

NOTIONVTEC

NOTION VTEC BERHAD

Registration No. 200301035125 (637546-D)
(Incorporated in Malaysia)



NEW DIRECTIONS

Annual Report **2020**



OUR **VISION** AND **MISSION**

TO PROVIDE CREATIVE
SOLUTIONS IN PRECISION
MANUFACTURING
TECHNOLOGY AND HIGH
QUALITY PERSONAL
PROTECTIVE EQUIPMENT



This annual report is available on
the web at www.notionvtec.com





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17th

Annual General Meeting

PLACE

Broadcast Venue,
Tricor Business Centre,
Manuka 2 & 3 Meeting Room,
Unit 29-01, Level 29, Tower A,
Vertical Business, Bangsar South Suite,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

TIME

9.30 am, Wednesday,
3rd March 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

THOO CHOW FAH
Executive Chairman

WILLIAM CHOO WING HONG
Managing Director

JOHN CHOO WING ONN
Executive Director

LEE TIAN YOKE
Executive Director

CHOO WING YEW
Executive Director

SAW TAT LOON
Independent Non-Executive Director

DATO' ABU BAKAR BIN MOHD NOR
Independent Non-Executive Director

ANITA CHEW CHENG IM
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Saw Tat Loon (Chairman)
Dato' Abu Bakar Bin Mohd Nor
Anita Chew Cheng Im

REMUNERATION COMMITTEE

Dato' Abu Bakar Bin Mohd Nor
(Chairman)
Saw Tat Loon
Anita Chew Cheng Im

NOMINATION COMMITTEE

Anita Chew Cheng Im (Chairperson)
Dato' Abu Bakar Bin Mohd Nor
Saw Tat Loon

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)
(SSM PC No. 202008001023)

Tan Ai Ning (MAICSA 7015852)
(SSM PC No. 202008000067)

HEAD / MANAGEMENT OFFICE

Lot 6123 Jalan Haji Salleh
Batu 5 1/2, Jalan Meru, 41050 Klang
Selangor Darul Ehsan
Tel : (603) 3361 5615
Fax : (603) 3361 5618

WEBSITE

www.notionvtec.com

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad
Level 16, Menara Standard Chartered
30 Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (603) 2781 7013
Fax : (603) 2142 8933

HSBC Bank Malaysia Berhad
2, Jalan Tiara 2A, Bandar Baru Klang
41150 Klang, Selangor Darul Ehsan
Tel : (603) 3343 6111
Fax : (603) 3344 4249

Hong Leong Islamic Bank Berhad
Level 1, Wisma Hong Leong
18 Jalan Perak, 50450 Kuala Lumpur
Tel : (603) 2164 3939
Fax : (603) 2161 1278

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : (603) 2783 9299
Fax : (603) 2783 9222

Tricor's Customer Service Centre
Unit G-3, Ground Floor
Vertical Podium, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : (603) 7890 4800
Fax : (603) 7890 4650

AUDITORS

Crowe Malaysia PLT Chartered Accountants
Suite 50-3, Setia Avenue
No. 2, Jalan Setia Prima S U/13S
Setia Alam, Seksyen U13
40170 Shah Alam
Selangor Darul Ehsan
Tel : (603) 3343 0730
Fax : (603) 3344 3036

STOCK EXCHANGE

Main Market of Bursa Malaysia Securities Berhad

Shares

Stock Name : Notion
Stock Code : 0083

Warrants

Stock Name : Notion-WC
Stock Code : 0083WC

FINANCIAL HIGHLIGHTS

The table below sets out a summary of the audited consolidated results of the Notion Group for the financial years ended 30 September 2016 to 2020:

	2020	2019	2018	2017	2016
Revenue (RM'000)	242,747	237,687	255,946	275,232	230,707
Profit/(Loss) before Tax (RM'000)	6,840	14,090	67,188	14,375	17,757
Profit/(Loss) after Tax (RM'000)	6,323	7,543	47,584	12,958	5,677
Profit/(Loss) attributable to owners of the Company (RM'000)	6,323	7,543	47,584	12,958	5,677
Earning before interest, taxes, depreciation and amortisation (EBITDA) (RM'000)	40,987	44,925	96,826	47,717	53,695
No. of shares in issue (000)	504,744*	499,733^	497,394^	446,453^	405,629^
Net profit/(loss) per share (Sen)	1.3*	1.5^	9.6^	2.9^	1.4^

* Based on weighted average paid up share capital.

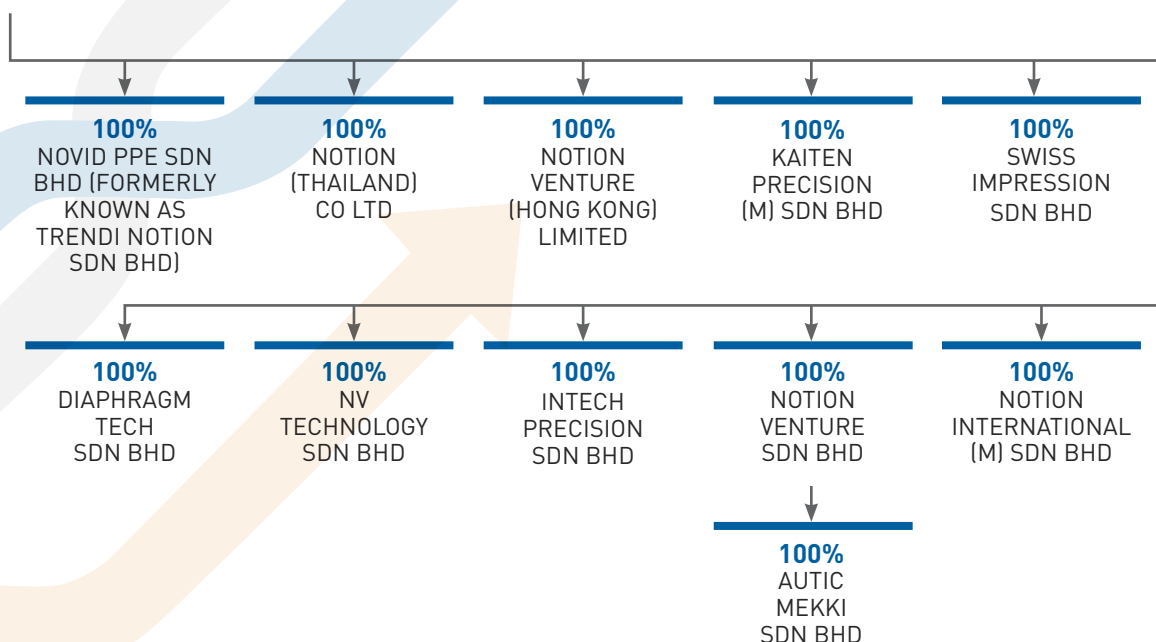
^ Restated for FYE 2016 to FYE 2019 to reflect the retrospective adjustments arising from the bonus issue completed in FYE 2020.

CORPORATE STRUCTURE

NOTIONVTEC

NOTION VTEC BERHAD

Registration No. 200301035125 (637546-D)
(Incorporated in Malaysia)



MANAGEMENT DISCUSSION & ANALYSIS



“

The company implemented a bonus issue of 168,325,033 new ordinary shares of NVB on the basis of 1 bonus ordinary shares for every 2 existing ordinary shares held.

”

THOO CHOW FAH | Executive Chairman

OUR GROUP

Our Group supplies high precision, engineered, ready to assemble turned, milled, drilled and ground parts to renowned multi nationals all over the world.

We stand for complete service with a fast response time to customers' needs. We provide a complete spectrum of services from design to production, tooling development, quality assurance, surface coating and finishing, heat treatment and logistics.

Recently we started producing masks under our own brand names and have sought shareholders' approval for diversifying into the Personal Protective Equipment (PPE) business, predominantly gloves, which will be elaborated in the next section.

With approximately 2,000 employees, we currently operate at 6 facilities. Three factories located on 17 acres, collectively on our own freehold land in Meru, Klang, three separate factories occupying in total 12 acres of land, collectively in Ayutthaya, Thailand, and rented premises in Gelang Patah, Johor to serve the southern region and Singapore.

DIVERSIFICATION

Our performance was affected when Movement Control Order was imposed during which our production was temporary suspended. Upon resuming operations in 2020, we were only allowed to operate at 50% capacity. We were also affected by supplies chain disruption and logistic challenges due to border restrictions. Overall revenue generated during the individual quarter ended 30 June 2020 fell by 30% compared to the preceding quarter.

Amid global uncertainty and volatility in the demand of our products and services, we decided to venture into the PPE sector to provide us with a more diversified income stream for future growth. We started with the manufacture of certified face masks but upon further deliberation and accessing the market, we decided to venture into the glove business given the increasing demand from the healthcare and related sector.

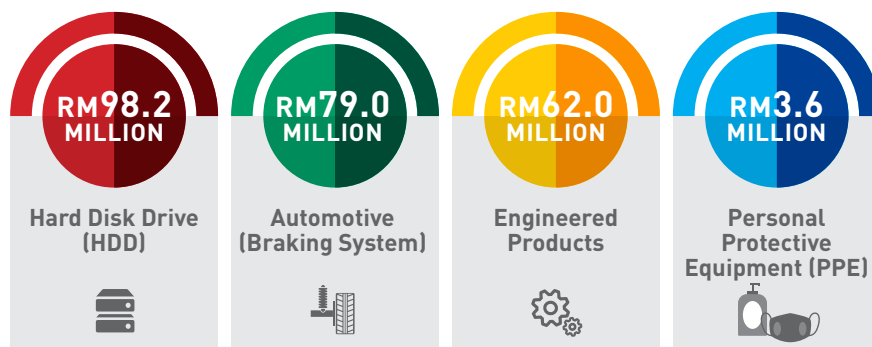
Nevertheless, we will continue to focus on our existing core business of supplying high quality precision components. We shall continue with the production of face masks although we do not foresee a major contribution from this business to our future earnings until the N95 respirators business is in full production.

Our Products

Our products can be broken down to four main segments:

- (1) Hard Disk Drive (HDD)
- (2) Automotive (Braking System)
- (3) Engineered Products (Camera SLR interchangeable lens, Electronics Manufacturing Services (EMS) and others)
- (4) PPE

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



FINANCIAL AND OPERATIONS REVIEW

Financial Performance

What a year! Plagued by a pandemic and subsequent imposition of Movement Control Order as highlight earlier.

Sales revenue for the financial year 2020 was higher at RM 242.7 million than what was achieved in 2019 of RM 237.7 million. Most of the segments recorded lower revenue other than the EMS and others. This is mainly due to higher sales from a particular customer in the 4th quarter of the year.

	Revenue			
	2020		2019	
	RM'000	%	RM'000	%
HDD	98,184	40.4	101,012	42.5
Automotive	78,962	32.5	92,561	38.9
Engineered Products				
- Camera	11,826	4.9	16,615	7.0
- Others (including EMS)	50,171	20.7	27,499	11.6
PPE	3,604	1.5	-	-
Total	242,747	100	237,687	100

Profit after tax was RM 6.3 million compared to 2019 at RM 7.5 million.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) stood at RM 41 million for the financial year ended 2020.

Liquidity, Earning and Investment

Borrowings of our group as at 30 September 2020 was approximately RM 64.3 million with a low gearing ratio of approximately 15%.

Cash and cash equivalent, as at 30 September 2020 is a healthy RM 82.7 million.

For this financial year, our group invested RM 36.3 million in capital expenditure.

CORPORATE EXERCISES

The company implemented a bonus issue of 168,325,033 new ordinary shares of NVB on the basis of 1 bonus share for every 2 existing ordinary shares held.

The said shares were listed on 18 May 2020.

DIVIDEND

Due to the global economic uncertainty, our Board has taken a prudence stance and will not be declaring any dividend for year 2020.

Despite our healthy cash position, we are constantly mindful of a need to strike a balance between conserving resources for expansion and paying regular dividend.

We seek your patience and would like to assure our shareholders that when the situation improved and stabilized, we will resume implementing our 30% dividend policy, where a minimum of 30% of our group's Profit after tax shall be distributed to shareholders.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)



RISKS

Some immediate key risks related to our Group's operations are as follows:

1. Over reliance on a few key customers. We have over the last few years started supplying to other customers in different sectors and will actively continue to do so.
2. The strength/weakness of USD will bear strongly on the Group's future as an exporter.
3. Quality Assurance (QA) and Quality Control. The failure to address this risk could result in higher percentage of rejects which could affect the profit margins. To further improve on our existing controls, we will assess if there is a need for a central plant QA function to include oversight and control over the plants and to establish a core team of relevant leaders to conduct regular monthly review.
4. Fluctuating prices of aluminium (our main raw material).
5. Some of our customers may be affected by the ongoing trade war between the USA and China.
6. Diversification into PPE and the risks associated with that such as competition, licensing, technological advancement.

OUTLOOK

According to Conference Board, the global economy is climbing out from the depths to which it plummeted during the great lockdown in March 2020. But with the Covid 19 pandemic continue to spread, many countries have slowed reopening and some are reinstating partial lockdown to protect susceptible populations. While recovery in China has been faster than expected, the global economy's long ascent back to pre pandemic level of activity remains prone to setbacks.

Based on the Organization for Economic Cooperation and Development (OECD), the global economy will gain momentum over the coming 2 years, with global GDP at pre pandemic level by the end of 2021. After a sharp decline this year, global GDP is projected to rise by around 4.2% in 2021 and a further 3.7% in 2022.

It also highlighted that for the first time since the pandemic began, there is hope for the future, due to news of effective vaccines, but the near term outlook remains very uncertain.

As the saying goes **"In Every Crisis, there is an opportunity"**. We will be focusing on our strength in our manufacturing capacities and search for these nuggets of opportunities.

We expect the HDD segment to continue to grow but mainly in the enterprise bulk storage segment.

Our Automotive segment is anticipated to remain stagnant as the electrical vehicles will be the main area of growth.

This financial year we have made headways in the new extruded and machined aluminum parts and expecting more orders from our EMS segment customers. We hope that these segment will provide us with a double digit growth.

As for our PPE segment, we will focus on the sales of the N95 masks and trading of the nitrile gloves. We expect to manufacture our own gloves by June 2021. We are confident that the demand of PPE will still be strong despite the emergence of the vaccines which will take a long time to roll out and the further need of using face mask and gloves become a new norm post Covid 19.

BOARD OF DIRECTORS

THOO CHOW FAH

Executive Chairman



Malaysian



Male



68

Mr Thoo Chow Fah was first appointed to the Board on 8 February 2005. In his capacity as Executive Chairman, Mr Thoo's key role is the macro management and investors' relation of the Group.

He commenced his career with Sime Darby Plantations in 1978.

Subsequently, in 1990 he joined Sinar Mas group, one of the largest private plantation groups in Indonesia.

He left the group in 1995 before setting up his own palm oil factory engineering consultancy.

Mr Thoo graduated from the University of Strathclyde, Glasgow, Scotland with a Bachelor's degree in Mechanical Engineering. He also has a Master's degree in Management Science from Imperial College, University of London.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

WILLIAM CHOO WING HONG

Managing Director



Malaysian



Male



56

Mr William Choo Wing Hong was first appointed to the Board on 8 February 2005. In his capacity as Managing Director, Mr William Choo plays a key role in executing the strategic growth and development plans of the Group. He is the key technical person of the Group.

Prior to setting up Notion Venture Sdn Bhd, the principal manufacturing arm of the Group in 1995, he has garnered more than 21 years of CNC precision machining experience at Fujitsu Electronics Sdn Bhd, Johor, TPK Engineering Pte Ltd, Singapore, Motorola (M) Sdn Bhd, Sungei Way, Yamazen Sdn Bhd, Selangor and Preciturn Sdn Bhd, Bangi.

