Amount</i>					
Patent licence	10,008	186	(1,047)	9,147	
Development expenditure in progress	-	1,207	-	1,207	
	<hr/> 10,008	1,393	(1,047)	10,354	
	At Cost RM'000	Accumulated Amortisation RM'000		Carrying Amount RM'000	
<b>The Group</b>					
<b>2019</b>					
Patent licence	16,389	(7,242)		9,147	
Development expenditure in progress	1,207	-		1,207	
	<hr/> 17,596	(7,242)		10,354	

## NOTES TO THE

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

### 10. GOODWILL

	The Group	
	2020 RM'000	2019 RM'000
Goodwill	24,207	24,207

The goodwill arose from the investment in a subsidiary and is reviewed for impairment annually.

During the financial year, the Group has assessed the recoverable amount of goodwill on consolidation, and determined that goodwill is not impaired.

The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	2020 %	2019 %	Basis
Growth rate	10 - 15	10	Based on the management's expectation of market development.
Budgeted gross margin	28	28	Based on past performance and the management's expectation of market development.
Discount rate (pre-tax)	13.60	9.20	Reflects specific risks.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

The management believes that no reasonable possible change in the above key assumptions applied that is likely to materially cause the carrying value of the goodwill to exceed its recoverable amount.

### 11. INVENTORIES

	The Group	
	2020 RM'000	2019 RM'000
At cost:-		
Raw materials	30,744	19,390
Work-in-progress	107,071	92,416
Finished goods	41,768	39,832
	179,583	151,638
Recognised in profit or loss:		
Inventories recognised as cost of sales	417,917	363,862
Inventories written down	432	503
Inventories written off	9,117	7,343

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**12. TRADE RECEIVABLES**

	<b>The Group</b>	
	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>
Trade receivables	177,643	118,378
Allowance for impairment losses	(1,268)	(1,134)
	<hr/>	<hr/>
	176,375	117,244
	<hr/>	<hr/>
Allowance for impairment losses:-		
At 1 January	(1,134)	(1,118)
Addition during the financial year	(293)	(230)
Reversal during the financial year	174	130
Translation differences	(15)	5
Written off during the financial year	-	79
	<hr/>	<hr/>
At 31 December	(1,268)	(1,134)
	<hr/>	<hr/>

The Group's normal trade credit terms range from 30 to 90 (2019 - 30 to 90) days.

Included in the trade receivables of the Group is amount owing by a related party amounted to RM1,148 (2019 - RM237).

The amount owing is unsecured, interest-free and repayable according to the normal trade credit terms. The amount owing is to be settled in cash.

The nature of the related party relationship and details of the transactions involved are disclosed in Note 34 to the financial statements.

**13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>
Other receivables	4,093	2,678	-	56
Allowance for impairment losses	(930)	(928)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,163	1,750	-	56
Deposits	990	1,041	-	-
Prepayments	1,152	3,406	10	11
	<hr/>	<hr/>	<hr/>	<hr/>
	5,305	6,197	10	67
	<hr/>	<hr/>	<hr/>	<hr/>

	<b>The Group</b>	
	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>
Allowance for impairment losses:-		
At 1 January	(928)	(926)
Addition during the financial year	(2)	(2)
	<hr/>	<hr/>
At 31 December	(930)	(928)
	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 14. DEPOSITS WITH FINANCIAL INSTITUTIONS

- (a) The deposits with financial institutions of the Group at the end of the reporting period bore an effective interest rates ranging from 0.52% to 1.45% (2019 - 0.90% to 2.75%) per annum. The deposits have maturity period for 1 month to 1 year (2019 - 7 days to 1 month).
- (b) Included in the deposits with financial institutions of the Group at the end of the reporting period is an amount of RM375,700 (2019 - RM472,026) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

## 15. SHARE CAPITAL

	The Group/The Company			
	2020	2019	2020	2019
	Number Of Shares '000	'000	RM'000	RM'000
<b>Issued and Fully Paid-up</b>				
Ordinary Shares				
At 1 January	1,119,001	1,102,434	171,559	164,916
New shares issued upon exercise of ESOS options	34,942	16,567	12,641	3,889
Transfer from ESOS reserves upon exercise of ESOS options	-	-	7,454	2,754
At 31 December	1,153,943	1,119,001	191,654	171,559

- (a) During the financial year, the Company increased its issued and paid-up share capital from RM171,559,260 to RM191,653,570 by way of:
  - (i) issuance of 8,140,000 new ordinary shares at an exercise price of RM0.17, pursuant to the ESOS;
  - (ii) issuance of 10,614,000 new ordinary shares at an exercise price of RM0.30, pursuant to the ESOS;
  - (iii) issuance of 162,500 new ordinary shares at an exercise price of RM0.25, pursuant to the ESOS;
  - (iv) issuance of 6,381,600 new ordinary shares at an exercise price of RM0.28, pursuant to the ESOS;
  - (v) issuance of 3,245,000 new ordinary shares at an exercise price of RM0.495, pursuant to the ESOS; and
  - (vi) issuance of 6,398,100 new ordinary shares at an exercise price of RM0.725, pursuant to the ESOS.

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

- (b) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per share at meetings of the Company.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**16. IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES**

	The Group/The Company			
	2020	2019	2020	2019
	Number Of Shares	Number Of Shares	RM'000	RM'000
	'000	'000	RM'000	RM'000
At 1 January/31 December	377,074	377,074	228,671	228,671

In the financial year 2018, the Company issued 451,168,029 ICPS at an issue price of RM0.61 per ICPS share for the acquisition of 27.95% equity interests in a subsidiary for a total purchase consideration of RM275,212,500. The salient terms of the ICPS are as follows:

- (a) Each ICPS shall be converted at the option of the holders into one ordinary share of the Company at any time, subject to the terms of ICPS;
- (b) The ICPS will not be listed on the Main Market of Bursa Securities ("Bursa"), however, the converted shares will be listed and quoted on Bursa;
- (c) There is no dividend rate for ICPS, however, if the Company declares, makes or pays any dividends and/or other distributions to the shareholders, the Company shall declare the same dividends and/or distribution to the ICPS holder;
- (d) The ICPS shall not be transferable, save and except for transfers between the holders of the ICPS, subject to the applicable laws, regulations and rules that would apply to the securities of the Company;
- (e) The ICPS shall rank equally among themselves. Upon the liquidation, dissolution or winding up of the Company, a distribution in equal priority with the holders of ordinary shares. The ICPS shall rank subordinated to all creditors of the Company in respect of payment of debt and payment out of assets of the Company upon liquidation, dissolution, or winding-up of the Company.

**17. RESERVES**

	Note	The Group		The Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Distributable:-</b>					
(Accumulated losses)/Retained profits		(63,198)	(102,843)	27,983	21,525
<b>Non-distributable:-</b>					
Fair value reserve	(a)	19,396	15,770	19,396	15,770
Foreign exchange translation reserve	(b)	(1,380)	(3,420)	-	-
ESOS reserve	(c)	9,429	15,975	9,429	15,975
Capital reserve	(d)	29,918	29,918	-	-
		(5,835)	(44,600)	56,808	53,270

**(a) Fair Value Reserve**

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investment designated at fair value through other comprehensive income.

**(b) Foreign Exchange Translation Reserve**

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(CONT'D)

### 17. RESERVES (CONT'D)

#### (c) Employee Share Option Scheme Reserve

The employee share option scheme reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry, exercise or lapse of the share options.

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 28 June 2011. The ESOS is to be in force for a period of 10 years effective from 7 September 2011.

The main features of the ESOS are as follows:-

- (i) Eligible persons are employees and/or directors of the Group, excluding an employee of dormant subsidiary within the Group, who have attained the age of at least eighteen years old.
- (ii) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate fifteen percent (15%), or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.
- (iii) The option price shall be determined by the Board of Directors of the Company upon recommendation of the Option Committee which is at a discount of not more than ten percent (10%) on the five (5)-day weighted average market price of shares of the Company immediately preceding the offer date of the option.
- (iv) The option may be exercised by the option holders by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.
- (v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to the date of allotment and issuance of the new ordinary shares.
- (vi) The aggregate allocation to the Directors and Senior Management of the Group shall not exceed fifty percent (50%) of new shares of the Company available under the Scheme.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**17. RESERVES (CONT'D)**

**(c) Employee Share Option Scheme Reserve (Cont'd)**

The option prices and the details in the movement of the options granted are as follows:-

Date of Offer	Exercise Price RM	Number of Options over Ordinary Shares					Cumulative At 31.12.2020		
		At 1.1.2020 '000	Granted '000	Lapsed^ '000	Exercised '000	At 31.12.2020 '000	← Granted '000	→ Lapsed '000	Exercised '000
21.09.2011 #	0.17	9,764	-	-	(8,140)	1,624	67,224	(11,693)	(53,907)
14.08.2013 ##	0.30	15,000	-	-	(10,614)	4,386	32,710	(2,414)	(25,910)
13.10.2014 ##	0.26	-	-	-	-	-	240	-	(240)
15.06.2015 ##	0.25	63	-	-	(63)	-	350	-	(350)
24.08.2015 ##	0.25	100	-	-	(100)	-	300	-	(300)
24.11.2016 ###	0.28	14,555	-	(94)	(6,382)	8,079	22,639	(2,018)	(12,542)
05.10.2017 ###	0.495	9,240	-	-	(3,245)	5,995	11,400	(920)	(4,485)
01.11.2018 #####	0.725	20,498	-	-	(6,398)	14,100	21,637	(1,036)	(6,501)
16.12.2019 #####	0.74	5,237	-	-	-	5,237	5,237	-	-
		74,457	-	(94)	(34,942)	39,421	161,737	(18,081)	(104,235)

Notes:-

- # These options are exercisable in stages if the employee remains in service after 3 years from the date of grant.
- ## These options are exercisable in stages if the employee remains in service after 2 years from the date of grant.
- ### These options are exercisable in stages if the employee remains in service after 1 year from the date of grant.
- #### These options are exercisable in stages, for which the first batch is exercisable upon acceptance of the offer.
- ^ The options which lapsed during the financial year were due to resignation of employees.

During the financial year, the Company did not grant any new share options under the ESOS.

The fair values of the share options granted were estimated using the black-scholes model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:-

	Granted on 16.12.2019	Granted on 1.11.2018	Granted on 5.10.2017
Fair value of share options at the grant date (RM)	0.23	0.31	0.26
Weighted average ordinary share price (RM)	0.82	0.81	0.55
Exercise price of share option (RM)	0.74	0.73	0.50
Expected volatility (%)	39.78	39.03	43.30
Expected life from the grant date (years)	1.68	3	4
Risk free rate (%)	3.45	4.15	3.92
Expected dividend yield (%)	Nil	Nil	Nil

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 17. RESERVES (CONT'D)

### (c) Employee Share Option Scheme Reserve (Cont'd)

	Granted on 24.11.2016	Granted on 24.8.2015	Granted on 15.6.2015
Fair value of share options at the grant date (RM)	0.13	0.18	0.16
Weighted average ordinary share price (RM)	0.31	0.27	0.27
Exercise price of share option (RM)	0.28	0.25	0.25
Expected volatility (%)	37.66	79.34	75.86
Expected life from the grant date (years)	5	6	6
Risk free rate (%)	3.60	4.14	4.02
Expected dividend yield (%)	Nil	Nil	Nil
<hr/>			
	Granted on 13.10.2014	Granted on 14.8.2013	Granted on 21.9.2011
Fair value of share options at the grant date (RM)	0.14	0.26	0.13
Weighted average ordinary share price (RM)	0.29	0.33	0.18
Exercise price of share option (RM)	0.26	0.30	0.17
Expected volatility (%)	55.18	65.73	70.18
Expected life from the grant date (years)	7	8	10
Risk free rate (%)	4.12	3.85	3.59
Expected dividend yield (%)	Nil	Nil	Nil

### (d) Capital Reserve

The capital reserve arose from the issuance of new shares by a subsidiary to non-controlling interest at a premium. The issuance of new shares affected the ownership interest in the subsidiary without a change in control.

## 18. LEASE LIABILITIES

	The Group	
	2020 RM'000	2019 RM'000
At 1 January	1,368	2,619
Additions	1,603	-
Interest expense recognised in profit or loss (Note 28)	87	70
Repayment of principal	(1,013)	(997)
Repayment of interest expense	(87)	(70)
Termination of lease	-	(254)
Translation Difference	11	-
At 31 December	1,969	1,368
Analysed by:-		
Current liabilities	948	761
Non-current liabilities	1,021	607
1,969	1,368	

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**18. LEASE LIABILITIES (CONT'D)**

Certain lease liabilities of the Group are secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 7(a)(iii) to the financial statements, with lease terms ranging from 3 to 5 years (2019 – 3 to 5 years) and bear effective interest rates ranging from 3.67% to 5.10% (2019 – 3.67% to 5.10%).

**19. LONG-TERM BORROWINGS**

	<b>The Group</b>	
	2020 RM'000	2019 RM'000
Term loans (Note 25)	48,792	37,349

**20. DEFERRED TAX ASSETS/DEFERRED TAX LIABILITIES**

	<b>The Group</b>		<b>The Company</b>	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Deferred tax assets:-</b>				
At 1 January	-	-	-	-
Recognised in profit or loss (Note 29)	(265)	-	-	-
<b>At 31 December</b>	<b>(265)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred tax liabilities:-</b>				
At 1 January	15,583	12,438	150	150
Recognised in profit or loss (Note 29)	3,125	3,145	-	-
<b>At 31 December</b>	<b>18,708</b>	<b>15,583</b>	<b>150</b>	<b>150</b>
	18,443	15,583	150	150

The deferred tax assets and deferred tax liabilities represent the tax effects of:

	<b>The Group</b>		<b>The Company</b>	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Deferred tax asset:-</b>				
Provisions	(1,930)	(1,730)	-	-
Excess of depreciation over capital allowances	(265)	-	-	-
<b>Deferred tax liability:-</b>				
Accelerated capital allowances over depreciation	20,638	17,313	150	150
	18,443	15,583	150	150

## NOTES TO THE

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

### 21. TRADE PAYABLES

The normal trade credit terms granted range from 30 to 120 (2019 - 30 to 120) days.

Included in trade payables of the Group is an amount owing to related parties amounting to RM81,108,827 (2019 - RM61,716,785). The amount owing is unsecured, interest-free and subject to the normal trade credit terms. The amount owing is to be settled in cash.

The nature of the related party relationship and details of the transactions involved are disclosed in Note 34 to the financial statements.

### 22. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other payables	2,298	9,015	158	93
Accruals and provision	13,690	8,878	414	421
Deposits received	10	10	-	-
	15,998	17,903	572	514

Included in provision are derivatives assets/(liabilities) as follows:-

	Contract/Notional Amount		The Group	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Forward currency contract				
- Chinese Renminbi ("RMB")	36,846	24,986	(1,847)	66
- Euro	28,907	-	(652)	-
- United States Dollar ("USD")	18,077	20,465	701	623
- Korea Won	3,323	-	(202)	-
			(2,000)	689

The Group does not apply hedge accounting.

Forward currency contracts are used to hedge the Group's foreign currency collection denominated in RMB, Euro, USD and Korea Won (2019 - RMB and USD) at the end of the reporting period. The settlement dates on forward currency contracts range between 1 to 12 (2019 - 1 to 5) months after the end of the reporting period.

### 23. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**24. SHORT-TERM BORROWINGS**

	The Group	2020 RM'000	2019 RM'000
	Note		
Bankers' acceptances	a	27,518	22,931
Term loans (Note 25)		32,523	36,829
Revolving credits	b	803	2,000
		<hr/> 60,844	<hr/> 61,760

- (a) The bankers' acceptances of the Group at the end of the reporting period bore effective interest rates ranging from 0.67% to 0.94% (2019 - 2.33% to 2.90%) per annum and are secured by a corporate guarantee of the Company.
- (b) The revolving credits of the Group at the end of the reporting period bore an effective interest rate of 0.43% (2019 - 4.52%) per annum. The revolving credits are secured by a corporate guarantee of the Company.