He also heads the R&D division of the Notion Group which provides technical research on and development of new machining methods, new production methods and engineering processes.

Mr William Choo obtained his Diploma in Mechanical Engineering from the Federal Institute of Technology, Kuala Lumpur in 1985.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

JOHN CHOO WING ONN

Executive Director



Malaysian



Male



54

Mr John Choo Wing Onn was first appointed to the Board on 8 February 2005. His key role is in maintaining key HDD manufacturer accounts and the constant monitoring and satisfying customer's need of quality components.

He has worked at American Express Malaysia Sdn Bhd, Kuala Lumpur and Schering AG Petaling Jaya and subsequently joined Schering Plough Sdn Bhd in various sales capacity.

He obtained his Certificate in Marketing from the Chartered Institute of Marketing, United Kingdom, in 1993.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

BOARD OF DIRECTORS' PROFILE (CONT'D)

LEE TIAN YOKE

Executive Director



Malaysian



Male



50

Mr Lee Tian Yoke was first appointed to the Board on 8 February 2005. He heads the marketing team of the Notion Group, where his concentration is on non-HDD projects.

Mr Lee commenced his sales career in Mechcraft Trading Sdn Bhd, Kuala Lumpur. During his tenure with Mechcraft, he had made valuable contacts with many MNCs wanting to localize the manufacture and supply of component parts. In 1995, he moved to Preciturn Sdn Bhd where he was in charge of customer relations and new project development.

He received his Certificate in Marketing from HELP Institute, Kuala Lumpur in 1994.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

CHOO WING YEW

Executive Director



Malaysian



Male



59

Mr Choo Wing Yew was first appointed to the Board on 10 November 2009.

He is a member of the Chartered Institute of Management Accountants, United Kingdom and the Malaysian Institute of Accountants. He started his professional career with Deloitte Kassim Chan & Co., a public accounting firm in 1983. Later in 1990, he moved into financial management positions in various corporations including public companies.

Mr Choo joined the Notion Group as Financial Controller in May 2005 and is the key financial person of the Group.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

SAW TAT LOON

Independent Non-Executive Director



Malaysian



Male



50

Mr Saw Tat Loon was first appointed to the Board on 9 February 2005. He is also Chairman of the Audit and Risk Management Committee as well as a member of the Remuneration and Nomination Committees.

He was previously with Crowe Horwath, Chartered Accountants for 4 years in which he undertook a variety of audit assignments.

He was also extensively involved in a successful public listing exercise on Hong Kong Stock Exchange in 1999. Subsequently, he joined a global media specialist in 2000 as a Finance Manager, overseeing the group financial reporting, Sarbanes-Oxley's compliance and treasury functions. In 2008, he continued his career with a petrochemical company as a Financial Controller, responsible for the group financial and treasury management.

He is a member of the Malaysian Institute of Accountants and fellow member of the Association of Chartered Certified Accountants.

Other than Notion VTEC Berhad, he does not hold any directorship in other public companies and listed issuers.

BOARD OF DIRECTORS' PROFILE (CONT'D)

DATO' ABU BAKAR BIN MOHD NOR

Independent Non-Executive Director



Malaysian



Male



67

Dato' Abu Bakar Bin Mohd Nor was appointed to the Board on 7 May 2018. He is also a Chairman of the Remuneration Committee as well as a member of the Audit and Risk Management and Nomination Committees.

Dato' Abu Bakar started his career as Deputy Chief Internal Auditor in Bank Bumiputra Malaysia Bhd for a year. Subsequently, he joined Malaysia Mining Corporation in the Tin Marketing Department in 1981. In 1982, he joined Perbadanan Nasional Berhad (PERNAS) as a General Manager in Corporate Services for a period of 8 years. He was formerly the Chief Executive Officer of Peremba Berhad for three years. He then joined Landmarks Berhad as an Executive Director for one year. He was also served as Managing Director of Tradewinds (M) Berhad from 1994 to 1996. During the same year, he joined Saujana Consolidated Berhad as Managing Director and also act as a member of the Audit Committee until March 2009. Currently, he serves on the Board of Saujana Hotel Sdn Bhd, which owns The Saujana Kuala Lumpur. He also sits on board of various other private limited companies involved in the hotel and leisure industry. He is also a Director of University Technology Malaysia (UTM).

He graduated with a B. Sc (Hons) in Business Administration Accounting from University of Wales in 1976, and is a Chartered Accountant, Institute of Chartered Accountant, England and Wales.

Other than Notion VTec Berhad, he does not hold any directorship in other public companies and listed issuers.

ANITA CHEW CHENG IM

Independent Non-Executive Director



Malaysian



Female



54

Ms Anita Chew Cheng Im was first appointed to the Board on 29 June 2007. She is the Chairperson of the Nomination Committee as well as a member of the Audit and Risk Management and Remuneration Committees.

She started her career as an audit assistant at KPMG, Melbourne in 1989. In 1992, she joined the corporate finance department of Bumiputra Merchant Bankers Berhad and subsequently worked at Alliance Investment Bank Berhad and HwangDBS Investment Bank Berhad. She was involved in most related areas of corporate finance work during her 15 years tenure in the various investment banks, having advised clients on IPO, fund raising and corporate restructuring exercises. Her last held position at HwangDBS was senior vice president, equity capital market.

Ms Anita Chew graduated from Monash University, Australia with a Bachelor of Economics degree majoring in Accounting.

She also sits on the Boards of MK Land Holdings Berhad, K-One Technology Berhad, SKP Resources Berhad and Fortess Minerals Ltd, a Company listed on the Singapore Stock Exchange.

Notes to Directors' profile:

1. Family Relationships

William Choo Wing Hong, John Choo Wing Onn and Choo Wing Yew are siblings. They are also brothers-in-law of Mr Thoo Chow Fah.

The other Directors do not have any family relationship with any Director and/or major shareholders of the Company.

2. Conflict of Interest

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

3. Conviction of Offences

None of the Directors has any conviction for offences within the past 5 years.

4. Attendances at Board Meetings

The details of the Directors' attendance at Board Meetings are set out on page 17 of this Annual Report.

5. Shareholdings

The details of the Directors' interest in the securities of the Company are set out on page 105 of this Annual Report.

KEY SENIOR MANAGEMENT

THOO CHOW FAH

Executive Chairman



Malaysian



Male



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Subsequently, in 1990 he joined Sinar Mas group, one of the largest private plantation groups in Indonesia.

He left the group in 1995 before setting up his own palm oil factory engineering consultancy.

Mr Thoo graduated from the University of Strathclyde, Glasgow, Scotland with a Bachelor's degree in Mechanical Engineering. He also has a Master's degree in Management Science from Imperial College, University of London.

WILLIAM CHOO WING HONG

Managing Director



Malaysian



Male



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Prior to setting up Notion Venture Sdn Bhd, the principal manufacturing arm of the Group in 1995, he has garnered more than 21 years of CNC precision machining experience at Fujitsu Electronics Sdn Bhd, Johor, TPK Engineering Pte Ltd, Singapore, Motorola (M) Sdn Bhd,

Sungei Way, Yamazen Sdn Bhd, Selangor and Preciturn Sdn Bhd, Bangi.

He also heads the R&D division of the Notion Group which provides technical research on and development of new machining methods, new production methods and engineering processes.

Mr William Choo obtained his Diploma in Mechanical Engineering from the Federal Institute of Technology, Kuala Lumpur in 1985.

JOHN CHOO WING ONN

Executive Director



Malaysian



Male



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Mr John Choo Wing Onn was first appointed to the Board on 8 February 2005. His key role is in maintaining key HDD manufacturer accounts and the constant monitoring and satisfying customer's need of quality components.

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LEE TIAN YOKE

Executive Director



Malaysian



Male



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Mr Lee commenced his sales career in Mechcraft Trading Sdn Bhd, Kuala Lumpur. During his tenure with Mechcraft, he had made valuable contacts with many MNCs wanting to localize the manufacture and supply of component parts. In 1995, he moved to Preciturn Sdn Bhd where he was in charge of customer relations and new project development.

He received his Certificate in Marketing from HELP Institute, Kuala Lumpur in 1994.

CHOO WING YEW

Executive Director



Malaysian



Male



59

Mr Choo Wing Yew was first appointed to the Board on 10 November 2009.

He is a member of the Chartered Institute of Management Accountants, United Kingdom and the Malaysian Institute of Accountants. He started his professional career with Deloitte Kassim Chan & Co., a public accounting firm in 1983. Later in 1990, he moved into financial management positions in various corporations including public companies.

Mr Choo joined the Notion Group as Financial Controller in May 2005 and is the key financial person of the Group.

SUSTAINABILITY STATEMENT

Our group recognises its social responsibility to integrate sustainability into its culture and its respect for community, employees, shareholders, customers, suppliers and the environment, based on ethical values.

We believe in conducting business in a socially responsible and ethical manner; protecting the environment and safety of its people; and engaging, learning from, respecting, and supporting the communities and cultures with which we work.

We have adopted a policy which could be applied into our operational activities and our employees day-to-day work activities. The Board and Management will act as role models by incorporating considerations and values that are sustainable into decision-making in all business activities and will ensure that appropriate organisational structures and systems are in place to effectively identify, monitor, and manage issues and performance relevant to the Group's businesses.

OBJECTIVE & SCOPE

The objective of this sustainability statement is to share the Group's sustainability initiatives and practices in the area of Economics, Environment and Social.

This Statement covers the period between 1 October 2019 to 30 September 2020, and in accordance with the principal guidelines of Bursa Malaysia Sustainability Reporting Guide.

CORPORATE GOVERNANCE PRACTICES

We endeavour to comply with most of the recommendations as provided in the MCCG 2017. We have policies in the code of ethics and conduct of management and employees and whistle blowing policy which we have disclosed on our website.

GOVERNANCE STRUCTURE

The Board of Directors sets the tone in determining our Group's sustainability strategies and goals.

A Sustainability Working Group ("**Working Group**") has been set up comprising the Chairman, Executive Director, Operations Manager and Accounts Executive to manage and monitor the implementation of initiatives whilst developing more practices. 2020 has been a challenging year for most companies including ours. Our group including the Working Group had to grapple with the pandemic and the temporary closure of the factories during the MCO. At the same, the Group pivoted to the manufacturing of PPE which was time consuming and hence, less resources and attention were given to the gathering of data for measurement. The Working Group has however committed to do so when the new businesses stabilized and pandemic is under control.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMICS

1. Efficiency

We are constantly looking for ways to improve the efficiency of our production. Over the last 2 years, we have successfully combined several machine processes into one, which will involve less labour.

2. Certification

We have obtained the ISO 9001 and ISO 14000 certification. ISO 9001 is an international standard that specifies requirements for a quality management system where as ISO 14000 standards provide a framework for organisations to systemise and improve their environmental management rules.

The IATF 16949 which we also obtained in order to supply to our automotive clients in Europe. We have also started early adoption of RBA standard – Responsible Business Alliance. This standard is required to be met by most multinational customers.

Our subsidiary has also recently obtained a certification of registration from US based Registrar Corp stating that it is registered with the US FDA as a face mask manufacturer.

3. Stakeholders

i) Shareholders

AGM – Our Chairman will discuss the Group's performance and outlook, and our meeting is usually robust as we encourage questions from the minority shareholders

Investors Briefing – During this period, our Chairman held at least 4 virtual analyst briefings, after the announcements of our quarterly results and more than a dozen follow ups.

Media – We also promote our Group by engaging with the local media to provide a better understanding of our business model and activities.

ii) Customers

We welcome our customers to our factories for inspiration and hold dialogues with regards to product innovation and quality in order to minimise rejects.

These interactions are important in order to build sustainable relationships.

iii) Suppliers

We conduct regular visits and hold constant meetings to ensure competitive pricing, transparent procurement processes and ethical practices.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT

We believe in protecting the health and safety of all individuals affected by our activities, including our employees, contractors and the public. We provide a safe and healthy working environment and will not compromise the health and safety of our employees.

Our management and employees are responsible and accountable for contributing towards a safe working environment including fostering safe working attitudes and operating in an environmentally responsible manner.

We value the importance of pollution prevention, biodiversity, environmental protection and also resource conservation, which are essential to a sustainable environment. To this end, we have complied with the European Union's policy on the restriction use of hazardous substance in electrical and electronic equipment, which came to effect in June 2007. We shall continue to work with industry peers and suppliers to identify technologies and processes that will help to reduce hazardous substances in our manufacturing processes and products. We will further ensure that our suppliers understand and are also committed to comply with the policy.

Reusing and recycling of office stationery and paper, switching off the lights and air conditioners when they are not in use are among some of the conservation measures taken by our Group.

We are committed to manage our other resources.

Water

- to value the amount of water utilised throughout our manufacturing facilities
- to ensure that water discharged into the environment is clean
- to ensure no leakage, in that end, rain water is being harvested for general washing

Energy

- raise awareness among employees on maximising productivity and minimise waste
- extensive use of cost saving LED

Pollution

- a chemical scrubbing system was installed to neutralise the chemical for safe discharge of air

Oil

- recycling of oil and lubricant is crucial due to heavy usage of machining
- an air demister was also installed to improve the condition of the air in the factories

Aluminium

- represents approximately 40% of our production cost
- production waste and leftovers will be recycled

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

Employees

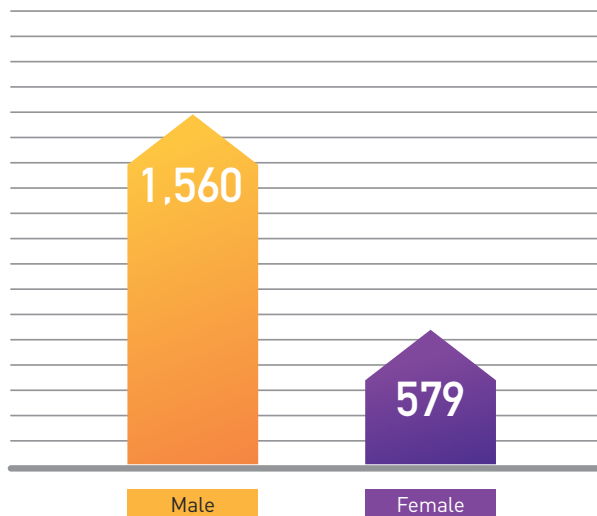
Our management apply fair labour practices, while respecting the laws of countries and communities in which we operate. We treat our employees fairly and with dignity. We also take their goals and aspirations into consideration while ensuring that diversity in the workplace is embraced. We believe in providing equal opportunity in all aspects of employment and will not tolerate unlawful workplace conducts, including discrimination, intimidation, or harassment at workplace.

Our company has a formal policy formulated in 2015 for its workforce.

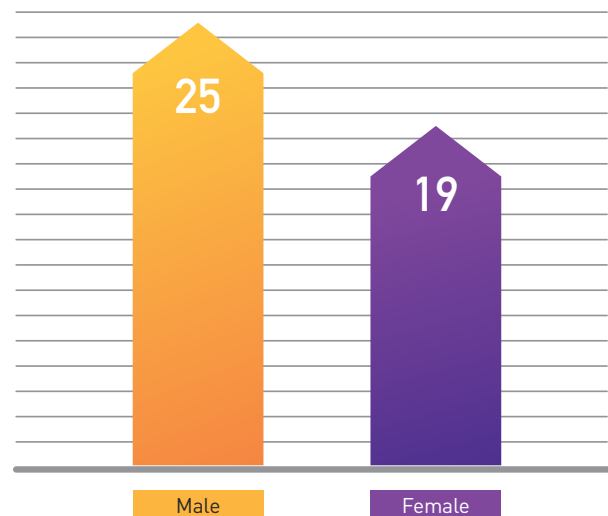
We are committed to manage diversity, which may result from a range of factors including age, gender, ethnicity, nationality, sexual orientation, cultural background or other personal factors, as a means of enhancing the Group's performance by recognising and utilising contribution of diverse skills and talents from its directors, officers, and employees.

We practice diversity as can be seen in our multiracial and multi national gender balance workforce with ages of employees.

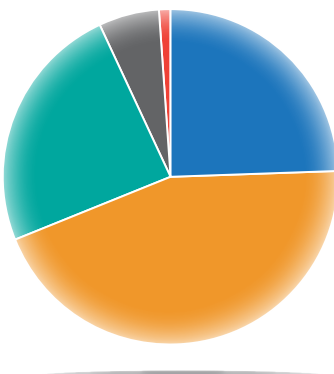
(i) By gender as at 30 September 2020



(iii) Recruitment for the year ended 30 September 2020



(ii) By age as at 30 September 2020



- 528 ● 25 years old and below
- 947 ● Between 26 – 35 years old
- 517 ● Between 36 – 45 years old
- 126 ● Between 46 – 55 years old
- 21 ● Above 55 years old

SUSTAINABILITY STATEMENT (CONT'D)

(iv) Training and Development

We manage our staff development to undertake professional and personal development that enhance skills, and understanding

For the financial year ended 30 September 2020 the employees attended the following training programmes:

- Anti-bribery and anti-corruption workshop
- Scheduled Waste Management
- Failure Mode Effects Analysis
- Internal Quality Auditing

(v) Health and Safety

We placed a very high emphasis on the health and safety of our employees. An emergency team has been set up, led by an Incident Commander and a team of floor wardens, first aiders, search and rescuers.

Since our fire in 2017, we have also redesign and improved our factory layout with less congestion and better ceiling materials. We have also equipped ourselves with fire fighting equipments. We also take other measures like segregating the “hot” works i.e. welding and grinding. There has been no work accidents during the year under review.

Since the outbreak of the Covid 19, our Group has set up stringent standard operating procedures in compliance with the Ministry of Health requirements.

Community

We acknowledged our obligations to the local community. In the past, we have conducted training programmes for undergraduate students from vocational schools. We have also made charitable contributions for social welfare activities.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors recognises the importance of adopting high standards of corporate governance throughout the Company and the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the Group's financial performance.

The Board is committed to implement the Malaysian Code on Corporate Governance 2017 ("**MCCG 2017**" or "**the Code**") wherever applicable and appropriate in the best interest of the shareholders of the Company.

This Corporate Governance Overview Statement ("**Statement**") sets out how the Company has applied the Principles of the Code and observed the Recommendations supporting the Principles and is to be read together with the Corporate Governance Report 2020 ("**CG Report**"), which is available for reference on the Company's corporate website at www.notionvtec.com as well as announcement made on the website of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and in conjunction with the other statements in the Annual Report (for example, Statement on Risk Management and Internal Control, Audit and Risk Management Committee Report and Sustainability Statement). Where a specific Recommendation of the MCCG 2017 has not been observed during the financial year under review, the non-observance – including the reasons thereof and where appropriate, the alternative practice, if any, is mentioned in this Statement.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1. Board's Roles and Responsibilities

The Board is led by the Executive Chairman and is supported by experienced Board members with a wide range of expertise, who play an important role in the stewardship of the direction and operations of the Group.

The Board is primarily responsible for the strategic direction of the Group. It delegates to and monitors the implementation of these directions by the Management.

The responsibilities of the Board include, inter-alia, the following:

- (a) Review and adopt a strategic plan for the Group.
 - The Board reviews the annual business plan and budgets and regularly monitors their progress throughout the year, using appropriate financial indicators and industry benchmarks.
 - The Board reviews the challenges of the Group's business and approves the Management's proposed strategic plan for the Group.
- (b) Oversee the conduct of the Group's businesses to evaluate whether the businesses are being properly managed.
 - The Board guides the performance of the Group's business, not just year-to-year but in the long term.
- (c) Identify principal risks and ensure the implementation of appropriate systems to manage these risks.
 - The Board reviews the system and processes as well as the key responsibilities and assesses for reasonable assurance that the risks have been managed.
- (d) Review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. Please refer to Statement on Risk Management and Internal Control for further details.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

1. Board's Roles and Responsibilities (Cont'd)

- (e) Ensure the integrity of the Company's financial and non-financial reporting.
- (f) Succession planning – including appointing, training, fixing the compensation of and, where appropriate, replacing key management.
- (g) Develop and implement a Corporate Disclosure Policy for the Group.
 - The Company's Executive Chairman, Executive Directors and Non-Executive Directors communicate with shareholders and respond to questions in relation to, amongst others, the corporate vision, strategies and developments, future prospects, financial results, business plans and operational matters during the Company's Annual General Meeting ("AGM").
 - The Board reviews the Corporate Disclosure Policy and Procedures as and when need arises.

In discharging its duties, the Board delegates certain of its responsibilities to the Board Committees, namely Audit and Risk Management Committee ("ARMC"), Nomination Committee ("NC") and Remuneration Committee ("RC") which operate within defined Terms of Reference. The Chairman of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary.

The Board conducts at least five meetings in each financial year. An annual meeting calendar is prepared and circulated to the Directors before the beginning of each year to help the Directors plan their schedule ahead. Additional meetings are also held as and when required. Scheduled Board meetings are structured with pre-set agendas. Board and Board Committee papers prepared by the Management provide the relevant facts and analysis for the Directors' information. The meeting agenda, the relevant reports and Board papers are furnished to the Directors and Board Committee members before the meeting to allow the Directors sufficient time to read for effective discussion and decision making at the meetings.

The Board adheres to the Recommendation of the Code, which requires the Directors to notify the Chairman, including an indication of time that will be spent in the new appointment, before accepting any new directorship. The information on their directorships will be shared with the Board in a quarterly update.

The Board is satisfied with the level of time commitment given by the Directors in fulfilling their roles and responsibilities. Details of the Board members' attendance at the Board and Board Committee meetings for the financial year ended 30 September 2020 are as follows:

Director	Board	ARMC	NC	RC
Thoo Chow Fah	7/7	-	-	-
William Choo Wing Hong	6/7	-	-	-
John Choo Wing Onn	7/7	-	-	-
Lee Tian Yoke	7/7	-	-	-
Choo Wing Yew	7/7	-	-	-
Saw Tat Loon	7/7	5/5	1/1	1/1
Anita Chew Cheng Im	7/7	5/5	1/1	1/1
Dato' Abu Bakar Bin Mohd Nor	7/7	5/5	1/1	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

2. Board Charter

In August 2020, the revised Board Charter were tabled and approved by the Board to ensure it is always in line with the Corporate Governance Practices set out in MCCG 2017 and Bursa Securities' Main Market Listing Requirements ("MMLR").

The Board adopts the Board Charter which outlines the manner in which its constitutional powers and responsibilities are exercised and discharged, having regard to principles of good corporate governance, international best practices and applicable laws.

It also established to provide guidance and clarity on the Board's roles and responsibilities as well as the powers between the Board and the Management, the different committees established by the Board, as well as between the Chairman and Managing Director.

The Board Charter can be viewed on our website at www.notionvtec.com. The Board will review the Board Charter and make necessary amendments as and when required to ensure they remain consistent with the Board's objectives, current law and practices. Any updates to the principles and practices set out in this Charter will be made available on the Company's website.

3. Code of Conduct and Code of Ethics

The Company has also set out a Code of Conduct and Code of Ethics ("the Codes") for its Directors, management and employees. The Codes are established to promote the corporate culture which engenders ethical conduct that permeates throughout the Group. In May 2020, the Company has adopted Anti-Bribery and Corruption Policy to manage bribery and corruption risks of the Group as guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009.

The Code of Conduct has subsequently been reviewed and revised in August 2020 to ensure it is aligned with the Anti-Bribery and Corruption Policy. The Codes shall be reviewed as and when required, summary of which is available on the corporate website at www.notionvtec.com.

4. Whistleblowing Policy and Procedure

The Company has adopted a Whistleblowing Policy and Procedure as the Board believes that a sound whistleblowing system will strengthen, support good management and at the same time, demonstrate accountability, good risk management and sound corporate governance practices. The policy is to encourage reporting of any major concerns over any wrongdoings within the Group.

The Whistleblowing Policy and Procedure, which was adopted by the Board in May 2013 and reviewed by the Board in June 2020, provides an avenue for any directors, managers, officers and employees to report on any allegations of suspected improper activities, including those relating to financial reports, unethical or illegal conduct on a confidential basis.

The policy outlines the relevant procedures such as when, how and to whom a concern may be properly raised about the genuinely suspected or instances of wrongdoing at the Company and its subsidiaries. The identity of the whistleblower is kept confidential and protection is accorded to the whistleblower against any form of reprisal or retaliation. All such concerns shall be set forth in writing and forwarded in a sealed envelope to either the Chairman of the ARMC (for matter relating to financial reporting, unethical or illegal conduct) or Head of Human Resources (for employment-related concerns).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

5. Sustainability of Business

The Board is mindful/ aware of the importance of business sustainability, and takes into consideration the impact on the environment, economics and social aspects in conducting the Group's businesses. The Group also embraces sustainability in its operations.

6. Clear Functions of the Board and Management

The Executive Chairman leads the Board and is responsible for the leadership, effectiveness, conduct and governance of the Board.

The Managing Director executes the Group's business plans, policies and decisions adopted by the Board and oversees as well as manages the day-to-day operations of the Group. The heads of divisions are responsible for supporting and assisting the Managing Director in implementing and running the Group's day to day business.

The Independent Non-Executive Directors are actively involved in the various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide a broader view, independent assessment and opinions on management proposals.

7. Clear Division of Roles

There is a clear division of responsibilities between the Chairman and Managing Director, who also assumes the role of the Chief Executive Officer ("CEO"), to ensure that there is a balance of power and authority. In ensuring this balance, the positions of the Chairman and Managing Director are held by separate members of the Board as recommended under the Code.

Mr Thoo Chow Fah, the Chairman of the Board, is responsible for, among others, the exercise of control over quantity, quality and timeliness of the flow of information between the management of the Company and the Board. He also schedules Board meetings, oversees the preparation of the agenda for Board meetings and assists in ensuring adherence to the Group's guidelines on corporate governance.

He is assisted by the Managing Director, Mr William Choo Wing Hong, who also assumes the role of the CEO. Mr William Choo, together with the other Executive Directors and Management comprising each subsidiary's general managers and key senior managers, are responsible for the day-to-day management of the Group.

The separation of the roles of the Chairman and CEO ensures a balance of power and authority such that considerable concentration of power does not lie with any one individual.

8. Directors' Training

All Directors have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, conferences, seminars, exhibitions and/or forums to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. BOARD RESPONSIBILITIES (CONT'D)

8. Directors' Training (Cont'd)

During the financial year, our Board members attended several relevant seminars, exhibitions, forums and training programmes as follows:

- "Design Thinking" by Pete Wee in connection with Equities Trackers
- Anti-Bribery and Anti-Corruption workshop by NGL Tricor Governance Sdn Bhd
- Corruption Risk Assessment workshop by NGL Tricor Governance Sdn Bhd
- 2020 Economic and Strategic View by Standard Chartered Bank Malaysia Berhad
- MIA Conference 2019 by Malaysian Institute Of Accountant (MIA)
- Malaysia Tax Budget 2020 by Crowe CPE Sdn Bhd

The Board will continuously evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

9. Qualified and Competent Company Secretary

The Board believes that the current Company Secretaries are capable of carrying out their duties to ensure effective functioning of the Board. The terms of their appointment permits their removal and appointment of successor as a matter for the Board as a whole to decide. The Company Secretaries ensure that all Board and Board Committee meetings are properly convened and that records of the deliberations, proceedings and resolutions passed are properly recorded and statutory registers are properly maintained at the registered office of the Company.

The full Board or in their individual capacity in furtherance of their duties, shall be able to obtain an independent professional advice at the Company's expense through an agreed procedure laid down formally.

10. Access to Information and Advice

The Board has access to information within the Group and the advice and services of the Company Secretary. The Directors may obtain independent professional advice to enhance their duties whenever necessary at the Company's expense, subject to approval by the Chairman or the Board and depending on the quantum of the fees involved.

Board members are provided with all meeting materials including updates on operational, financial and corporate issues as well as minutes of meetings of the various Board Committees at least seven (7) days prior to the meetings to enable Directors to obtain further explanations/clarifications, if necessary, in order to ensure the effectiveness of the proceeding of the meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

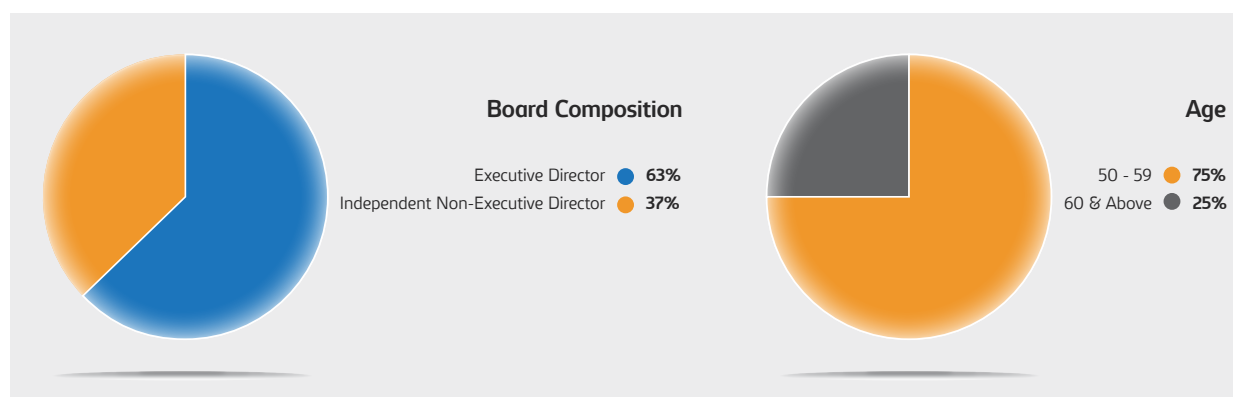
II. BOARD COMPOSITION

1. Composition and Diversity

During the financial year, the Board consists of eight (8) members comprising an Executive Chairman, four (4) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfills the requirements as set out in Paragraph 15.02(1) of the MMLR of Bursa Securities, which requires that at least two or one-third of the Board members, whichever is the higher, comprises Independent Non-Executive Directors.

The Board has every intention of meeting the Corporate Governance Blueprint 2011 on increasing women's participation to reach 30%. A Diversity Policy was adopted by the Board on 21 January 2015. The Board however believes that it is more important to have the right mix and skills at the Board instead of merely looking at percentages in order to carry out its duties effectively. At present, there is one (1) female Independent Director on Board.

The Directors, with their diverse backgrounds and specialisation, collectively bring with them a wide range of experience and expertise in relevant fields which are vital for the strategic success of the Group. The profile of each Director is presented on page 7 to page 9 of this Annual Report. The summary of Board composition as at 14 January 2021 is set out below:-



The strength of the Board lies in the composition of its members, who have a wide range of expertise, extensive experience and diverse background in engineering, business, finance and technical knowledge.