**25. TERM LOANS (SECURED)**

	The Group	2020 RM'000	2019 RM'000
Current liabilities (Note 24)		32,523	36,829
Non-current liabilities (Note 19)		48,792	37,349
		<hr/> 81,315	<hr/> 74,178

The repayment terms of the term loans are as follows:-

	Effective Interest Rate As At 31 December 2020 %	The Group	
		2020 RM'000	2019 RM'000
Term loan I, repayment in 36 monthly instalments effective from August 2018	2.02 #	1,608	7,042
Term loan II, repayment in 60 monthly instalments effective from March 2017	3.01 #	2,239	4,083
Term loan III, repayment in full in March 2021	1.25 ^	2,224	2,066
Term loan IV, repayment in full in March 2021	1.25 ^	1,235	1,147
Term loan V, repayment in 60 monthly instalments effective from July 2020	3.01 #	20,781	17,759
Term loan VI, repayment in 36 monthly instalments effective from January 2020	1.40 #	20,085	30,698
Term loan VII, repayment in 36 monthly instalments effective from January 2021	1.37 #	32,538	11,383

## NOTES TO THE

### FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

#### 25. TERM LOANS (SECURED) (CONT'D)

The repayment terms of the term loans are as follows (Cont'd):-

	Effective Interest Rate As At 31 December 2020 %	The Group	
		2020 RM'000	2019 RM'000
Term loan VIII, repayment in full on May 2022	1.00 ^	405	-
Term loan IX, repayment in full on June 2025	1.00 ^	200	-
		81,315	74,178

^ - Fixed rate term loan

# - Floating rate term loan

Term loans I, VI and VII are secured by a corporate guarantee of the Company and a fixed charge over plant and machinery which is included in the property, plant and equipment as disclosed in Note 6 to the financial statements.

Term loans II and V are secured by a corporate guarantee of the Company and a fixed charge over leasehold land and building which is included in the property, plant and equipment and right-of-use assets as disclosed in Note 6 and 7 respectively to the financial statements.

Term loans III and IV are secured by a negative pledge on the assets of a subsidiary.

Term loans VIII and IX are disbursed under Paycheck Protection Program enacted under the Coronavirus Aid Relief and Economic Security Act, United States of America. The Coronavirus Aid Relief and Economic Security Act provides that all or a portion of these loans may be forgiven upon request, from Borrower to Lender provided the loan proceeds are used in accordance with the term of the Coronavirus Aid Relief and Economic Security Act.

The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate As At 31 December 2020 %	The Group	
		2020 RM'000	2019 RM'000
Fixed rate term loans	1.00 - 1.25	4,064	3,213
Floating rate term loans	1.37 - 3.01	77,251	70,965
		81,315	74,178

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**26. REVENUE**

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<u>Revenue from contracts with customers</u>				
Sale of goods	575,781	504,305	-	-
<u>Revenue from other sources</u>				
Facility service fees	-	-	760	1,308
	575,781	504,305	760	1,308

Revenue of the Group represents the invoiced value of the goods sold less returns and trade discounts.  
Revenue of the Company represents facility service fees.

**27. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

	The Group	
	2020 RM'000	2019 RM'000
Impairment losses:		
- trade receivables (Note 12)	293	230
- other receivables (Note 13)	2	2
Reversal of impairment losses:		
- trade receivables (Note 12)	(174)	(130)
	121	102

**28. PROFIT BEFORE TAXATION**

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- current year	340	330	53	51
- underprovision in the previous financial year	13	-	2	-
Amortisation of intangible assets	1,075	1,047	-	-
Bad debt written off	-	79	-	-
Depreciation of property, plant and equipment*	38,640	35,216	647	663
Depreciation of right-of-use assets	1,190	1,140	39	38
Directors' remuneration (Note 33)	2,565	3,803	1,286	2,163

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 28. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation is arrived at after charging/(crediting) (Cont'd):-				
Interest expense:				
- bankers' acceptances	540	693	-	-
- lease liabilities	87	70	-	-
- revolving credits	65	320	-	125
- term loans	1,878	1,838	-	-
Impairment loss on:				
- property, plant and equipment	-	8	-	-
- investment in subsidiaries	-	-	93	-
Inventories written down	432	503	-	-
Inventories written off	9,117	7,343	-	-
Loss/(Gain) on disposal of property, plant and equipment	114	(18)	-	-
(Gain)/Loss on foreign exchange:				
- realised	(2,677)	(1,082)	82	57
- unrealised	(4,018)	(2,367)	-	-
Net compensation to customers	1,433	511	-	-
Property, plant and equipment written off	55	534	-	-
Research and development expenses	22,681	19,873	-	-
Dividend income from:				
- Investment in marketable securities: quoted shares	(2,299)	(258)	(2,299)	(258)
- Subsidiary	-	-	(15,409)	(15,409)
Government grant income	(415)	-	(59)	-
Interest income:				
- deposits with financial institutions	(359)	(241)	(81)	(12)
- others	(86)	(50)	-	-
Staff costs:				
- defined contribution plans	4,713	5,385	119	143
- employee benefits expenses	217	3,661	14	281
- salaries and other benefits	78,920	80,489	1,281	1,618
Lease income:				
- property, plant and equipment	-	-	(1,920)	(1,920)

\* Included in the depreciation of property, plant and equipment of the Group is an amount of RM2,708,989 (2019 - RM909,792) incurred for the research and development activities.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**29. INCOME TAX EXPENSE**

	<b>The Group</b>	<b>The Company</b>		
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax:				
- Malaysian taxation	5,983	4,544	18	4
- Foreign taxation	2,338	1,082	-	-
(Over)/Underprovision in previous financial year:				
- Malaysian taxation	(254)	(790)	(1)	1
	<hr/> 8,067	<hr/> 4,836	<hr/> 17	<hr/> 5
Deferred tax (Note 20)				
- for the financial year	3,125	3,145	-	-
- under-recognition of deferred tax assets in the previous financial year	(265)	-	-	-
	<hr/> 2,860	<hr/> 3,145	<hr/> -	<hr/> -
Withholding tax on dividend received	34	32	34	32
	<hr/> 10,961	<hr/> 8,013	<hr/> 51	<hr/> 37

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to the profit before taxation at the Malaysia statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	<b>The Group</b>	<b>The Company</b>		
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation	66,336	47,070	16,449	13,222
Tax at the statutory tax rate of 24%	15,921	11,297	3,948	3,173
Tax effects of:-				
Non-deductible expenses	2,825	3,049	223	450
Non-taxable income	(551)	(77)	(4,250)	(3,760)
Deferred tax asset not recognised during the financial year	519	140	97	141
Utilisation of reinvestment allowance	(7,268)	(5,638)	-	-
(Over)/Underprovision of income tax in the previous financial year	(254)	(790)	(1)	1
Under-recognition of deferred tax assets in the previous financial year	(265)	-	-	-
Withholding tax on dividend received	34	32	34	32
Income tax expense for the financial year	<hr/> 10,961	<hr/> 8,013	<hr/> 51	<hr/> 37

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 29. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets are recognised in respect of the following items:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax asset:-				
Unutilised tax losses	2,743	1,402	612	612
Unabsorbed capital allowances	3,590	2,298	1,324	1,111
Excess of depreciation over capital allowances	4,154	3,946	4,154	3,946
Provision	224	225	128	146
	10,711	7,871	6,218	5,815
Deferred tax liabilities:-				
Accelerated capital allowances over depreciation	(1,555)	(876)	-	-
	9,156	6,995	6,218	5,815

For the Malaysia entities, the unused tax losses is allowed to be utilised for 7 consecutive years of assessment while unabsorbed capital allowances are allowed to be carried forward indefinitely.