The Board acknowledges that the current composition of the Board does not meet the recommendation of Practice 4.1 of the MCCG 2017, which requires at least half of the Board comprises Independent Directors. However, the NC is of the view that the current Board size and composition is appropriate and effective, taking into account the nature and scope of the Company's operations. The Board opines that there is sufficient balance of independent and non-independent directors on the Board such that decisions made are fully discussed and examined, taking into account the interests of all stakeholders. The Board has been able to discharge its duties professionally and effectively, and uphold good governance in its conduct. The Board will constantly review the recommendations and work towards adoption of corporate governance best practices. The Board is also satisfied that the current Board composition fairly reflects the interests of the minority shareholders in the Company and provides the appropriate balance and size to govern the Company effectively. Nevertheless, the Board will consider increasing the number of Independent Directors should there be a suitable candidate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

2. Non-Independent Chairman

Our Executive Chairman, although not an independent member of the Board, provides strong leadership and objective judgement with regard to ensuring the adequacy and effectiveness of the Board's governance process. He is a founding member of the Group and has vast knowledge and experience in the industry that we are operating in. He has also been actively engaging with the investing community since the listing of our Company. Our Board is of the view that the separation of the positions of the Chairman and the Managing Director together with the independent directors, provide further assurance that there is a balance of power and authority on the Board, and effective stewardship of the Company in terms of strategies and business performance.

3. Nomination Committee ("NC")

The role of the NC is to assist the Board in ensuring that the Board comprises individuals with the requisite skills, knowledge, professional expertise and character.

The NC comprises exclusively Non-Executive Directors who are independent. Currently, the members are as follows:-

Ms Anita Chew Cheng Im (Chairperson)
Mr Saw Tat Loon (Member)
Dato' Abu Bakar Bin Mohd Nor (Member)

The Board does not consider it necessary to appoint a Senior Independent Director as all current members of the Board are always available and issues are discussed openly in Board meetings.

During the financial year ended 30 September 2020, the NC undertook the following activities in the discharge of its duties:

- Reviewed and assessed the performance and effectiveness of the Board as a whole and Board committees;
- Reviewed the terms of office and performance of the ARMC and each of its members to determine such ARMC and members have carried out their duties in accordance with their terms of reference;
- Reviewed the independence of Independent Directors;
- Reviewed and recommended to the Board to put forth the proposal for the re-election of directors at the forthcoming AGM;
- Reviewed and recommended the continuation in office as an Independent Non-Executive Director for Mr Saw Tat Loon and Ms Anita Chew Cheng Im who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years;
- Reviewed and discussed the succession planning of the Board and Senior Management in order to ensure that there are appropriate plans in place to fill vacancies and to meet the Group's future needs; and
- Reviewed and assessed Directors' training needs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

4. Appointment to the Board and Re-election of Directors

The Board delegates to the NC the responsibility of recommending the appointment of any new Director. The NC is responsible to ensure that the procedure for appointing new Directors is transparent and that appointments are made on merit. In evaluating the suitability of candidates for the Board, the NC shall ensure that the candidates possess the necessary background, skills, professional expertise and character.

The Company's Constitution provides that at least one-third of the Directors be subject to retirement by rotation at each AGM, and that all Directors retire once every three years and be eligible to offer themselves for re-election. The Constitution also provides that a Director who is appointed during the year be subject to re-election at the next AGM following his appointment.

At the forthcoming AGM, three Directors namely Mr Choo Wing Onn, Mr Saw Tat Loon and Ms Anita Chew Cheng Im will be retiring by rotation pursuant to Clause 95 of the Company's Constitution and being eligible, offered themselves for re-election.

5. Annual Evaluation

The assessment criteria of the Board and Board committees include an evaluation of the size and composition of the Board and Board committees, access to information, accountability, processes, Board's and Board committees' performance in relation to discharging its principal responsibilities, communication with Management and standards of conduct by the directors and committee members.

The evaluation process is led by the NC Chairman and supported by the Company Secretary via questionnaire on a yearly basis. The NC reviews the outcome of the evaluation and recommends to the Board on areas for continuous improvement and also for them to form the basis of recommending relevant directors for re-election at the AGM.

The NC assessed the effectiveness of the Board, its Committees and the contribution of each Director by identifying the strengths and weaknesses of the Board on 2 December 2020.

6. Annual Assessment of Independence

The Board recognises the importance of independence and objectivity in its decision-making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinions, advice and judgement to ensure the interests of the Group, shareholders, employees, customers and other communities where the Group conducts its businesses are well represented and taken into account.

On 2 December 2020, the Board through the NC, has assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR for the financial year ended 30 September 2020.

The current Independent Directors of the Company have fulfilled the criteria for "independence" as prescribed under Paragraph 1.01 and Practice Note 13 of the MMLR. The Company has also fulfilled the requirement of at least one-third of its Board members being Independent Non-Executive Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. BOARD COMPOSITION (CONT'D)

7. Tenure of Independent Directors

The Board does not have term limits for its Independent Directors and is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that the Independent Directors' continued contribution, especially their invaluable knowledge of the Group and its operations gained through the years, will provide stability and benefits to the Board and the Company as a whole. The calibre, qualification, experience and personal qualities, and more importantly, the Director's integrity and objectivity in discharging his/ her responsibilities in the best interest of the Company, predominantly determines the ability of the Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmation on their independence, will be able to determine if they can continue to bring independent and objective judgement on Board deliberations and decision making.

Mr Saw Tat Loon and Ms Anita Chew Cheng Im have served the Company as independent directors for a cumulative term of sixteen (16) years and thirteen (13) years respectively. The Board has retained them as Independent Directors, notwithstanding their service tenure of more than 9 years.

The Board will seek the approval of the shareholders of the Company at the forthcoming AGM through a single-tier voting process to support the Board's decision to retain them as Independent Directors based on the following justifications:-

- (a) they have fulfilled the criteria under the definition of Independent Director as stated in the MMLR, and therefore would be able to bring independent and objective judgment to the Board;
- (b) their experience in accounting and corporate finance enables them to provide the Board with a diverse set of experience, expertise, skills and competence;
- (c) they have been with the Company long and therefore understand the Company's business operations which enable them to participate actively and contribute during deliberations or discussions at ARMC and Board meetings;
- (d) they have contributed sufficient time and efforts and attended all the NC, RC, ARMC and Board meetings for informed and balanced decision making; and
- (e) they have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company and shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

III. REMUNERATION

The RC currently comprises the following members:

Dato' Abu Bakar bin Mohd Nor (Chairman)
Mr Saw Tat Loon (Member)
Ms Anita Chew Cheng Im (Member)

The primary functions of the RC are setting up the policy framework and recommending remuneration packages and other terms of employment of the executive directors to the Board. The remuneration of Executive Directors who incidentally are also our top 5 key management is determined at levels which enable the Company to attract and retain Directors with the relevant experience and expertise to effectively manage the business of the Group. The Executive Directors' remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken. The RC shall also abide to the Directors' Remuneration Policy in recommending the remuneration packages of the Directors.

The remuneration for the Independent Non-Executive Directors is decided by the Board as a whole, with the Director concerned abstaining from deliberations and voting on the decision of his/her individual remuneration package. The Board recommends the Directors' fees and benefits payable to Independent Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

Details of the Director Remuneration for the financial year ended 30 September 2020 are as follows:

Name	Salary (RM)	Fee (RM)	Other Emolument (RM)	Defined Contribution Plan (RM)	Share Based Payment (RM)
Mr Thoo Chow Fah	800,000	-	169,793	106,600	338,970
Mr Choo Wing Hong	1,080,000	-	160,418	143,000	508,455
Mr Choo Wing Onn	800,000	-	138,923	106,600	338,970
Mr Lee Tian Yoke	800,000	-	138,923	106,600	338,970
Mr Choo Wing Yew	800,000	-	138,923	106,600	338,970
Mr Saw Tat Loon	-	92,400	11,000	-	127,114
Ms Anita Chew Cheng Im	-	92,400	11,500	-	127,114
Dato' Abu Bakar Bin Mohd Nor	-	92,400	11,500	-	211,856
Total	4,280,000	277,200	780,980	569,400	2,330,419

For the financial year under review, the Directors of the Company did not receive any remuneration from the subsidiaries.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

1. ARMC

The ARMC comprises three (3) Independent Non-Executive Directors and all of them are financial literate and have sufficient understanding of the Group's business. The Chairman of the ARMC is not the Chairman of the Board ensuring that the impairment and objectivity of the Board's review of the ARMC findings and recommendations remain intact. The ARMC assesses the performance (including independence) and recommends to the Board annually the appointment or re-appointment of the external auditors guided by the factors as prescribed under Paragraph 15.21 of the MMLR.

The ARMC's Term of Reference sets out its rights, duties, responsibilities and criteria on the composition of ARMC which includes a former key audit partner of the Group to observe cooling-off period of at least 2 years before being able to be appointed as member of ARMC.

The NC reviews the composition of the ARMC annually and recommends to the Board for approval ensuring that only Non-Executive Directors, majority of whom shall be Independent Directors, who are financially literate and are able to understand matters under the purview of the ARMC including financial reporting process are considered for membership on ARMC. All members of the ARMC undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The external auditors had met the ARMC without the presence of the executive Board members and management twice during the financial year (i.e. 15 January 2020 and 24 August 2020 respectively) on matters relating to the Group and its audit activities. During such meetings, the external auditors highlighted and discussed the nature and scope of the audit, audit programme, internal controls and any other issues that may require the attention of the AC or the Board.

The Company has also adopted the External Auditors Assessment Policy which outlined the guidelines and procedures for the ARMC to review, assess and monitor performance, suitability and independence of the external auditors. The ARMC ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the external auditors in order to ensure that does not give rise to a conflict of interest situation.

For the financial year ended 30 September 2020, fees paid/payable to the external auditors, Crowe Malaysia PLT and its affiliated firms by the Company and the Group are stated in the table below:-

Nature of Services	Company (RM)	Group (RM)
Audit	63,000	277,000
Non-Audit	53,500	137,309
Total	116,500	414,309

2. Risk Management and Internal Control Framework

The Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group. The Company had in August 2020 adopted Group Risk Management Policies and Procedures which articulates the organisation's risk management philosophy, the processes and practices that are in place to identify, communicate and manage material risk across the organisation.

The Group has engaged NGL Tricor Governance Sdn Bhd to review the key risks over the strategic operation, reporting and compliance aspects to ensure proper management and mitigation of weakness.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

2. Risk Management and Internal Control Framework (Cont'd)

NGL Tricor Governance Sdn Bhd was also appointed to carry out internal audit function and reports directly to the ARMC. The resources and scope of work covered by the internal audit function during the financial year under review, including its observation and recommendations, is provided in the Audit & Risk Management Committee Report of this Annual Report. NGL Tricor Governance Sdn Bhd assigned five (5) staffs to provide internal audit services for our Group for the financial year ended 30 September 2020. Details on the person responsible for the internal audit are set out below:-

Name	: Chang Ming Chew
Qualification	: Mr Chang's qualification and membership with professional associations are as follows: i) Certified Internal Auditor of the Institute of Internal Auditors; ii) Professional member of the Institute of Internal Auditors Malaysia; iii) Member of the Association of Chartered Certified Accountants (UK); and iv) Member of Malaysian Institute of Accountants
Independence	: Does not have any family relationship with any director and/or major shareholder of the Company
Public Sanction or penalty	: Has no convictions for any offences within the past 5 years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

Details of the internal audit function together with the scope of the Group's internal control functions are set out in the Statement on Risk Management and Internal Control and ARMC Report of this Annual Report.

The Board affirms its overall responsibility with established and clear functional responsibilities and accountabilities which are carried out and monitored by the ARMC. The adequacy and effectiveness of the internal controls and risk management framework were reviewed by the ARMC.

Further information may be found in the Statement of Risk Management and Internal Control.

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

1. Communication with Stakeholders

The Company has established a corporate disclosure policy, which is made available on the corporate website, to ensure accurate, clear, timely and high quality disclosure of material information. To augment the process of disclosure, the Board has a section on the Company's website that provides the salient features of the Board Charter, Term of Reference of each committee and the Company's Annual Report.

2. Conduct of general meeting

The AGM is the principal forum for dialogue and interaction with shareholders. At the AGM, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. The Executive Chairman, Managing Director, and Chairman of each Board Committee and when necessary, the external auditors, are available to provide explanations on queries raised by shareholders and proxies during the general meetings. Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. The Notice of AGM was circulated more than 28 days before the date of the meeting to enable shareholders to make the necessary arrangements to attend the AGM and go through the Annual Report and papers supporting the resolutions proposed. Such practice is in line with Practice 12.1 of the MCGG 2017.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

3. Poll Voting

The Company has implemented poll voting for all the resolutions set out in the Notice of AGM and EGM to be voted via electronic means to expedite verification and counting of votes. In addition, the Company appointed scrutineer to validate the votes cast at the general meetings.

4. Communication and Engagement with Shareholders and Prospective Investors

The Group recognises the need to inform the shareholders of all significant developments concerning the Group on a timely basis, with strict adherence to the MMLR. Shareholders and prospective investors are kept informed of all major developments within the Group by way of announcements via the Bursa Link, the Company's Annual Reports, website and other circulars to shareholders with an overview of the Group's financial and operational performance.

FOCUS AREA ON CORPORATE GOVERNANCE

Corporate governance was clearly imperative for the Group in the year 2017 against the backdrop of regulatory changes in the domestic corporate governance realm and a relatively challenging economic environment that is characterised by volatile market conditions and commodity prices. Against the aforementioned setting, during the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for stakeholders.

The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders in the upcoming years. The areas to be prioritised by the Board will be those principles which have not been adopted by the Company as disclosed in the CG Report.

This Statement together with the CG Report was approved by the Board on 14 January 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("Board") is pleased to present the report of the Audit and Risk Management Committee ("ARMC") for the financial year ended 30 September 2020.

MEMBERSHIP

The members of ARMC are Non-Executive Directors with all of them being Independent Directors, namely:

Saw Tat Loon (Chairman/ Independent Non-Executive Director)
 Dato' Abu Bakar Bin Mohd Nor (Member/ Independent Non-Executive Director)
 Anita Chew Cheng Im (Member/ Independent Non-Executive Director)

Saw Tat Loon, who is the Chairman of the ARMC, is a fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants ("MIA") whilst Dato' Abu Bakar Bin Mohd Nor is a Chartered Accountant, Institute of Chartered Accountant, England and Wales. Ms Anita Chew Cheng Im holds a Bachelor of Economics Degree, majoring in Accounting. This statement is made in compliance with Paragraph 15.09 (1)(c)(i) of the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

MEETINGS OF THE ARMC

The ARMC met 5 times during the financial year ended 30 September 2020. The details of their attendance at meetings are as follows:

Audit Committee	Number of Meetings Attended
Saw Tat Loon (Chairman)	5/5
Anita Chew Cheng Im	5/5
Dato' Abu Bakar Bin Mohd Nor	5/5

The Terms of Reference of the ARMC is made available on the corporate website at www.notionvtec.com.