## 30. EARNINGS PER SHARE

### (a) Basic

	The Group	
	2020	2019
Profit after taxation (RM'000)	55,375	39,057
Non-controlling interests (RM'000)	(5,723)	(4,186)
Profit attributable to owners of the Company (RM'000)	49,652	34,871
Dividends on ICPS (RM'000)	(2,451)	(3,771)
Profit attributable to ordinary equity holders of the Company (RM'000)	47,201	31,100
Weighted average number of ordinary shares in issue:-		
Issued ordinary shares at 1 January ('000)	1,119,001	1,102,434
Effect of new ordinary shares issued under ESOS during the financial year ('000)	14,096	7,214
Weighted average number of ordinary shares at 31 December ('000)	1,133,097	1,109,648
Basic earnings per ordinary share (sen)	4.166	2.803

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**30. EARNINGS PER SHARE (CONT'D)**

(b) Diluted

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
Profit attributable to owners of the Company (RM'000)	49,652	34,871
Weighted average number of ordinary shares for the year ('000) (as above)	1,133,097	1,109,648
Weighted average number of shares deemed to have been issued under ESOS at no consideration ('000)	17,410	26,359
Weighted average number of shares deemed to have been issued under ICPS at no consideration ('000)	377,074	377,074
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	1,527,581	1,513,081
Diluted earnings per ordinary share (sen)	3.250	2.305

**31. DIVIDEND**

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
<i>RM'000</i>	<i>RM'000</i>	
<i>Ordinary shares</i>		
Interim dividend of 0.65 sen (2019 - 1.0 sen) per ordinary share in respect of the current financial year	7,501	11,134
<i>ICPS shares</i>		
Interim dividend of 0.65 sen (2019 - 1.0 sen) per ICPS share in respect of the current financial year	2,451	3,771
	9,952	14,905

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 32. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group	
	2020 RM'000	2019 RM'000
Cost of property, plant and equipment purchased (Note 6)	71,982	75,865

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM'000	Revolving Credits RM'000	Bankers' Acceptances RM'000	Lease Liabilities RM'000	Total RM'000
<b>2020</b>					
At 1 January	74,178	2,000	22,931	1,368	100,477
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	31,576	2,822	116,220	-	150,618
Repayment of borrowing principal	(23,379)	(4,000)	(111,200)	(1,013)	(139,592)
Repayment of borrowing interests	(1,878)	(65)	(540)	(87)	(2,570)
<u>Non-cash Changes</u>					
Finance charges recognised in profit or loss	1,878	65	540	87	2,570
Addition of lease	-	-	-	1,603	1,603
Unrealised foreign exchange (gain)/loss	(1,060)	(19)	(433)	11	(1,501)
At 31 December	81,315	803	27,518	1,969	111,605
<b>2019</b>					
At 1 January	26,720	12,500	7,606	2,619	49,445
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	63,501	3,000	115,546	-	182,047
Repayment of borrowing principal	(15,974)	(13,500)	(99,773)	(997)	(130,244)
Repayment of borrowing interests	(1,838)	(320)	(693)	(70)	(2,921)
<u>Non-cash Changes</u>					
Finance charges recognised in profit or loss	1,838	320	693	70	2,921
Termination of lease	-	-	-	(254)	(254)
Unrealised foreign exchange gain	(69)	-	(448)	-	(517)
At 31 December	74,178	2,000	22,931	1,368	100,477

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**32. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Company	Revolving Credits RM'000	Amount Owing to a Subsidiary RM'000	Total RM'000
<b>2020</b>			
At 1 January	-	35,840	35,840
<u>Non-cash Changes</u>			
Capital reduction from a subsidiary	-	(35,840)	(35,840)
At 31 December	-	-	-
<b>The Company</b>			
<b>2019</b>			
At 1 January	9,500	35,692	45,192
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	-	148	148
Repayment of borrowing principal	(9,500)	-	(9,500)
Repayment of borrowing interests	(125)	-	(125)
<u>Non-cash Changes</u>			
Finance charges recognised in profit or loss	125	-	125
At 31 December	-	35,840	35,840

(c) The total cash outflows for leases as a lessee are as follows:-

	<b>The Group</b>	
	2020 RM'000	2019 RM'000
Interest paid on lease liabilities	87	70
Payment on lease liabilities	1,013	997
	1,100	1,067

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 32. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with financial institutions (Note 14)	9,047	16,570	6,000	-
Cash and bank balances	65,878	46,532	3,399	465
	74,925	63,102	9,399	465
Less:				
- Deposits pledged to financial institutions	(376)	(472)	-	-
	74,549	62,630	9,399	465

## 33. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>(a) Directors of the Company and the subsidiaries</b>				
Executive Directors:				
- basic salaries, bonus and other benefits	1,610	1,605	579	591
- share options	648	1,584	400	958
Non-executive Directors:				
- allowances	13	12	13	12
- fee	239	225	239	225
- share options	55	377	55	377
	2,565	3,803	1,286	2,163
<b>(b) Other Key Management</b>				
- basic salaries, bonus and other benefits	2,308	2,910	299	289
- share options	68	586	10	91
	2,376	3,496	309	380

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**34. RELATED PARTY DISCLOSURES**

**(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

**(b) Significant Related Party Transaction and Balances**

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with related parties during the financial year:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Subsidiaries:</b>				
- Facility service fees	-	-	760	1,308
- Rental income	-	-	1,920	1,920
- Payment on behalf	-	-	126	270
<b>Related parties:</b>				
- Purchases	150,717	122,733	-	-
- Sales	12	17	-	-
- Rental expense	208	167	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

**35. OPERATING SEGMENTS**

**BUSINESS SEGMENTS**

Information on business segments is not presented as the Group operates primarily in the semiconductor industry.

**GEOGRAPHICAL SEGMENTS**

Revenue is based on the country in which the customers are located.

Segment assets and capital expenditure are determined according to the country where these assets are located.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 35. OPERATING SEGMENTS (CONT'D)

### GEOGRAPHICAL SEGMENTS (CONT'D)

The following is an analysis of the Group's business by geographical segments:-

	Asia RM'000	Europe RM'000	United States Of America RM'000	Other Countries RM'000	Total RM'000
<b>2020</b>					
Revenue	398,509	119,344	41,538	16,390	575,781
Segment assets	720,955	42,768	6,439	-	770,162
Capital expenditure	71,825	150	7	-	71,982
<b>2019</b>					
Revenue	335,363	104,475	49,168	15,299	504,305
Segment assets	596,463	35,784	2,766	-	635,013
Capital expenditure	75,853	9	3	-	75,865

### MAJOR CUSTOMERS

During the current financial year, there is no major customer with revenue equal to or more than 10% of the Group revenue.

## 36. CAPITAL COMMITMENTS

	The Group	
	2020 RM'000	2019 RM'000
Purchase of property, plant and equipment	60,696	26,524

## 37. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### 37.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar, Euro, Korean Won, New Taiwan Dollar, Chinese Renminbi and Yen. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against the foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**  
**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure		United States Dollar RM'000	Euro RM'000	Korean Won RM'000	Taiwan Dollar RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	Yen RM'000	Others RM'000	Total RM'000
2020										
<b>Financial Assets</b>										
Other investments	-	-	-	-	32,336	-	-	-	-	32,336
Trade receivables	63,713	21,143	3,035	-	-	767	87,717	-	-	176,375
Other receivables	26	3,064	9	-	9	2	53	-	-	3,163
Deposits with financial institutions	-	-	2,621	-	6,426	-	-	-	-	9,047
Cash and bank balances	24,321	10,149	5,627	159	5,631	19,859	-	102	30	65,878
	88,060	34,356	11,292	32,495	12,833	107,578	155	30	286,799	
<b>Financial Liabilities</b>										
Trade payables	141,197	1,978	-	-	17,984	9	10,093	54	171,315	
Other payables and accruals	822	1,079	443	-	12,726	269	197	462	15,998	
Term loans	54,836	3,459	-	-	23,020	-	-	-	81,315	
Bankers' acceptances	27,518	-	-	-	-	-	-	-	27,518	
Revolving credits	803	-	-	-	-	-	-	-	803	
	225,176	6,516	443	-	53,730	278	10,290	516	296,949	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