SUMMARY OF WORK OF THE ARMC

In discharging its functions and duties in accordance with its Terms of Reference, the ARMC had carried out the following work during the financial year ended 30 September 2020:

- At their meetings held on 15 January 2020 and 24 August 2020, the ARMC met with the external auditors in the absence of the Executive Board Members and Management to discuss on any significant audit issues which may have arisen in the course of their audit of the Group.
- The ARMC had ensured that the quarterly financial results of the Group complied with the Malaysian Financial Reporting Standard ("MFRS") and Appendix 9B of the MMLR. The quarterly financial results for the fourth quarter ended 30 September 2019, first quarter ended 31 December 2019, second quarter ended 31 March 2020 and third quarter ended 30 June 2020 were reviewed by the ARMC at their meetings held on 26 November 2019, 26 February 2020, 3 June 2020 and 24 August 2020.
- The ARMC had reviewed the Anti-Bribery and Corruption Policy subsequent to the implementation of Malaysian Anti-Corruption Commission (Amendment) Act 2018 and recommended to the Board for adoption.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE ARMC (CONT'D)

4. The ARMC received and discussed the Internal Audit Reports containing the audit findings and recommendations made by the internal auditors on weaknesses in the systems of internal control and the Management responses on those issues. The ARMC monitored the progress on the corrective actions taken by the Management on a quarterly basis until it is satisfied that the weaknesses identified had been adequately addressed.
5. At their meeting held on 24 August 2020, the ARMC met with the internal auditors in the absence of the Executive Board Members and Management to discuss on any significant audit issues which may have arisen in the course of their audit of the Group.
6. The Related Party Transactions ("RPTs"), if any of the Group was reviewed by the ARMC at every quarterly meeting. The ARMC was satisfied that all RPTs were within arm's length, fair, reasonable and on normal commercial terms and not detrimental to the interest of the minority shareholders.
7. At their meetings held on 26 November 2019, the ARMC reviewed and discussed the following, amongst others:-
 - a. The Audit Review Memorandum by the External Auditors on the significant audit findings in respect of their audit of the Group for the financial year ended 30 September 2019.
 - b. The assessment of the performance and independence of the External Auditors for the financial year ended 30 September 2019.
 - c. The Internal Audit Reports.
 - d. Internal Audit Planning Memorandum for year 2020.
 - e. The assessment of the adequacy of the scope, functions, competency and resources of the internal audit function.
 - f. Update on the Enterprise Risk Management Report.
 - g. The quarterly financial results of the Group for the period ended 30 September 2019.
 - h. Related Party Transactions.
8. At their meeting held on 15 January 2020, the ARMC reviewed and discussed the following:-
 - a. The Audited Financial Statements for the financial year ended 30 September 2019.
 - b. The Audit Review Memorandum for the financial year ended 30 September 2019 by the External Auditors.
 - c. Reports for inclusion in the 2019 Annual Report, i.e. Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control, Corporate Governance Overview Statement and Corporate Governance Report.
 - d. Audit Fee and non audit services and fees for the financial year ended 30 September 2019.
 - e. Re-appointment of Messrs Crowe Malaysia PLT as External Auditors for the financial year ended 30 September 2020 and recommended to the Board of Directors to obtain the shareholders' approval.
 - f. Met with External Auditors without presence of the Executive Board members and management of the Company.
9. At their meeting held on 26 February 2020, the ARMC reviewed and discussed the following:-
 - a. The quarterly financial results of the Group for the period ended 31 December 2019.
 - b. Related Party Transactions.
 - c. The Internal Audit Reports.
 - d. Internal Audit Planning Memorandum for 2020.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF WORK OF THE ARMC (CONT'D)

10. At their meeting held on 3 June 2020, the ARMC reviewed and discussed the following:-
 - a. The quarterly financial results of the Group for the period ended 31 March 2020.
 - b. Related Party Transactions.
 - c. The Anti-Bribery and Corruption Policy subsequent to the introduction of Malaysian Anti-Corruption (Amendment) Act 2018 and Whistleblowing Policy and Procedure.
11. At their meeting held on 24 August 2020, the ARMC reviewed and discussed the following:-
 - a. The Internal Audit Reports.
 - b. Enterprise Risk Management Report.
 - c. The quarterly financial results of the Group for the period ended 30 June 2020.
 - d. Audit Plan by the External Auditors for the financial year ended 30 September 2020.
 - e. Met with Internal Auditors without presence of the Executive Board members and management of the Company.
 - f. Met with External Auditors without presence of the Executive Board members and management of the Company.
 - g. Related Party Transactions.
 - h. Internal Audit Planning Memorandum for year 2020.
 - i. The Group Risk Management Policies and Procedures.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is carried out by an independent external firm of professional Internal Auditors, NGL Tricor Governance Sdn Bhd – headed by its Director, Mr Chang Ming Chew, who is a certified internal auditor and a professional member of the Institute of Internal Auditors Malaysia (IA), which reports directly to the ARMC on its activities based on the approved annual Internal Audit Plan. The approved annual Internal Audit Plan is designed to cover entities across all level of operations within the Group.

The principal role of IA is to provide the ARMC with reports on the state of internal controls of the operating entities within the Group and the extent of compliance of such entities within the Group's established policies and procedures.

During the financial year under review, IA conducted series of audit assignments on entities in all operating segments of the Group. The Internal Audit assignments are designed to review and assess the procedures, systems and controls whether they are adequate and effective to meet the requirement of:

- Compliance with applicable laws and regulations and Standard Operation Procedures (SOP);
- Reliability and integrity of information;
- Safeguarding of assets financial; and
- Operational efficiency and effectiveness.

The main audit assignments were:

- Review of Indirect Cost Management
- Review of Safety, Health and Environment Management
- Review on Product Development Process (Automotive)
- Review of Responsible Business Alliance Code of Conduct

Further details of the activities of internal audit function are set out in the Statement on Risk Management and Internal Control.

The cost incurred for the internal audit function of the Group for the financial year ended 30 September 2020 was RM64,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board is committed to maintain a sound system of risk management and internal control within the Group in order to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the MMLR, the Board is pleased to provide this statement on risk management and internal control which is prepared in accordance with the guidelines set out in the Institute of Internal Auditors Malaysia's Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

RESPONSIBILITY OF THE BOARD

The Board affirms its overall responsibility for maintaining a sound system of risk management and internal control and for reviewing their adequacy and integrity so as to safeguard all its stakeholders' interests and protecting the Group's assets. These systems cover inter-alia, financial, operational and compliance systems controls and risk management. However, in view of the limitations that are inherent in any system of risk management and internal control, the system is designed to manage rather than to totally eliminate the risk of failure to achieve the Group's business activities.

Accordingly, the system of risk management and internal controls can only provide reasonable but not absolute assurance against material misstatement of losses and fraud.

The Board is pleased to disclose that there is an on-going systematic process in place for identifying, evaluating and managing the various diverse risks faced by the Group throughout the financial year under review. This process includes enhancing and regularly reviewing the system of risk management and internal control as and when there are changes to the business environment or regulatory guidelines.

The Board has received assurance from the Managing Director and Executive Director in charge of Finance that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

RISK MANAGEMENT FRAMEWORK

The Board acknowledges that the management of principal risks plays an important and integral part in achieving the Group's corporate objectives. The Group has an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This is to ensure that all potential risks are adequately addressed at various levels within the Group including but not limited to the effects of natural disasters, rioting by workers, fire, acts of sabotage and other debilitating incidents.

The Board believes that the sound system of risk management and internal control is built on a clear understanding and appreciation of the Group's risk management framework with the following key elements:

- risk management is embedded in the Group's management and operational framework and the employees are exposed and subjected to training on the Group's policies and procedures;
- risk management processes applied should aim to take advantage of opportunities, manage uncertainties and minimize threats; and
- regular reporting and monitoring activities emphasise accountability and responsibility for managing risks.

The Board appointed NGL Tricor Governance Sdn Bhd, an independent firm to assist the management in improving the current Risk Management Framework.

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

THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The system of Group's risk management and internal control which is in place during the financial year, encompasses, inter-alia, the following:

- ISO 9001:2008 Quality Management Systems has been implemented for the Company's main subsidiary, Notion Venture Sdn Bhd where documented internal procedures and standard operating procedures have been put in place. Internal quality audits are carried out by management and annual surveillance audits are conducted by an independent certification body to provide a high assurance of compliance;
- A strategic planning and an annual budgeting process has been established and monitored on a regular basis;
- An organisational structure with defined responsibilities and delegation of authorities for committees of the Board and the management committee;
- Companies policies and procedures, which set out guidelines and the expected standards for the Group's operations are under regular review and update so as to maintain its effectiveness at all times;
- Operational review meetings are held and attended by the executive directors and the department heads to assess the performance of the Group's operations; and
- Regular production meetings which involved the senior production management and related units to promptly address any production problems faced.

INTERNAL AUDIT FUNCTION

The internal audit function has the primary objective of carrying out reviews of the internal control systems to determine if the internal control procedures have been complied with as well as to make recommendations to strengthen the system so as to foster a strong management control environment.

The Board is fully aware of the importance of the internal audit function and has engaged an independent professional firm (IA Firm) to provide independent assurance the Board requires on the effectiveness and efficiency of the group's system of risk management and internal control.

The IA Firm adopts a risk based approach and prepares its audit strategy and plan based on the risk profiles from the risk assessment of the business units of the Group. Scheduled internal audits are carried out based on the annual audit plan approved by the ARMC. On a quarterly basis the IA Firm presents the ARMC with the internal audit reports which summarise the audit approach, scope, key risks, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations.

During the year under review, there were some weaknesses detected in certain divisions. The management has subsequently addressed some of the issues and the others are being attended to for which a follow up of the findings will be conducted. Deadlines have been provided to ensure all issues will be addressed effectively.

The cost of internal audit function for the financial year ended 30 September 2020 was RM64,000.

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

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this statement on risk management and internal control for inclusion in the Annual Report of the Company for the financial year ended 30 September 2020 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

STATE OF RISK MANAGEMENT AND INTERNAL CONTROL

The existing system of risk management and internal control has operated adequately for the year ended 30 September 2020 and up to the date of issuance of the financial statements. Although there were certain weaknesses detected during the process of the internal audit function, the management is committed to rectify these weaknesses and follow up reviews will be constantly performed. The Board is committed towards operating a sound system and will strive for continuous improvement where necessary, to further enhance the said system.

The Board is satisfied with the adequacy, effectiveness and integrity of the Group's system of risk management and internal control system.



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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 30 September 2020. All values shown in this report are rounded to the nearest thousand ("RM'000") except where otherwise indicated.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and providing management services to its subsidiaries. The principal activities and other details of the subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year	6,323	817

DIVIDENDS

On 15 January 2020, the Company paid an interim single tier tax-exempt dividend of 1 sen per ordinary share amounting to RM3,357,284 in respect of the financial year ended 30 September 2019.

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up share capital from RM200,022,504 to RM208,850,108 by way of:-

- (i) issuance of 11,580,798 new ordinary shares pursuant to the Employees' Share Option Scheme ("ESOS") as follows;

Number of Shares	Exercise Price RM	Cash Consideration RM
182,600	0.80 *	146,080
661,370	0.53 **	350,526
3,288,800	0.44 *	1,447,072
2,312,928	0.29 **	670,749
5,135,100	0.68	3,491,868
11,580,798		6,106,295

* Before bonus issue.

** After bonus issue.

DIRECTORS' REPORT (CONT'D)

ISSUE OF SHARES AND DEBENTURES (CONT'D)

(ii) issuance of 3,999 new ordinary shares from the exercise of Warrants 2018/2023 ("Warrants-C") as follows; and

	Number of Shares	Exercise Price RM	Cash Consideration RM
	3,535	0.84 *	2,969
	464	0.56 **	260
	3,999		3,229

* Before bonus issue.

** After bonus issue.

(iii) the issuance of 168,325,033 ordinary shares through a bonus issue on the basis of one new ordinary share for every two existing ordinary share held in the Company, by way of nil consideration.

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

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

SHARE OPTIONS

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 23 February 2017, approved the Long Term Incentive Plan comprising ESOS and Executive Share Grant Scheme. The ESOS became effective on 24 February 2017.

The principal features of the ESOS and the movements in the number of options during the financial year are disclosed in Note 11 to the financial statements.

WARRANTS

On 14 March 2018, the Company issued 33,063,385 free Warrants-C on the basis of 1 warrant for every 10 existing ordinary shares held by shareholders of the Company.

The salient features of Warrants-C are as follows:

- (i) The warrants may be exercised at any time after the date of issue of the warrants until the expiry date which is the date occurring on the Fifth (5th) anniversary of the issue of the warrants.
- (ii) Subject to adjustments, in accordance with the Deed Poll, during the exercise period each warrant entitles its registered holder to subscribe for one (1) new ordinary share at an exercise price of RM0.84 at any time from the date of issue up to the expiry date.

Pursuant to the Bonus Issue and Free Warrants Issue, an additional 16,529,337 Warrants-C ("Additional Warrants-C") were issued, whereby a holder of 2 existing Warrants-C received 1 new Warrants-C, and the exercise price of the Warrants-C was revised from RM0.84 to RM0.56 per Warrants-C with effect from 18 May 2020.

During the financial year, 3,999 Warrants-C were converted to 3,999 ordinary shares. The number of outstanding Warrants-C as at 30 September 2020 was 49,588,723.



DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for impairment losses on receivables inadequate to any substantial extent.

CURRENT ASSETS

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

At the date of this report, the directors are not aware of any circumstances 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 would 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 or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and 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 which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

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 or the Company for the financial year in which this report is made.

DIRECTORS

The directors who served since the beginning of the financial year and up to the date of this report are as follows:-

- Thoo Chow Fah
- Choo Wing Onn
- Lee Tian Yoke
- Anita Chew Cheng Im
- Choo Wing Hong
- Choo Wing Yew
- Saw Tat Loon
- Dato' Abu Bakar Bin Mohd Nor

The directors of the Company's subsidiaries who served since the beginning of the financial year and up to the date of this report are similar to those disclosed above.

DIRECTORS' INTERESTS

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

Name of Director	Number of Ordinary Shares				Balance at 30.9.2020
	Balance at 1.10.2019	Bought	Bonus Issue	Sold	
Thoo Chow Fah					
- Direct	12,082,534	1,165,000	6,623,767	-	19,871,301
- Indirect *	855,308	200,000	527,654	-	1,582,962
Choo Wing Hong					
- Direct	33,288,626	1,100,000	17,194,313	-	51,582,939
Choo Wing Onn					
- Direct	26,547,844	1,800,000	14,173,922	-	42,521,766
Choo Wing Yew					
- Direct	6,099,925	3,000,000	4,549,962	-	13,649,887
Lee Tian Yoke					
- Direct	12,917,631	3,300,000	6,958,815	(4,200,000)	18,976,446
Dato' Abu Bakar Bin Mohd Nor					
- Direct	27,793	-	13,896	-	41,689
Saw Tat Loon					
- Direct	-	450,000	-	-	450,000
Anita Chew Cheng Im					
- Direct	-	450,000	-	-	450,000

* Deemed interested through spouse's shareholding in the Company.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS (CONT'D)

Name of Director	Number of Share Options				Balance at 30.9.2020
	Balance at 1.10.2019	Granted	Bonus Issue	Exercised	
Thoo Chow Fah	600,000	1,200,000	300,000	-	2,100,000
Choo Wing Hong	1,200,000	1,800,000	600,000	-	3,600,000
Choo Wing Onn	800,000	1,200,000	100,000	(600,000)	1,500,000
Choo Wing Yew	800,000	1,200,000	400,000	-	2,400,000
Lee Tian Yoke	600,000	1,200,000	300,000	(2,100,000)	-
Saw Tat Loon	300,000	450,000	150,000	(450,000)	450,000
Anita Chew Cheng Im	300,000	450,000	150,000	(450,000)	450,000
Dato' Abu Bakar Bin Mohd Nor	-	750,000	-	-	750,000

Name of Director	Number of Warrants-C				Balance at 30.9.2020
	Balance at 1.10.2019	Bought	Bonus Issue	Sold	
Thoo Chow Fah					
- Direct	1,208,253	-	-	(1,208,253)	-
- Indirect *	585,530	100,000	-	(585,530)	100,000
Choo Wing Hong					
- Direct	3,183,032	150,000	529,750	(2,273,532)	1,589,250
Choo Wing Onn					
- Direct	2,654,784	-	450,000	(2,304,784)	800,000
Choo Wing Yew					
- Direct	609,992	-	107,736	(394,520)	323,208
Lee Tian Yoke					
- Direct	1,257,763	-	-	(1,257,763)	-
Dato' Abu Bakar Bin Mohd Nor					
- Direct	2,779	-	1,389	-	4,168

* Deemed interested through spouse's shareholding in the Company.

Save as disclosed above, none of the other directors in office at the end of the financial year held any interests in shares, share options and Warrants-C in the Company or its related corporation during the financial year.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration disclosed in Note 20 to the financial statements) 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 have arisen by virtue of certain related party transactions as disclosed in Note 25 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement, apart from the Company's ESOS, 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.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the total amounts of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM13,000 respectively.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 31 to the financial statements.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration are disclosed in Note 19 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

Signed In Accordance With A Resolution Of The Directors
Dated 14 January 2021

Thoo Chow Fah

Choo Wing Hong

STATEMENT BY DIRECTORS

Pursuant To Section 251(2) Of The Companies Act 2016

We, Thoo Chow Fah and Choo Wing Hong, being two of the directors of Notion VTec Berhad, state that, in the opinion of the directors, the financial statements set out on pages 47 to 101 give a true and fair view of the financial position of the Group and the Company as at 30 September 2020 and of their financial performance and 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.

**Signed In Accordance With A Resolution Of The Directors
Dated 14 January 2021**

Thoo Chow Fah

Choo Wing Hong

STATUTORY DECLARATION

Pursuant To Section 251(1)(b) Of The Companies Act 2016

I, Choo Wing Yew (MIA membership no.: 10180), being the director primarily responsible for the financial management of Notion VTec Berhad, do solemnly and sincerely declare that the financial statements set out on pages 47 to 101 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 abovenamed Choo Wing Yew at
Klang in the state of Selangor Darul Ehsan
on this 14 January 2021

Choo Wing Yew

Before me

Nadzrul Azali Bin Abdul Aziz
No: B 548
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NOTION VTEC BERHAD

(Incorporated in Malaysia)

Registration No : 200301035125 (637546 - D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Notion VTec Berhad, which comprise the statements of financial position as at 30 September 2020 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and 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 47 to 101.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 30 September 2020, and of their financial performance and 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 the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p><u>Valuation of inventories (Refer to Notes 3 and 8 to the financial statements)</u></p> <p>The Group carries significant inventories. Management periodically reviews the inventories for potential write-downs by considering their aging profile, estimation of market price fluctuations and net realisable value. These reviews involve judgements and estimation uncertainty in forming expectations about future assumptions, sales and demands.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> Obtaining an understanding of: <ul style="list-style-type: none"> the Group's inventory management process; how the Group identifies and assesses inventories write-downs; and how the Group ascertains the accounting estimates for inventories write down. Reviewing the ageing analysis of inventories and testing the reliability thereof. Examining the perpetual records for inventories movements and to identify slow moving items. Making inquiries of management regarding the action plans to clear slow moving and obsolete inventories. Reviewing net realisable value of major inventories. Evaluating the reasonableness and adequacy of inventories written down and written off.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOTION VTEC BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No : 200301035125 (637546 - D)

Key Audit Matters (Cont'd)

Key audit matter	How our audit addressed the key audit matter
<p><u>Impairment of property, plant and equipment (Refer to Notes 3 and 4 to the financial statements)</u></p> <p>The Group carries significant property, plant and equipment. The Group reviewed its property, plant and equipment for indications of impairment and where such indications exist, the Group performed impairment test which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> • Evaluating whether the method used by the Group in measuring the recoverable amount is appropriate in the circumstances. • Making enquiries of and challenging management on the key assumptions and inputs used in the measurement method. • Evaluating whether the key assumptions and inputs used are reasonable and consistent by taking into consideration the past performance, future growth, market development, etc. • Performing stress tests and sensitivity analysis to assess the impacts of those key assumptions and inputs on the measurement of recoverable amount.

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 the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and 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 the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and 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 the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOTION VTEC BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No : 200301035125 (637546 - D)

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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and 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 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 the Company, including the disclosures, and whether the financial statements of the Group and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOTION VTEC BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No : 200301035125 (637546 - D)

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

Crowe Malaysia PLT

201906000005 (LLP0018817-LCA) & AF 1018

Chartered Accountants

Shah Alam

28 January 2021

Ong Beng Chooi

03155/05/2021 J

Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

At 30 September 2020

		Group		Company	
		2020	2019	2020	2019
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	290,141	328,709	-	-
Right-of-use assets	5	47,675	-	-	-
Intangible assets	6	5,931	4,609	-	-
Investments in subsidiaries	7	-	-	83,779	80,340
		343,747	333,318	83,779	80,340
CURRENT ASSETS					
Inventories	8	46,913	44,074	-	-
Receivables	9	79,675	71,776	123,497	99,207
Prepayments		2,687	617	-	-
Current tax assets		10,971	9,727	11	26
Cash and cash equivalents	10	82,712	68,834	32,677	51,682
		222,958	195,028	156,185	150,915
TOTAL ASSETS		566,705	528,346	239,964	231,255
EQUITY AND LIABILITIES					
EQUITY					
Share capital	11	208,850	200,023	208,850	200,023
Share option reserve		5,630	2,416	5,630	2,416
Currency translation reserve		8,372	13,403	-	-
Capital reserve		4,800	4,800	-	-
Revaluation reserve		1,960	952	-	-
Retained profits		197,662	194,411	22,468	25,008
TOTAL EQUITY		427,274	416,005	236,948	227,447

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

STATEMENTS OF FINANCIAL POSITION (CONT'D)

At 30 September 2020

		Group		Company	
		2020	2019	2020	2019
	NOTE	RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES					
Loans and borrowings	12	20,421	52,609	-	-
Lease liabilities	13	26,046	-	-	-
Retirement benefits	14	627	537	-	-
Deferred tax liabilities	15	8,622	12,099	-	-
Deferred income on government grant	16	5,019	2,618	-	-
		60,735	67,863	-	-
CURRENT LIABILITIES					
Loans and borrowings	12	6,800	13,345	-	-
Lease liabilities	13	11,000	-	-	-
Payables	17	60,529	30,979	3,016	3,808
Current tax liabilities		367	154	-	-
		78,696	44,478	3,016	3,808
TOTAL LIABILITIES		139,431	112,341	3,016	3,808
TOTAL EQUITY AND LIABILITIES		566,705	528,346	239,964	231,255

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 30 September 2020

		Group		Company	
	NOTE	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	18	242,747	237,687	10,240	46,240
Cost of sales		(215,971)	(199,308)	-	-
Gross profit		26,776	38,379	10,240	46,240
Other income		33,713	23,100	1,123	1,962
		60,489	61,479	11,363	48,202
Marketing and distribution expenses		(4,493)	(4,716)	-	-
Administrative and other operating expenses		(44,633)	(37,834)	(10,526)	(7,178)
Finance costs		(4,523)	(4,839)	(2)	(4)
Profit before tax	19	6,840	14,090	835	41,020
Tax expense	21	(517)	(6,547)	(18)	(8)
Profit for the financial year		6,323	7,543	817	41,012
Other comprehensive income:-					
<i>Item that will not be reclassified subsequently to profit or loss:-</i>					
Fair value changes of intangible assets		1,409	952	-	-
<i>Item that will be reclassified subsequently to profit or loss:-</i>					
Currency translation differences for foreign operation		(5,031)	1,852	-	-
Total other comprehensive (expense)/income for the financial year		(3,622)	2,804	-	-
Total comprehensive income for the financial year		2,701	10,347	817	41,012
Earnings per share:	22				
- Basic (sen)		1.25	1.51		
- Diluted (sen)		1.21	1.50		

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 September 2020

Group	Non-distributable					Distributable	
	Share Capital RM'000	Share Option Reserve RM'000	Currency Translation Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1 October 2018	199,791	2,492	11,551	4,800	-	190,199	408,833
Fair value changes of intangible assets	-	-	-	-	952	-	952
Currency translation differences for foreign operation	-	-	1,852	-	-	-	1,852
Total other comprehensive income for the financial year	-	-	1,852	-	952	-	2,804
Profit for the financial year	-	-	-	-	-	7,543	7,543
Total comprehensive income for the financial year	-	-	1,852	-	952	7,543	10,347
Issuance of shares pursuant to ESOS	232	(76)	-	-	-	-	156
Dividends to owners of the Company (Note 23)	-	-	-	-	-	(3,331)	(3,331)
Total transactions with owners	232	(76)	-	-	-	(3,331)	(3,175)
Balance at 30 September 2019	200,023	2,416	13,403	4,800	952	194,411	416,005

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 30 September 2020

Group	Non-distributable				Distributable		Total Equity RM'000
	Share Capital RM'000	Share Option Reserve RM'000	Currency Translation Reserve RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Retained Profits RM'000	
Balance at 30 September 2019/1 October 2019	200,023	2,416	13,403	4,800	952	194,411	416,005
Initial application of MFRS 16 (Note 2.1)	-	-	-	-	-	(116)	(116)
Balance at 30 September 2019/1 October 2019 (restated)	200,023	2,416	13,403	4,800	952	194,295	415,889
Fair value changes of intangible assets	-	-	-	-	1,409	-	1,409
Currency translation differences for foreign operation	-	-	(5,031)	-	-	-	(5,031)
Total other comprehensive income for the financial year	-	-	(5,031)	-	1,409	-	(3,622)
Profit for the financial year	-	-	-	-	-	6,323	6,323
Total comprehensive income for the financial year	-	-	(5,031)	-	1,409	6,323	2,701
Share-based payments	-	5,932	-	-	-	-	5,932
Issuance of shares pursuant to ESOS	8,824	(2,718)	-	-	-	-	6,106
Issuance of shares pursuant to Warrants	3	-	-	-	-	-	3
Dividends to owners of the Company (Note 23)	-	-	-	-	-	(3,357)	(3,357)
Realisation of revaluation reserve	-	-	-	-	(401)	401	-
Total transactions with owners	8,827	3,214	-	-	(401)	(2,956)	8,684
Balance at 30 September 2020	208,850	5,630	8,372	4,800	1,960	197,662	427,274

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 30 September 2020

Company	Non-distributable		Distributable Accumulated	Total Equity RM'000
	Share Capital RM'000	Share Option Reserve RM'000	Losses/ Retained Profits RM'000	
Balance at 1 October 2018	199,791	2,492	(12,673)	189,610
Profit for the financial year (representing comprehensive income)	-	-	41,012	41,012
Issuance of shares pursuant to ESOS	232	(76)	-	156
Dividends to owners of the Company (Note 23)	-	-	(3,331)	(3,331)
Total transactions with owners	232	(76)	(3,331)	(3,175)
Balance at 30 September 2019	200,023	2,416	25,008	227,447
Profit for the financial year (representing comprehensive income)	-	-	817	817
Share-based payments	-	5,932	-	5,932
Issuance of shares pursuant to ESOS	8,824	(2,718)	-	6,106
Issuance of shares pursuant to Warrants	3	-	-	3
Dividends to owners of the Company (Note 23)	-	-	(3,357)	(3,357)
Total transactions with owners	8,827	3,214	(3,357)	8,684
Balance at 30 September 2020	208,850	5,630	22,468	236,948

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

STATEMENTS OF CASH FLOWS

For the financial year ended 30 September 2020

	Note	Group	Company		
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before tax		6,840	14,090	835	41,020
Adjustments for:-					
Amortisation of deferred income on government grants		(166)	(187)	-	-
Bad debts written off		4	24	-	-
Depreciation of property, plant and equipment		27,958	28,665	-	55
Depreciation of right-of-use assets		3,293	-	-	-
Dividend income		-	-	(4,000)	(40,000)
Loss/(Gain) on fair value adjustment of intangible assets		430	(46)	-	-
Gain on disposal of plant and equipment		(550)	(464)	-	-
Gain on disposal of right-of-use assets		(5)	-	-	-
Impairment loss on plant and equipment		72	524	-	-
Impairment loss on receivables		774	-	500	-
Increase in liabilities for retirement benefits		120	208	-	-
Insurance claims		(12,217)	(10,378)	-	-
Interest expense		4,329	4,600	-	-
Interest income		(1,267)	(2,243)	(1,123)	(1,962)
Inventories written down		1,771	2,402	-	-
Plant and equipment written off		109	239	-	-
Reversal of impairment loss on plant and equipment		(6,951)	(1,408)	-	-
Reversal of inventories written down		(4,474)	(1,136)	-	-
Share-based payments		5,932	-	2,493	-
Unrealised (gain)/loss on foreign exchange		(36)	538	-	-
Operating profit/(loss) before working capital changes		25,966	35,428	(1,295)	(887)
Changes in:-					
Inventories		(136)	(8,505)	-	-
Receivables and prepayments		(10,747)	5,928	(500)	-
Payables		29,550	(22,656)	75	(328)
CASH FROM/(FOR) OPERATIONS AND BALANCE CARRIED FORWARD		44,633	10,195	(1,720)	(1,215)

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

STATEMENTS OF CASH FLOWS (CONT'D)

For the financial year ended 30 September 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
BALANCE BROUGHT FORWARD		44,633	10,195	(1,720)	(1,215)
Payment for retirement benefits		(9)	(47)	-	-
Interest paid		(4,329)	(4,600)	-	-
Tax (paid)/refunded		(5,025)	(22,349)	(3)	134
NET CASH FROM/(FOR) OPERATING ACTIVITIES		35,270	(16,801)	(1,723)	(1,081)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Increase in intangible assets		(343)	(2,283)	-	-
Advances to subsidiaries		-	-	(24,290)	(11,141)
Grant received		2,567	2,805	-	-
Dividend received		-	-	4,000	40,000
Interest received		1,267	2,243	1,123	1,962
Insurance claims received		12,217	89,745	-	-
Proceeds from disposal of plant and equipment		2,208	8,003	-	-
Proceeds from disposal of right-of-use assets		340	-	-	-
Purchase of property, plant and equipment	24	(32,429)	(42,321)	-	-
Purchase of right-of-use assets	24	(582)	-	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(14,755)	58,192	(19,167)	30,821
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Repayment to subsidiaries		-	-	(867)	(168)
Dividend paid		(3,357)	(3,331)	(3,357)	(3,331)
Drawdown of term loans	24	-	12,777	-	-
Drawdown of lease liabilities	24	5,538	-	-	-
Decrease in short-term loans and borrowings (net)	24	-	(8,576)	-	-
Proceeds from issuance of shares		6,109	156	6,109	156
Payment for lease liabilities		(9,593)	-	-	-
Repayment of hire purchase obligations	24	-	(7,235)	-	-
Repayment of term loans	24	(3,093)	(5,941)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(4,396)	(12,150)	1,885	(3,343)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		16,119	29,241	(19,005)	26,397
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		68,834	41,864	51,682	25,285
CURRENCY TRANSLATION DIFFERENCES		(2,241)	(2,271)	-	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	10	82,712	68,834	32,677	51,682

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 September 2020

1. GENERAL INFORMATION

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of the Company are those of investment holding and providing management services to its subsidiaries. The principal activities and other details of the subsidiaries are disclosed in Note 7 to the financial statements.

The registered office of the Company is located at 12th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan and its principal place of business is located at Lot 6123, Jalan Haji Salleh, Batu 5½ Jalan Meru, 41050 Klang, Selangor Darul Ehsan.

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 14 January 2021.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

The impact of the COVID-19 pandemic ("COVID-19") on the global economy and the operating activities of many businesses has resulted in a climate of considerable uncertainty. The ultimate impact of this pandemic on the Group is uncertain at the date of approval these financial statements.

However, despite the uncertainty arising from the outbreak of COVID-19, the Group regards the pandemic as an opportunity for the Group to diversify into the healthcare segment especially due to the heightening awareness and demand for the Personal Protective Equipment and medical related components as disclosed in Note 31.

The directors of the Group have assessed and concluded that the appropriateness of applying the going concern basis in preparing the financial statements of the Group for the financial year ended 30 September 2020 is correct.

The financial statements of the Group are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the 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.

The following MFRSs became effective for the financial year under review:-

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (Cont'd)

The initial application of the above MFRSs did not have any significant impacts on the financial statements of the Group except as follows:-

MFRS 16 Leases

The initial application of MFRS 16 Leases, which replaces MFRS 117 Leases and other related interpretations, has resulted in certain changes in accounting policies for lessees. MFRS 16 eliminates the distinction between finance and operating leases for lessees and introduces a single lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with certain recognition exemptions. A lessee is required to recognise a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments).