*Foreign Currency Exposure (Cont'd)*

The Group	United States Dollar RM'000	Euro RM'000	Korean Won RM'000	New Taiwan Dollar RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	Yen RM'000	Others RM'000	Total RM'000
									2020
Net financial (liabilities)/ assets	(137,116)	27,840	10,849	32,495	(40,897)	107,300	(10,135)	(486)	(10,150)
Less: Net financial (assets)/liabilities denominated in the entities' functional currencies	(5,335)	(18,528)	(10,850)	(159)	40,897	(105,701)	43	-	(99,633)
Less: Forward foreign currency contracts (contracted notional principal)	50,999	(28,907)	(3,323)	-	-	(36,846)	-	-	(18,077)
<b>Currency Exposure</b>	<b>(91,452)</b>	<b>(19,595)</b>	<b>(3,324)</b>	<b>32,336</b>	<b>-</b>	<b>(35,247)</b>	<b>(10,092)</b>	<b>(486)</b>	<b>(127,860)</b>

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**  
**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**  
**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

<b>The Group</b>	<b>United States Dollar</b>	<b>Euro</b>	<b>Korean Won</b>	<b>New Taiwan Dollar</b>	<b>Ringgit Malaysia</b>	<b>Chinese Renminbi</b>	<b>Yen</b>	<b>Others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>2019</b>									
<b>Financial Assets</b>									
Other investments	-	-	-	28,710	-	-	-	-	28,710
Trade receivables	52,468	9,604	1,279	-	832	53,061	-	-	117,244
Other receivables	20	910	209	-	421	119	63	8	1,750
Deposits with financial institutions	7,459	-	3,535	-	2,022	3,554	-	-	16,570
Cash and bank balances	16,669	7,684	1,610	6	5,355	15,085	108	15	46,532
	76,616	18,198	6,633	28,716	8,630	71,819	171	23	210,806
<b>Financial Liabilities</b>									
Trade payables	103,233	239	-	-	7,281	8	3,153	11	113,925
Other payables and accruals	293	737	960	-	10,916	4,913	57	27	17,903
Term loans	49,123	3,213	-	-	21,842	-	-	-	74,178
Bankers' acceptances	22,931	-	-	-	-	-	-	-	22,931
Revolving credits	-	-	-	-	2,000	-	-	-	2,000
	175,580	4,189	960	-	42,039	4,921	3,210	38	230,937

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

###### Foreign Currency Exposure (Cont'd)

The Group	United States Dollar RM'000	Euro RM'000	Korean Won RM'000	New Taiwan Dollar RM'000	Ringgit Malaysia RM'000	Chinese Renminbi RM'000	Yen RM'000	Others RM'000	Total RM'000
									2019
Net financial (liabilities)/ assets									
	(98,964)	14,009	5,673	28,716	(33,409)	66,898	(3,039)	(15)	(20,131)
Less: Net financial (assets)/ liabilities denominated in the entities' functional currencies									
	(2,225)	(10,498)	(5,668)	-	33,409	(63,104)	(81)	-	(48,167)
Less: Forward foreign currency contracts (contracted notional principal)									
	4,521	-	-	-	-	(24,986)	-	-	(20,465)
<b>Currency Exposure</b>	<b>(96,668)</b>	<b>3,511</b>	<b>5</b>	<b>28,716</b>	<b>-</b>	<b>(21,192)</b>	<b>(3,120)</b>	<b>(15)</b>	<b>(88,763)</b>

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

The Company	United States Dollar RM'000	New Taiwan Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2020</b>				
<b>Financial Assets</b>				
Other investments	-	32,336	-	32,336
Amount owing by subsidiaries	37	-	2,613	2,650
Fixed deposits with licensed bank	-	-	6,000	6,000
Cash and bank balances	2,429	-	970	3,399
	2,466	32,336	9,583	44,385
<b>Financial Liabilities</b>				
Other payables and accruals	27	-	545	572
Net financial assets/(liabilities)	2,439	32,336	9,038	43,813
Less: Net financial liabilities denominated in the entity's functional currency	-	-	(9,038)	(9,038)
<b>Currency Exposure</b>	<b>2,439</b>	<b>32,336</b>	<b>-</b>	<b>34,775</b>

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Exposure (Cont'd)*

The Company	United States Dollar RM'000	New Taiwan Dollar RM'000	Ringgit Malaysia RM'000	Total RM'000
<b>2019</b>				
<b>Financial Assets</b>				
Other investments				
Other receivables	-	28,710	-	28,710
Cash and bank balances	222	-	56	56
	222	28,710	243	465
	222	28,710	299	29,231
<b>Financial Liabilities</b>				
Other payables and accruals				
Amount owing to a subsidiary	-	-	514	514
	-	-	35,840	35,840
	-	-	36,354	36,354
Net financial assets/(liabilities)	222	28,710	(36,055)	(7,123)
Less: Net financial liabilities denominated in the entity's functional currency	-	-	36,055	36,055
<b>Currency Exposure</b>	222	28,710	-	28,932

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(i) Foreign Currency Risk (Cont'd)**

*Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Effects on Profit After Taxation</b>				
United States Dollar/RM:				
- weakened by 5%	3,475	3,673	(93)	(8)
Euro/RM:				
- weakened by 5%	745	(133)	-	-
Chinese Renminbi/RM:				
- weakened by 5%	1,339	805	-	-
Others/RM:				
- weakened by 5%	528	119	-	-
<b>Effects on Other Comprehensive Income</b>				
New Taiwan Dollar/RM:				
- weakened by 5%	(1,617)	(1,436)	(1,617)	(1,436)

A 5% (2019 – 5%) strengthening in the foreign currencies would have had an equal but opposite effect on the profit or loss after taxation and other comprehensive income. This assumes that all other variables remain constant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's deposits with financial institutions and certain borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 25 to the financial statements.

#### *Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Effects on Profit/(Loss) After Taxation</b>				
Increase of 1%	(587)	(539)	-	-
Decrease of 1%	587	539	-	-

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices.

If prices for quoted investments at the end of the reporting period strengthened by 5% (2019 – 5%) with all other variables being held constant, the Group's total comprehensive income would have increased by RM1,616,805 (2019 – RM1,435,485). A 5% (2019 – 5%) weakening in the quoted prices would have had an equal but opposite effect on the Group's other comprehensive income.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to a subsidiary. The Company monitors the results of the subsidiary regularly and repayments made by the subsidiaries.

*(i) Credit Risk Concentration Profile*

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 31% (2019 - 29%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	<b>The Group</b>	
	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>
The People's Republic of China	87,717	79,796
Europe	60,974	15,528
United States of America	121	10,291
Singapore	1,190	1,787
Korea	14,734	3,054
Japan	5,228	1,285
Taiwan	30	398
Malaysia	1,726	1,615
India	-	2,920
Others	4,655	570
	<hr/> 176,375	<hr/> 117,244

*(ii) Exposure to Credit Risk*

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantee provided to its subsidiary as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

##### *Trade Receivables*

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or in default with significant balances are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 4 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables are summarised below:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
<b>2020</b>				
Current (not past due)	150,968	-	(281)	150,687
- 1 to 30 days past due	23,243	-	(14)	23,229
- 31 to 60 days past due	2,080	-	(7)	2,073
- 61 to 90 days past due	267	-	(38)	229
- more than 90 days past due	1,085	(899)	(29)	157
	177,643	(899)	(369)	176,375

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

*(iii) Assessment of Impairment Losses (Cont'd)*

*Trade Receivables (Cont'd)*

The Group	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Value RM'000
<b>2019</b>				
Current (not past due)	100,610	-	(159)	100,451
- 1 to 30 days past due	15,209	-	(7)	15,202
- 31 to 60 days past due	1,420	-	(2)	1,418
- 61 to 90 days past due	33	-	-	33
- more than 90 days past due	1,106	(899)	(67)	140
	118,378	(899)	(235)	117,244

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

*Other Receivables*

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

*Deposits with Financial Institutions, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

*Amount Owing By Subsidiaries*

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

## NOTES TO THE

## FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

### 37. FINANCIAL INSTRUMENTS (CONT'D)

#### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

###### (iii) Assessment of Impairment Losses (Cont'd)

###### Amount Owing By Subsidiaries (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries is summarised below:-

The Company	Gross Amount RM'000	12-month Loss Allowance RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
<b>2020</b>				
Low credit risk	2,650	-	-	2,650
Significant increase in credit risk	-	-	-	-
Credit impaired	-	-	-	-
	2,650	-	-	2,650

###### Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000			Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000					
			Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000								
<b>2020</b>													
<u>Non-derivative Financial Liabilities</u>													
Trade payables	-	171,315	171,315	171,315	-	-	-	-					
Other payables and accruals *	-	13,998	13,998	13,998	-	-	-	-					
Lease liabilities	4.13	1,969	2,081	1,013	1,068	-	-	-					
Term loans	1.84	81,315	83,727	34,331	49,396	-	-	-					
Bankers' acceptances	0.88	27,518	27,518	27,518	-	-	-	-					
Revolving credits	0.43	803	803	803	-	-	-	-					
<u>Derivative Financial Assets</u>													
Forward currency contracts:													
derivative liability	-	2,000	-	-	-	-	-	-					
- gross payments	-	-	87,152	87,152	-	-	-	-					
- gross receipts	-	-	(85,152)	(85,152)	-	-	-	-					
		298,918	301,442	250,978	50,464	-	-	-					

\* Excluded the derivative assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000			Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000					
			Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000								
<b>2019</b>													
<u>Non-derivative Financial Liabilities</u>													
Trade payables													
Other payables and accruals *	-	113,925	113,925	113,925	-	-	-	-					
Lease liabilities	4.15	18,592	18,592	18,592	-	-	-	-					
Term loans	3.64	1,368	1,475	810	665	-	-	-					
Bankers' acceptances	2.51	74,178	77,823	38,957	38,866	-	-	-					
Revolving credits	4.52	22,931	22,931	22,931	-	-	-	-					
		2,000	2,000	2,000	-	-	-	-					
<u>Derivative Financial Assets</u>													
Forward currency contracts:													
derivative asset	-	(689)	-	-	-	-	-	-					
- gross payments	-	-	45,451	45,451	-	-	-	-					
- gross receipts	-	-	(46,140)	(46,140)	-	-	-	-					
		232,305	236,057	196,526	39,531	-	-	-					

\* Excluded the derivative assets.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000			Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000					
			Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000								
<b>2020</b>													
<u>Non-derivative Financial Liabilities</u>													
Other payables and accruals	-	572	572	572	-	-	-	-					
Amount owing to subsidiaries	-	-	-	-	-	-	-	-					
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	98,557	98,557	-	-	-	-					
		572	99,129	99,129	-	-	-	-					
<b>2019</b>													
<u>Non-derivative Financial Liabilities</u>													
Other payables and accruals	-	514	514	514	-	-	-	-					
Amount owing to subsidiaries	-	35,840	35,840	35,840	-	-	-	-					
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	90,547	90,547	-	-	-	-					
		36,354	126,901	126,901	-	-	-	-					

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and bank balances and deposits with financial institutions. Capital includes equity attributable to the owners of the Company and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	<b>The Group</b>	
	<b>2020</b> <b>RM'000</b>	<b>2019</b> <b>RM'000</b>
Bankers' acceptances (Note 24)	27,518	22,931
Revolving credits (Note 24)	803	2,000
Lease liabilities (Note 18)	1,969	1,368
Term loans (Note 25)	81,315	74,178
	111,605	100,477
Less:-		
Deposits with financial institutions (Note 14)	(9,047)	(16,570)
Cash and bank balances	(65,878)	(46,532)
	36,680	37,375
Total equity	450,255	387,119
Debt-to-equity ratio	0.08	0.10

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Financial Assets</b>				
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>				
Quoted investments	32,336	28,710	32,336	28,710
<u>Amortised Cost</u>				
Trade receivables	176,375	117,244	-	-
Other receivables	3,163	1,750	-	56
Deposits with financial institutions	9,047	16,570	6,000	-
Cash and bank balances	65,878	46,532	3,399	465
Amount owing by subsidiaries	-	-	2,650	-
	254,463	182,096	12,049	521
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Trade payables	171,315	113,925	-	-
Other payables and accruals	15,998	17,903	572	514
Term loans	81,315	74,178	-	-
Bankers' acceptances	27,518	22,931	-	-
Revolving credits	803	2,000	-	-
Amount owing to subsidiaries	-	-	-	35,840
	296,949	230,937	572	36,354

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.4 GAINS/(LOSSES) ARISING FROM FINANCIAL INSTRUMENTS**

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Financial Assets</b>				
<u>Equity Investments at Fair Value</u>				
<u>Through Other Comprehensive Income</u>				
Net gains recognised in other comprehensive income	3,626	4,211	3,626	4,211
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	323	189	81	12
<b>Financial liabilities</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(2,483)	(2,851)	-	(125)

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.5 FAIR VALUE INFORMATION**

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of the financial instruments that are carried at fair value and those not carried at the fair value at the end of the reporting period:-

	Fair Value of Financial Instruments			Fair Value of Financial Instruments			Total Fair Value RM'000	Carrying Amount RM'000
	Carried At Fair Value		Not Carried At Fair Value	Level 1	Level 2	Level 3		
	Level 1 RM'000	Level 2 RM'000	RM'000	RM'000	RM'000	RM'000		
<b>The Group</b>								
<b>2020</b>								
<b>Financial Assets</b>								
Other investments:								
- quoted shares	32,336						32,336	32,336
<b>Financial Liabilities</b>								
Term loans								
				81,315			81,315	81,315
<b>2019</b>								
<b>Financial Assets</b>								
Other investments:								
- quoted shares	28,710						28,710	28,710
<b>Financial Liabilities</b>								
Term loans								
				74,178			74,178	74,178

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

## 37. FINANCIAL INSTRUMENTS (CONT'D)

### 37.5 FAIR VALUE INFORMATION (CONT'D)

	Fair Value of Financial Instruments			Fair Value of Financial Instruments			Total Fair Value RM'000	Carrying Amount RM'000
	Carried At Fair Value		Not Carried At Fair Value	Level 1	Level 2	Level 3		
	Level 1 RM'000	Level 2 RM'000	RM'000	RM'000	RM'000	RM'000		
<b>The Company</b>								
<b>2020</b>								
<b>Financial Assets</b>								
Other investment: - quoted shares	32,336	-	-	-	-	-	32,336	32,336
<b>2019</b>								
<b>Financial Assets</b>								
Other investments: - quoted shares	28,710	-	-	-	-	-	28,710	28,710

#### (a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values above have been determined using the following basis:-
  - (aa) The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.
  - (ii) There were no transfer between level 1 and level 2 during the financial year.

**NOTES TO THE  
FINANCIAL STATEMENTS**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020  
(CONT'D)

**37. FINANCIAL INSTRUMENTS (CONT'D)**

**37.5 FAIR VALUE INFORMATION (CONT'D)**

**(b) Fair Value of Financial Instruments Not Carried at Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of term loans are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	%	%
Term loans	1.00 - 3.01	1.25 - 4.32

**38. FOREIGN EXCHANGE RATES**

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	RM	RM
Chinese Renminbi	0.61	0.59
Euro	4.94	4.59
Japanese Yen 100	3.90	3.77
Korean Won 100	0.37	0.35
New Taiwan Dollar	0.14	0.14
Singapore Dollar	3.04	3.05
United States Dollar	4.02	4.09

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(CONT'D)

### 39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:-

(a) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a global pandemic. Following the declaration, the Government of Malaysia has since 18 March 2020 imposed various phases of Movement Control Order ("MCO") to curb the spread of the Covid-19 pandemic in Malaysia.

Dominant Malaysia operated at approximately 20% production capacity from 21 March 2020 until a new approval was granted on 9 April 2020 from MITI to allow Dominant Malaysia to operate at 50% installed capacity. Subsequently, Dominant Malaysia was allowed to operate at full production capacity starting from 29 April 2020. The underutilisation of capacity during these periods have adversely impacted the Group's revenue as well as costs of production.

Nevertheless, the COVID-19 outbreak and the various government measures to contain the spread of the virus in Malaysia and elsewhere in the world did not pose significant adverse impact to the Group's financial statements for the current financial year except as mentioned above.

(b) Dominant Technologies Sdn Bhd, a subsidiary of the Company, had on 13 May 2020 incorporated a new subsidiary known as Dominant Technologies (Taiwan) Co., Ltd ("Dominant Taiwan"). The intended business activities of Dominant Taiwan is to design, develop, purchase and sales of IC chips.

(c) As part of internal group restructuring, Dominant Technologies had on 31 January 2020, acquired 100% equity interests in Dominant Singapore, from Dominant Malaysia for a total purchase consideration of USD1. Subsequently on 26 August 2020, the Company had acquired 100% equity interests in Dominant Electronics and Dominant Technologies, from Dominant Malaysia for a total purchase consideration of RM6,028,322 and RM1,703,236 respectively. Following the completion of the acquisition, the Company became the immediate holding company of both subsidiaries.

On 21 November 2020, the Company subscribed for an additional 3,800,000 new ordinary shares in Dominant Technologies for a total consideration of RM3,800,000.

**LIST OF  
PROPERTIES HELD**  
AS AT 31 DECEMBER 2020

No	Name of Registered Owner/ Location	Description/ Existing Use	Land Area (Sq Ft)	Built-up Area (Sq Ft)	Approximate Age of Building	Year of Acquisition	Tenure	Audited Net Book Value as at 31 December 2020 RM'000
1	HS(D) 21091 PT4623 Mukim Bachang Daerah Melaka Tengah 75350 Melaka  Postal Address Lot 6 8726 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka	One (1) block of double storey factory cum office premise and one (1) block four storey factory	231,862	202,011	29 years	2000	Leasehold 90 years Expiring on 16.02.2091	4,199
2	HS(D) 62241 PT6560 (New Lot no.9422) Mukim Bachang Daerah Melaka Tengah 75350 Melaka  Postal Address Lot 7 8730 Batu Berendam FTZ Phase 3 Batu Berendam 75350 Melaka	Three (3) adjoining blocks that consist of one block of three-storey factory, one block of two-storey factory cum office premise and one block of single-storey extension for lobby	258,915	301,111	2 years	2016	Leasehold 75 years Expiring on 19.12.2091	42,850

## RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”)

In accordance with Section 3.1.5 of Practice Note 12 and Para 10.09(2)(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a breakdown of the aggregate value of recurrent related party transactions conducted during the financial year ended 31 December 2020 pursuant to the Shareholders’ Mandate is disclosed as follows:-

No.	Nature of Transactions	Companies within D&O Group	Related Parties	Relationship	Aggregated Amount RM('000)
1	Supply of chips or dies manufactured by Epistar	Dominant Malaysia	Epistar Corporation (“Epistar”)	Note a	150,381

**Note:-**

a) *Epistar subscribed 11,000,000 new ordinary shares in Dominant Malaysia on 9 November 2015 which is equivalent to 10% of Dominant Malaysia’s total share capital.*

# STATISTICS ON SHAREHOLDINGS

AS AT 12 APRIL 2021

## ANALYSIS OF SHAREHOLDINGS

### ORDINARY SHARES

#### AS AT 12 APRIL 2021

Total Number of Issued Shares : RM205,028,020 divided into 1,171,933,454 ordinary shares; and

Class of Shares : Ordinary shares

Voting Rights : One vote per ordinary share held

## DISTRIBUTION OF ORDINARY SHAREHOLDINGS AS AT 12 APRIL 2021

Size of Holdings	No. of Holders	% of Holders	Total Holdings	% of Holdings
Less than 100	218	1.710	8,236	0.001
100 to 1,000	4,521	35.450	3,014,755	0.257
1,001 to 10,000	6,047	47.416	24,070,604	2.053
10,001 to 100,000	1,584	12.421	49,836,769	4.253
100,001 to less than 5% of issued shares	379	2.972	607,878,916	51.870
5% and above of issued shares	4	0.031	487,124,174	41.566
<b>Total</b>	<b>12,753</b>	<b>100.00</b>	<b>1,171,933,454</b>	<b>100.000</b>

## THIRTY LARGEST ORDINARY SHAREHOLDERS AS AT 12 APRIL 2021

No.	Name of Securities Account Holder	No. of shares held	%
1	PRT Capital Pte Ltd	161,785,200	13.805
2	Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG Singapore for Keen Capital Investments Limited</i>	153,470,932	13.096
3	Omega Riang Sdn Bhd	112,783,740	9.624
4	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohammed Azlan Bin Hashim</i>	59,084,302	5.041
5	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Hong Leong Value Fund</i>	33,600,000	2.867
6	Camasia Limited	31,605,466	2.697
7	Lim Thiam Cheok	30,192,440	2.576
8	Nonadiah Binti Abdullah	27,054,113	2.308
9	Chu Beng Han	23,681,800	2.021
10	Tay Kheng Chiong	22,762,352	1.942
11	Kema Development Sdn Bhd	21,974,581	1.875
12	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Mohammed Azlan Bin Hashim (PB)</i>	20,000,000	1.707
13	Kam Chooi Suan	14,672,131	1.252
14	Lim Thian Soo	13,012,131	1.110
15	Geo-Mobile Asia Sdn Bhd	11,900,000	1.015

# STATISTICS ON SHAREHOLDINGS

AS AT 12 APRIL 2021  
(CONT'D)

## THIRTY LARGEST ORDINARY SHAREHOLDERS (CONT'D) AS AT 12 APRIL 2021

No.	Name of Securities Account Holder	No. of shares held	%
16	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Aberdeen)</i>	10,732,100	0.916
17	RCI Ventures Sdn Bhd	10,182,666	0.869
18	Kumpulan Wang Persaraan (Diperbadankan)	9,605,500	0.820
19	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Hong Leong Balanced Fund</i>	9,470,200	0.808
20	Jony Raw @ Raw Jony	9,416,000	0.803
21	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i>	8,708,500	0.743
22	Low Tek Beng	8,470,233	0.723
23	HSBC Nominees (Asing) Sdn Bhd <i>J.P. Morgan Securities Plc</i>	7,729,445	0.660
24	HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Total International Stock Index Fund</i>	7,349,300	0.627
25	Citigroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)</i>	6,999,700	0.597
26	Amanahraya Trustees Berhad <i>Public Smallcap Fund</i>	6,971,200	0.595
27	Amanahraya Trustees Berhad <i>Public Islamic Opportunities Fund</i>	6,960,000	0.594
28	Cartaban Nominees (Tempatan) Sdn Bhd <i>PBTB for Takafulink Dana Ekuiti</i>	6,013,900	0.513
29	Cheam Dau Peng	5,984,576	0.511
30	Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG</i>	5,940,215	0.507
Total		858,112,723	73.222

## SUBSTANTIAL ORDINARY SHAREHOLDERS AS AT 12 APRIL 2021

No.	Name of Substantial Shareholder	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1	PRT Capital Pte Ltd	161,785,200	13.805	0	0.000
2	Keen Capital Investments Limited	153,470,932	13.096	0	0.000
3	Omega Riang Sdn Bhd	112,783,740	9.624	0	0.000
4	Goh Nan Kioh	0	0.000	374,911,530 <sup>a</sup>	31.991
5	Dato' Mohammed Azlan Hashim	79,084,302	6.748	27,054,113 <sup>b</sup>	2.308
6	Datin Nonadiah Abdullah	27,054,113	2.308	79,084,302 <sup>c</sup>	6.748
7	Lim Thiam Cheok	30,192,440	2.576	50,024,513 <sup>d</sup>	4.269
8	Lim Thian Soo	13,012,131	1.110	50,024,513 <sup>d</sup>	4.269
9	Lim Yam Poh	2,934,134	0.250	50,024,513 <sup>d</sup>	4.269
10	Lim Yam Chiew	2,927,468	0.250	112,783,740 <sup>e</sup>	9.624

# STATISTICS ON SHAREHOLDINGS

AS AT 12 APRIL 2021  
(CONT'D)

## DIRECTORS' INTEREST IN ORDINARY SHARES AS AT 12 APRIL 2021

No	Name of Director	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1	Dato' Mohammed Azlan Hashim	79,084,302	6.748	27,054,113 <sup>b</sup>	2.308
2	Tay Kheng Chiong	22,762,352	1.942	0	0.000
3	Cheam Dau Peng	8,288,576	0.707	0	0.000
4	Goh Nan Yang	1,943,333	0.166	0	0.000
5	Yeow See Yuen	4,786,799	0.408	0	0.000
6	Wong Meng Tak	458,333	0.039	0	0.000
7	Jesper Bjoern Madsen	20,000	0.002	0	0.000
8	Goh Chin San	0	0.000	0	0.000