The Group has elected to apply the new requirements of MFRS 16 from 1 October 2019 with the following cumulative effects of initial application recognised at that date without restating the comparative information:-

	Note	Brought forward from preceding year RM'000	Effect of adopting MFRS 16 RM'000	Adjusted RM'000
<u>Group</u>				
Statement of financial position as at 1 October 2019 (extract)				
Property, plant and equipment	(i)	328,709	(45,376)	283,333
Right-of-use assets	(i) (ii)	-	47,214	47,214
Loans and borrowings	(i)	65,954	(35,640)	30,314
Lease liabilities	(ii)	-	37,594	37,594
Retained profits	(ii)	194,411	(116)	194,295

- (i) For leases that were previously classified as finance leases in accordance with MFRS 117, the carrying amounts of the right-of-use assets at 1 October 2019 were those brought forward from 30 September 2019 measured applying MFRS 117. The underlying assets were reclassified from property, plant and equipment and would be accounted for in accordance with MFRS 16 from 1 October 2019.
- (ii) For leases that were previously classified as operating leases in accordance with MFRS 117, the Group recognised and measured the right-of-use assets and lease liabilities at 1 October 2019 at the present value of the remaining lease payments, discounted using a weighted average incremental borrowing rate of 5.64% per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of Preparation of Financial Statements (Cont'd)

The Group has not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRSs (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 3: <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 4: <i>Extension of the Temporary Exemption from Applying MFRS 9</i>	At issue date of 17 August 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 16: <i>COVID-19-Related Rent Concessions</i>	1 June 2020
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 and MFRS 108: <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 101: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 116: <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

2.2 Basis of Consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to the end of the reporting period using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Basis of Consolidation (Cont'd)

Goodwill at the acquisition date is measured as the excess of (i) over (ii) below:

- (i) the aggregate of:
 - (a) the acquisition-date fair value of the consideration transferred;
 - (b) the amount of any non-controlling interests; and
 - (c) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (ii) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Noted 2.7. When the above (ii) exceeds (i), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. 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.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary is recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

2.3 Property, Plant and Equipment

Property, plant and equipment, other than freehold land and capital work-in-progress, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.7.

Capital work-in-progress and freehold land are not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Factory buildings	2% - 11%
Factory equipment and machinery	5% - 25%
Furniture, fittings and office equipment	10% - 30%
Motor vehicles	20%
Renovation	20%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Property, Plant and Equipment (Cont'd)

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.

Fully depreciated plant and equipment are retained in the financial statements and no further charge for depreciation is made, until they are no longer in use.

2.4 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

Lessee Accounting

Initial Recognition and Measurement

When the Group acts as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group has elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

Subsequent Measurement

A right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.7.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term.

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Leases (Cont'd)

Lessee Accounting

Previous Financial Years

Prior to 1 October 2019, the Group classified each lease as either an operating lease or a finance lease.

A finance lease, including hire purchase, was initially recognised as an asset and liability at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The minimum lease payments were subsequently apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for depreciable leased assets was consistent with that for equivalent owned assets.

Lease payments under an operating lease were recognised as an expense on a straight-line basis over the lease term.

2.5 Investments in Subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.7.

2.6 Intangible Assets

Intangible assets of the Group consist of digital assets. Intangible assets are stated at valuation less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.7.

Revaluations are made with sufficient regularity at the end of each reporting period such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

2.7 Impairment of Non-financial Assets

At the end of the reporting period, the Group assesses whether there is any indication that a non-financial asset, other than inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.9 Financial Assets

Financial assets of the Group consist of receivables and cash and cash equivalents.

Initial Recognition and Measurement

A financial asset is recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.14). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent Measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

Impairment

At each reporting date, the Group recognises a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 Financial Instruments. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial Assets (Cont'd)

Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

2.10 Financial Liabilities

Financial liabilities of the Group consist of payables, loans and borrowings and financial guarantee contracts.

Initial Recognition and Measurement

A financial liability is recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

Subsequent Measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

2.11 Functional and Foreign Currencies

Foreign Currency Transactions and Translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Functional and Foreign Currencies (Cont'd)

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.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or partial disposal involving loss of control over a subsidiary 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 are reclassified to profit or loss as part of the gain or loss on disposal.

In addition, in relation to 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.

In the consolidated financial statements, when the 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.

2.12 Share Capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Own shares purchased are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016. The total amount of consideration paid, including directly attributable costs, is recognised directly in equity. When treasury shares are distributed as share dividends, the cost of the shares distributed is applied in the reduction of distributable reserves. When treasury shares are resold in the open market, the difference between the sale consideration and the cost of the shares resold is adjusted to share capital. When treasury shares are cancelled, the cost of the shares cancelled is applied in the reduction of distributable reserves and the issued share capital is diminished by the shares so cancelled.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

2.13 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Fair Value Measurement (Cont'd)

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

Financial Assets and Financial Liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of financial guarantee contracts are estimated based on probability-adjusted discounted cash flow analysis after considering the probability of default by the debtors (i.e. Level 3).

2.14 Revenue from Contracts with Customers

The Group recognises revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Revenue from Contracts with Customers (Cont'd)

- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

Sales of Goods

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

Rendering of Services

The Company determines that the transfer of control of promised services generally coincides with the Company's performance as the customer simultaneously receives and consumes the benefits of the performance as the Company performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Company measures the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed.

2.15 Other Income

Dividend income is recognised in profit or loss only when the Company's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Interest income is recognised in profit or loss using the effective interest method.

2.16 Government Grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statements of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are presented under "other income" in the statements of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Employee Benefits

Short-term Employee Benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss in the period in which the associated services are rendered by the employee.

Defined Contribution Plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss in the period in which the associated services are rendered by the employee.

Defined Benefit Plan

The Group operates an unfunded final salary defined benefit plan for their employees in accordance with the local requirement prevailing in Thailand. The liability in respect of the defined benefit plan is the present value of the future benefits that employees have earned in return for their services rendered in the current and prior periods. The calculation is performed using the projected unit credit method, with actuarial valuations being carried out with sufficient regularity at an interval of not more than three years such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period. All components of defined benefit costs are recognised in profit or loss in the period in which they are incurred, except for re-measurements of the defined benefit liability which are recognised in other comprehensive income.

Share-based Payments

The Employees' Share Option Scheme ("ESOS") of the Company grants the Group's eligible employees options to subscribe for shares in the Company at pre-determined subscription prices. These equity compensation benefits are treated as equity-settled share-based payment transactions and recognised in profit or loss with a corresponding increase in equity over the vesting period as share option reserve. The total amount to be recognised is determined by reference to the fair value of the share options at grant date and the estimated number of share options expected to vest on vesting date.

Upon expiry or exercise of the share option, the share option reserve is transferred to retained profits and to share capital if new ordinary shares are issued, respectively.

2.18 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Income Taxes

Income taxes for the financial year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.20 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Judgements Made in Applying Accounting Policies

In the process of applying the accounting policies of the Group, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of Estimation Uncertainty

The COVID-19 has had a major impact on the global economy. At the date of signing these financial statements, the ultimate impact of COVID-19 remains uncertain as the pandemic rages on in Malaysia and the rest of the world.

As a result, management have assessed the assets held by the Group as at 30 September 2020 to identify any indicators of impairment. Where a potential impairment is identified as a result of COVID-19 or otherwise, an estimate of the expected recoverable value of the asset has been made and compared to the current carrying value of the said asset, to account for such ensuing impairment, if any. These estimates, where applicable, have been derived from management's planning assumption of the likely business performance over the next two years, taking into account their assumption of the impact of COVID-19 and reflecting impact of a protracted lockdown, footfall decline across key regions and gradual improvement in the following year. Where material, these significant estimates have been disclosed below and in the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

3. JUDGEMENTS AND ESTIMATION UNCERTAINTY

Sources of Estimation Uncertainty (Cont'd)

Due to the significant uncertainty regarding the ultimate impact of COVID-19, the assumptions used in these estimates include an increased risk level of inherent uncertainty.

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Valuation 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 may result in revisions to the valuation of inventories. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 8).

Impairment of Receivables

The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 9).

Impairment of Non-financial Assets

The Group reviewed its non-financial assets for indications of impairment and where such indications exist, the Group performed impairment test which involved significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, growth rates, profit margins, discount rate, etc. Any changes in these accounting estimates will affect the carrying amounts of non-financial assets (Note 4, Note 5, Note 6 and Note 7).

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and buildings RM'000	Factory equipment and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Cost</u>							
Balance at 1 October 2018	88,975	392,310	26,111	7,197	31,427	22,292	568,312
Additions	231	40,509	1,143	246	5,844	25,366	73,339
Disposals	-	(14,759)	(2)	(435)	(20)	-	(15,216)
Write-offs	-	-	(472)	-	(1,246)	-	(1,718)
Transfer	-	300	-	-	-	(300)	-
Currency translation differences	1,832	2,707	71	49	27	68	4,754
Balance at 30 September 2019	91,038	421,067	26,851	7,057	36,032	47,426	629,471

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land and buildings RM'000	Factory equipment and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Cost (Cont'd)</u>							
Balance at 1 October 2019							
- Brought forward from preceding year	91,038	421,067	26,851	7,057	36,032	47,426	629,471
- Effect of adopting MFRS 16	-	(49,875)	-	(75)	-	-	(49,950)
- Adjusted	91,038	371,192	26,851	6,982	36,032	47,426	579,521
Additions	497	19,843	1,362	348	5,874	4,505	32,429
Disposals	-	(5,538)	-	(145)	(41)	-	(5,724)
Write-offs	-	(113)	(9,551)	-	-	-	(9,664)
Transfer/Reclassification	46,596	1,360	-	75	-	(47,956)	75
Currency translation differences	(1,439)	(2,132)	(62)	(38)	(21)	(70)	(3,762)
Balance at 30 September 2020	136,692	384,612	18,600	7,222	41,844	3,905	592,875

Depreciation and Impairment Losses

Balance at 1 October 2018

Accumulated depreciation	7,238	213,454	12,408	5,925	19,193	-	258,218
Accumulated impairment loss	-	12,060	9,344	194	1,169	-	22,767
	7,238	225,514	21,752	6,119	20,362	-	280,985
Depreciation	791	22,255	1,087	366	4,166	-	28,665
Impairment loss	-	(882)	(2)	-	-	-	(884)
Disposals	-	(7,241)	(1)	(435)	-	-	(7,677)
Write-offs	-	-	(421)	-	(1,058)	-	(1,479)
Currency translation differences	107	996	29	20	-	-	1,152

Balance at
30 September 2019

Accumulated depreciation	8,136	229,464	13,102	5,876	22,301	-	278,879
Accumulated impairment loss	-	11,178	9,342	194	1,169	-	21,883
Balance carried forward	8,136	240,642	22,444	6,070	23,470	-	300,762

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land and buildings RM'000	Factory equipment and machinery RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<u>Depreciation and Impairment Losses (Cont'd)</u>							
Balance at 1 October 2019							
- Balance brought forward from preceding year	8,136	240,642	22,444	6,070	23,470	-	300,762
- Effect on adopting of MFRS16	-	(4,499)	-	(75)	-	-	(4,574)
- Adjusted	8,136	236,143	22,444	5,995	23,470	-	296,188
Depreciation	1,638	20,081	1,195	262	4,782	-	27,958
Impairment loss	-	2	70	-	-	-	72
Reversal of impairment loss	-	(6,200)	(129)	(99)	(523)	-	(6,951)
Disposals	-	(3,921)	-	(145)	-	-	(4,066)
Write-offs	-	(4)	(9,551)	-	-	-	(9,555)
Transfer/Reclassification	-	-	-	75	-	-	75
Currency translation differences	(99)	(845)	(24)	(19)	-	-	(987)
Balance at 30 September 2020							
Accumulated depreciation	9,675	241,654	13,795	5,975	27,083	-	298,182
Accumulated impairment loss	-	3,602	210	94	646	-	4,552
	9,675	245,256	14,005	6,069	27,729	-	302,734
<u>Carrying Amount</u>							
Balance at 1 October 2018	81,737	166,796	4,359	1,078	11,065	22,292	287,327
Balance at 30 September 2019	82,902	180,425	4,407	987	12,562	47,426	328,709
Balance at 30 September 2020	127,017	139,356	4,595	1,153	14,115	3,905	290,141

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

In the financial year ended 30 September 2018, a particular subsidiary incurred continuous gross losses straddling over two consecutive financial years. This anomaly triggered a substantial impairment loss on its plant and equipment amounting to RM12,396,743 based on the value in use assessment made on this cash generating unit.

In 2020, despite the ongoing COVID-19 pandemic, the said subsidiary recorded profit for the last 4 reporting quarters up to 30 September 2020. Accordingly, the Group reassessed its recoverable amount and reversed part of the previously recognised impairment amounting to RM6,951,425. The recoverable amount of the subsidiary's plant and equipment was estimated based on value in use.

The estimate of value in use was determined using a pre-tax discount rate of 15.26%. The reversal of impairment loss was recognised in "Other Income" in the statements of comprehensive income as disclosed in Note 19.

The carrying amounts of property, plant and equipment pledged as security for credit facilities granted to the Group are as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Freehold land and buildings	34,260	34,416
Factory equipment and machinery	21,393	61,160
	55,653	95,576

The carrying amounts of plant and equipment acquired under hire purchase financing which remained outstanding as at the end of the reporting period are as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Factory equipment and machinery	-	38,639

The carrying amounts of property, plant and equipment acquired under term loan facilities which remained outstanding as at the end of the reporting period are as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Freehold land and buildings	17,938	17,954
Factory equipment and machinery	21,393	22,521
	39,331	40,475

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>			
Balance at 1 October 2018	12	587	599
Movement during the year	-	-	-
Balance at 30 September 2019	12	587	599
Movement during the year	-	-	-
Balance at 30 September 2020	12	587	599
<u>Accumulated Depreciation</u>			
Balance at 1 October 2018	12	532	544
Depreciation	-	55	55
Balance at 30 September 2019	12	587	599
Depreciation	-	-	-
Balance at 30 September 2020	12	587	599
<u>Carrying Amount</u>			
Balance at 1 October 2018	-	55	55
Balance at 30 September 2019	-	-	-
Balance at 30 September 2020	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

5. RIGHT-OF-USE ASSETS

Group	Factory buildings RM'000	Factory equipment and machinery RM'000	Motor vehicles RM'000	Total RM'000
<u>Cost</u>				
- Brought forward from preceding year	-	-	-	-
- Effect of adopting MFRS 16	3,154	49,875	75	53,104
- Adjusted	3,154	49,875	75	53,104
Additions	256	3,445	388	4,089
Disposals	-	(365)	-	(365)
Transfer/Reclassification	-	-	(75)	(75)
Balance at 30 September 2020	3,410	52,955	388	56,753

Accumulated Depreciation

Balance at 1 October 2019

- Brought forward from preceding year	-	-	-	-
- Effect of adopting MFRS 16	1,316	4,499	75	5,890
- Adjusted	1,316	4,499	75	5,890
Depreciation	687	2,563	43	3,293
Disposals	-	(30)	-	(30)
Transfer/Reclassification	-	-	(75)	(75)
Balance at 30 September 2020	2,003	7,032	43	9,078

Carrying Amount

Balance at 1 October 2019 - Adjusted	1,838	45,376	-	47,214
Balance at 30 September 2020	1,407	45,923	345	47,675

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

The Group acquired leases a factory building from a third party for 1 - 3 years. The rights to use the factory equipment and machineries and motor vehicles were acquired under hire purchase financing whereby ownership will be transferred by the end of the lease terms of 3 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

6. INTANGIBLE ASSETS

	Group	
	2020	2019
	RM'000	RM'000
Balance at 1 October 2019/2018	4,609	1,328
Additions	3,152	3,072
Disposal	(2,809)	(789)
Fair value gain on revaluation (Recognised in other comprehensive income)	1,409	956
Fair value (loss)/gain on revaluation (Recognised in profit or loss)	(430)	46
Balance at 30 September	5,931	4,609

On 30 September 2020, the Group's digital assets were revalued by the management. The surpluses arising from the revaluations have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

A revaluation decrease of RM429,901 (30.9.2019 - Nil), representing the write-down of certain digital assets to the recoverable amount was recognised in "Administrative and Other Operating Expenses" in the statements of comprehensive income as disclosed in Note 19. The recoverable amount was based on its fair value less costs of disposal.