### **NOTES:**

- a) Deemed interest by virtue of his/her shareholdings held through Keen Capital Investments Limited, PRT Capital Pte Ltd, Geo-Mobile Asia Sdn Bhd, Lanai Etika Sdn Bhd, Mega First Housing Development Sdn Bhd, RCI Ventures Sdn Bhd and Camasia Limited
- b) Deemed interest by virtue of his shareholdings held through his spouse, Datin Nonadiah binti Abdullah
- c) Deemed interest by virtue of her shareholdings held through her spouse, Dato' Mohammed Azlan Hashim
- d) Deemed interest by virtue of his/her shareholdings held through Kema Development Sdn Bhd, Geo-Mobile Asia Sdn Bhd, Lanai Etika Sdn Bhd, Mega First Housing Development Sdn Bhd and RCI Ventures Sdn Bhd
- e) Deemed interest by virtue of her shareholdings held through Omega Riang Sdn Bhd

Save as disclosed below, there are no other relationship or associations amongst the other substantial shareholders and Directors:-

- i) Goh Nan Yang is the brother-in-law of Lim Yam Chiew and uncle of Goh Chin San;
- ii) Goh Nan Kioh and Goh Nan Yang are siblings;
- iii) Goh Nan Kioh is the spouse of Lim Yam Chiew;
- iv) Lim Yam Chiew, Lim Thiam Cheok, Lim Yam Poh and Dr Lim Thian Soo are siblings;
- v) Datin Nonadiah Abdullah is the spouse of Dato' Mohammed Azlan Hashim; and
- vi) Goh Chin San is son of Goh Nan Kioh and Lim Yam Chiew.

## IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES AS AT 12 APRIL 2021

Class of Shares	:	Irredeemable Convertible Preference Shares ("ICPS")
Listing status	:	Unquoted on the Main Market of Bursa Securities
Voting Rights	:	<p>The ICPS holders shall carry no right to vote at any general meeting of the Company except for the following circumstances:-</p> <ul style="list-style-type: none"> <li>(a) when the dividend or part of the dividend on the ICPS is in arrears for more than 6 months;</li> <li>(b) on a proposal to reduce the Company's share capital;</li> <li>(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;</li> <li>(d) on a proposal that affects rights attached to the ICPS;</li> <li>(e) on a proposal to wind up the Company; and</li> <li>(f) during the winding-up of the Company.</li> </ul>
Number of ICPS	:	377,073,768 ICPS

# STATISTICS ON SHAREHOLDINGS

AS AT 12 APRIL 2021  
(CONT'D)

## DISTRIBUTION OF ICPS SHAREHOLDINGS AS AT 12 APRIL 2021

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100	0	0	0.000
100 to 1,000	0	0	0.000
1,001 to 10,000	0	0	0.000
10,001 to 100,000	0	0	0.000
100,001 to less than 5% of issued shares	0	0	0.000
5% and above of issued shares	3	377,073,768	100.000
<b>Total</b>	<b>3</b>	<b>377,073,768</b>	<b>100.000</b>

## LIST OF ICPS SHAREHOLDERS AS AT 12 APRIL 2021

No.	Name of Securities Account Holder	No. of shares held	%
1	Golden Horizon Resources Limited	176,065,573	46.693
2	Thames Electronics Sdn Bhd	112,975,409	29.961
3	Camasia Limited	88,032,786	23.346
<b>Total</b>		<b>377,073,768</b>	<b>100.000</b>

## DIRECTORS' INTEREST IN ICPS AS AT 12 APRIL 2021

No.	Name of Director	Direct Interest		Deemed Interest	
		Shares	%	Shares	%
1	Dato' Mohammed Azlan Hashim	0	0.000	0	0.000
2	Tay Kheng Chiong	0	0.000	0	0.000
3	Cheam Dau Peng	0	0.000	0	0.000
4	Goh Nan Yang	0	0.000	112,975,409 <sup>a</sup>	29.961
5	Yeow See Yuen	0	0.000	0	0.000
6	Wong Meng Tak	0	0.000	0	0.000
7	Jesper Bjoern Madsen	0	0.000	0	0.000
8	Goh Chin San	0	0.000	0	0.000

### NOTES:

a) Deemed interest by virtue of his shareholdings held through Thames Electronics Sdn Bhd



**D & O GREEN TECHNOLOGIES BERHAD**  
Company No: 200401006867 (645371-V)  
(Incorporated in Malaysia)

## PROXY FORM

(To be completed in capital letters)

No. of Shares held:	CDS Account No.

\* I/We \_\_\_\_\_

I/C or Company No \_\_\_\_\_ of \_\_\_\_\_

being a Member/Members of D & O Green Technologies Berhad hereby appoint :

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of shareholdings	
		No. of D&O Shares	%
<b>Address</b>			

And / Or

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of shareholdings	
		No. of D&O Shares	%
<b>Address</b>			

And/Or #THE CHAIRMAN OF THE MEETING as \*my/our proxy to vote for \*me/us on \*my/our behalf at the Seventeenth Annual General Meeting of the Company to be conducted entirely through live streaming from broadcast venue at Conference Room, A-12-01, Level 12, Block A, PJ8, 23 Jalan Barat, Seksyen 8, 46050 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 25 May 2021 at 10.00 a.m. or at any adjournment thereof, in the manner indicated below:

Ordinary Resolution		For	Against	Abstain
1	Re-election of Mr. Cheam Dau Peng as Director			
2	Re-election of Mr. Jesper Bjoern Madsen as Director			
3	Re-election of Mr. Goh Chin San as Director			
4	Approval of Non-Executive Directors' fee in respect of financial year ending 31 December 2021			
5	Approval of Non-Executive Directors' benefits from 17 <sup>th</sup> AGM to the 18 <sup>th</sup> AGM			
6	Re-appointment of Auditors			
7	Retention of Independent Director (Mr. Wong Meng Tak), who has served as an Independent Non-Executive Director of the Company for a cumulative of more than twelve (12) years			
8	Retention of Independent Director (Mr. Yeow See Yuen), who has served as an Independent Non-Executive Director of the Company for a cumulative of more than twelve (12) years			
9	Authority to Issue and Allot Shares			
10	Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature			

Please indicate with an "X" how you wish your vote to be cast. In the absence of specific directions, your Proxy may vote or abstain at his/her discretion.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-	
Proxy 1	%
Proxy 2	%
Total	100%

\_\_\_\_\_  
Signature/Common Seal of Member(s)

Date: \_\_\_\_\_

Tel. No. \_\_\_\_\_

# If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.  
\* Delete if not applicable.

**Notes:**

- 1) For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 18 May 2021. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
- 2) A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- 3) A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint one (1) or more proxies to participate instead of the member at the 17<sup>th</sup> AGM via RPV.
- 4) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holding(s) to be represented by each proxy.
- 5) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint more than one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- 6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- 7) The appointment of a proxy may be made in a hard copy form and must be deposited at the Registered Office of the Company at No. 15, Bukit Ledang, Off Jalan Duta, 50480 Kuala Lumpur or by electronic means can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for further information on electronic lodgement of proxy form. All proxy forms submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 17<sup>th</sup> AGM or adjourned general meeting at which the person named in the appointment proposes to vote.

*Please fold here*

**Postage  
Stamp**

**The Secretary  
D & O GREEN TECHNOLOGIES BERHAD**  
(Company No.: 645371-V)  
No.15 Bukit Ledang  
Off Jalan Duta  
50480 Kuala Lumpur

*Please fold here*

**D & O GREEN TECHNOLOGIES BERHAD**

Company No: 200401006867 (645371-V)

Lot 6, Batu Berendam FTZ, Phase III, 75350 Melaka, Malaysia

Telephone : 06 283 3566 Facsimile : 06 284 7988

Email : [corp@do.com.my](mailto:corp@do.com.my)

**[www.do.com.my](http://www.do.com.my)**

**[www.dominant-semi.com](http://www.dominant-semi.com)**