The fair values of digital assets are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

If the intangible assets were measured using the cost model, the carrying amounts would be as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Balance at 1 October 2019/2018	3,657	1,374
Additions	3,152	3,072
Disposal	(2,408)	(789)
Balance at 30 September	4,401	3,657

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost	98,862	98,862
Employees' shares options granted to employees of subsidiaries	5,477	2,038
Accumulated impairment losses	(20,560)	(20,560)
	83,779	80,340

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Effective Equity Interest		Principal Activities
		2020	2019	
		%	%	
Notion Venture Sdn. Bhd. ("NVSB")	Malaysia	100	100	Design and volume production of high precision metal machining of hard disk drive, computer, consumer electronic and electrical and automotive industries' components, and its related research and development activities; and manufacturing of the personal protective equipment and medical related materials, components, devices or products and other related activities.
Notion International (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing of high precision components; and production, sales and marketing of personal protective equipment and medical related components, devices and products.
Notion (Thailand) Co. Ltd. ^(a)	Thailand	100	100	Design and manufacture of precision components.
Kaiten Precision (M) Sdn. Bhd.	Malaysia	100	100	Design and development leading to the mass-production of high precision micro-parts and related research and development activities.
Novid PPE Sdn. Bhd. (formerly known as Trendi Notion Sdn. Bhd.)	Malaysia	100	100	Investment in digital and computing technology and production including sales and marketing of personal protective equipment and medical related components, devices and products.
Intech Precision Sdn. Bhd.	Malaysia	100	100	Designing, developing, manufacturing and marketing of precision jigs and fixtures, tools and dies for stamping, precision mould parts for stamping, trim and form tools for the semiconductor industry, and precisioning machine parts for the automotive and other high value-added industries.
NV Technology Sdn. Bhd.	Malaysia	100	100	Design, development and modification of cutting tool geometry, regrind and re-sharpening of special cutting tools using computer numerical control tools and cutter grinder and other grinding operations and also involved in the marketing of diamond abrasive grinding wheels, polycrystalline diamond and polycrystalline cubic nitride inserts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

7. 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 %	
Diaphragm Tech Sdn. Bhd.	Malaysia	100	100	Inactive.
Swiss Impression Sdn. Bhd.	Malaysia	100	100	Inactive.
Notion Venture (Hong Kong) Limited ^(b)	Hong Kong	100	100	Inactive.
<u>Subsidiary of NVSB</u>				
Autic Mekki Sdn. Bhd.	Malaysia	100	100	Providing surface treatment, electrolysis nickel plating, chrome plating, electroplating and anodizing metal or other similar material.

^(a) not audited by Crowe Malaysia PLT.

^(b) not required to be audited, and consolidated using unaudited financial statements.

8. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
<u>Cost</u>		
Raw materials	11,005	5,643
Work-in-progress	12,311	10,560
Consumables	5,341	4,707
Finished goods	17,253	22,402
<u>Net realisable value</u>		
Raw materials	26	-
Work-in-progress	379	-
Finished goods	598	762
	46,913	44,074
Recognised in profit or loss:-		
Inventories recognised as cost of sales	93,932	83,670
Inventories written down	1,771	2,402
Reversal of inventories previously written down	(4,474)	(1,136)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

9. RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade receivables:-				
- Unrelated parties	71,039	65,250	-	-
- Allowance for impairment loss	(497)	(316)	-	-
	70,542	64,934	-	-
Other receivables:-				
- Unrelated parties	9,171	6,880	-	-
- Related party	500	-	500	-
- Allowance for impairment loss	(538)	(38)	(500)	-
	9,133	6,842	-	-
- Subsidiaries	-	-	123,497	99,207
	9,133	6,842	123,497	99,207
	79,675	71,776	123,497	99,207

The currency profile of receivables is as follows:-

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Euro	16,547	14,851	-	-
Ringgit Malaysia	27,357	17,826	123,497	99,207
Thai Baht	11,666	12,805	-	-
United States Dollar	24,096	26,294	-	-
Others	9	-	-	-
	79,675	71,776	123,497	99,207

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

9. RECEIVABLES (CONT'D)

Trade Receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 30 September 2020, there were 2 (2019 - 3) major customers that accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major customers amounted to RM24,438,530 (2019 - RM33,980,188). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Belgium	1,487	1,141
Brazil	316	1,353
China	914	3,311
Hong Kong	565	587
Japan	1,851	1,694
Malaysia	18,801	11,446
Mexico	766	2,494
Poland	8,476	3,689
Thailand	25,437	28,388
United States of America	10,736	10,450
Others	1,193	381
	70,542	64,934

The credit terms of trade receivables range from 30 to 90 days (2019 - 30 to 90 days). The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Not past due	40,557	39,443
Past due 1 to 30 days	15,132	16,158
Past due 31 to 120 days	13,074	8,866
Past due more than 120 days	1,779	467
	70,542	64,934

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

9. RECEIVABLES (CONT'D)

Trade Receivables (Cont'd)

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. The changes in the loss allowance are as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Balance at 1 October 2019/2018	316	316
Impairment loss recognised	274	-
Impairment loss written off	(93)	-
Balance at 30 September	497	316

The above loss allowance is in respect of individually assessed credit-impaired trade receivables. Based on the low historical observed default rates (adjusted for forward-looking estimates), the expected credit losses on trade receivables that are not credit-impaired are not considered to be material and hence, have not been recognised.

Other Receivables

Other receivables are unsecured and non-interest bearing. The amounts owing by subsidiaries are repayable on demand. The amounts owing by unrelated parties and related party mainly consist of advances and refundable deposits which have no fixed repayment terms.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses. The changes in the loss allowance are as follows:-

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Balance at 1 October 2019/2018	38	38	-	-
Impairment loss recognised	500	-	500	-
Balance at 30 September	538	38	500	-

The above loss allowance was individually determined after considering the adverse financial conditions of the other receivables who have defaulted/delayed in payments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Highly liquid investments	25,411	46,200	25,411	46,200
Term deposits (fixed rate)	2,143	2,083	2,143	2,083
Cash and bank balances	55,158	20,551	5,123	3,399
	82,712	68,834	32,677	51,682

The effective interest rate of term deposits as at the end of reporting period was 2.68% (2019 - 3.50% to 4.62%) per annum.

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

The currency profile of cash and cash equivalents is as follows:-

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Euro	1,527	2,313	-	-
Ringgit Malaysia	41,123	58,460	32,677	51,682
Thai Baht	4,117	7,247	-	-
United States Dollar	35,915	801	-	-
Others	30	13	-	-
	82,712	68,834	32,677	51,682

11. SHARE CAPITAL

	No. of ordinary shares ('000) with no par value	RM'000
<u>Issued and fully paid:-</u>		
Balance at 1 October 2018	332,823	199,791
Issuance of shares pursuant to ESOS	353	232
Balance at 30 September 2019	333,176	200,023
Issuance of shares pursuant to Warrants	4	3
Issuance of shares pursuant to ESOS	11,581	8,824
Bonus issue	168,325	-
Balance at 30 September 2020	513,086	208,850

On 17 March 2020, the Company obtained shareholders' approval at its Extraordinary General Meeting for a bonus issue of 168,325,033 new ordinary shares on the basis of 1 bonus share for every 2 existing ordinary shares. The bonus issue was completed on 18 May 2020.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

11. SHARE CAPITAL (CONT'D)

The shareholders of the Company, by a resolution passed at the Extraordinary General Meeting held on 23 February 2017, approved the Long Term Incentive Plan comprising ESOS and Executive Share Grant Scheme. The ESOS became effective on 24 February 2017.

The principal features of the ESOS are as follows:-

- (i) At any point of time when the offer is made, the maximum number of shares to be issued under the ESOS shall not exceed 15 % of the total issued and fully paid-up share capital of the Company during the duration of the ESOS.
- (ii) An employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and has been confirmed and serving on a full time basis.
- (iii) All non-executive directors who have been appointed to the Board shall be eligible to participate in the ESOS in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad and subject to the Constitution of the Company.
- (iv) The ESOS shall be valid for a duration of 5 years from the effective date.
- (v) The exercise price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%.
- (vi) The employees' entitlement to the options is vested upon acceptance of the offer by the grantee, which shall be no later than 30 days from the date of offer.
- (vii) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the then existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

The movements in the number of options during the financial year are as follows:-

	Number of Options Over Ordinary Shares	Weighted Average Exercise Price RM	Weighted Average Share Price RM	Weighted Average Remaining Contractual Life RM
As at 1 October 2018	10,270,500	0.53		
Exercised	(353,200)	0.44	0.64	
Outstanding as at 30 September 2019	9,917,300	0.51		3.0 years
Exercisable as at 30 September 2019	9,444,600			
As at 1 October 2019	9,917,300	0.51		
Granted	21,000,000	0.68		
Bonus issue	2,986,600			
Exercised	(11,580,798)	0.53	0.74	
Outstanding as at 30 September 2020	22,323,102	0.59		1.4 years
Exercisable as at 30 September 2020	21,850,402			

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

11. SHARE CAPITAL (CONT'D)

The fair value of share options granted since the effective date of the ESOS are measured using the Black Scholes Model with the following inputs:-

	Option 1	Option 2	Option 3
Grant date	27.2.2017	12.12.2017	28.5.2020
Fair value at grant date (RM)	0.36	0.22	0.28
Weighted average share price (RM)	0.88	0.53	0.65
Exercise price (RM)	0.80	0.44	0.56
Expected volatility (%)	45.25	55.80	60.80
Option life (years)	4.4	4.2	3.0
Expected dividends (%)	2.26	5.66	1.14
Risk-free interest rate (%)	3.69	3.68	2.27

The expected volatility reflects the assumption that historical volatility is indicative of future trends but may not necessarily be the actual outcome. No other features of the share options granted were incorporated into the measurement of fair value.

12. LOANS AND BORROWINGS

	Group	
	2020	2019
	RM'000	RM'000
<u>Secured</u>		
Hire purchase payables (fixed rate)	-	35,640
Term loans (floating rate)	27,221	30,314
	27,221	65,954
 Disclosed as:-		
- Current liabilities	6,800	13,345
- Non-current liabilities	20,421	52,609
	27,221	65,954

Hire purchase payables are secured against the assets acquired thereunder (Note 4). Term loans are secured against certain property, plant and equipment (Note 4).

The effective interest rate of loans and borrowings as at 30 September 2020 was 6.45% (2019 - 6.53% to 7.27%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

12. LOANS AND BORROWINGS (CONT'D)

Hire Purchase Payables

The hire purchase are repayable as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Minimum hire purchase payments:-		
- Within 1 year	-	10,280
- Later than 1 year and not later than 2 years	-	10,247
- Later than 2 years and not later than 5 years	-	19,939
Total contractual undiscounted cash flows	-	40,466
Future finance charges	-	(4,826)
Present value of hire purchase payables:		
- Within 1 year	-	8,043
- Later than 1 year and not later than 2 years	-	8,605
- Later than 2 years and not later than 5 years	-	18,992
	-	35,640

The fair values of hire purchase payables are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured are considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of hire purchase payables.

Term Loans

Term loans are repayable over 1 to 7 years. The repayment analysis is as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Gross loan instalments:-		
- Within 1 year	8,594	7,436
- Later than 1 year and not later than 2 years	8,139	8,563
- Later than 2 years and not later than 5 years	17,555	18,576
- Later than 5 years	139	4,418
Total contractual undiscounted cash flows	34,427	38,993
Future finance charges	(7,206)	(8,679)
	27,221	30,314

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

12. LOANS AND BORROWINGS (CONT'D)

Term Loans (Cont'd)

Term loans are repayable over 1 to 7 years. The repayment analysis is as follows (Cont'd):-

	Group	
	2020	2019
	RM'000	RM'000
Present value of term loans:-		
- Within 1 year	6,800	5,302
- Later than 1 year and not later than 2 years	6,803	6,803
- Later than 2 years and not later than 5 years	13,487	15,774
- Later than 5 years	131	2,435
	27,221	30,314

The fair values of term loans are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximate to the effective interest rates of term loans.

13. LEASE LIABILITIES

	Group	
	2020	2019
	RM'000	RM'000
Gross lease liabilities:-		
- Within 1 year	13,040	-
- 1 to 5 years	27,104	-
- After 5 years	923	-
Total contractual undiscounted cash flows	41,067	-
Future finance charges	(4,021)	-
Present value of lease liabilities	37,046	-
Disclosed as:-		
- Current liabilities	11,000	-
- Non-current liabilities	26,046	-
	37,046	-

The incremental borrowing rate applied to lease liabilities as at 30 September 2020 ranged from 1.32% to 6.54% per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

14. RETIREMENT BENEFITS

The Group operates final salary defined benefits plan with guaranteed lump sum payment at retirement and early retirement for its eligible employees.

The present value of defined benefit obligation is as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Balance at 1 October 2019/2018	537	359
Defined benefit costs	120	208
Paid during the year	(9)	(47)
Currency translation differences	(21)	17
Balance at 30 September	627	537

The components of defined benefit costs are as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Current service cost	106	201
Interest expense	14	7
	120	208

The principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:-

	Group	
	2020	2019
	%	%
Discount rate	1.36	2.85
Future salary growth	3.50	5.67

The following table demonstrates the sensitivity analysis of the defined benefit obligation if significant actuarial assumptions at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:-

	Group	
	2020	2019
	RM'000	RM'000
Increase in discount rate by 1%	568	484
Decrease in discount rate by 1%	692	597
Increase in expected rate of salary by 1%	694	603
Decrease in expected rate of salary by 1%	565	477

The weighted average duration of the defined benefit obligations is 10.06 years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

15. DEFERRED TAX LIABILITIES

	Group	
	2020	2019
	RM'000	RM'000
Balance at 1 October 2019/2018	12,099	7,024
Deferred tax expense relating to origination and reversal of temporary differences	865	1,595
Deferred tax liabilities (over)/under provided in the prior year	(4,342)	3,480
Balance at 30 September	8,622	12,099

	Group	
	2020	2019
	RM'000	RM'000
In respect of (deductible)/taxable temporary differences of:-		
- Inventories	(1,152)	(2,033)
- Financial instruments	(2,505)	1,188
- Property, plant and equipment	12,279	12,944
	8,622	12,099

16. DEFERRED INCOME ON GOVERNMENT GRANT

	Group	
	2020	2019
	RM'000	RM'000
Balance at 1 October 2019/2018	2,618	-
Grants received during the financial year	2,567	2,805
Recognised in profit or loss	(166)	(187)
Balance at 30 September	5,019	2,618

The Group received grants from the Malaysian Investment Development Authority ("MIDA") for modernisation and upgrading of its existing manufacturing activities. The grants covered 50% of the costs of the assets subject to the limits approved.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

17. PAYABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Trade payables	9,493	10,493	-	-
Other payables:-				
- Subsidiaries	-	-	2,232	3,099
- Director	-	1	-	-
- Unrelated parties	51,036	20,485	784	709
	51,036	20,486	3,016	3,808
	60,529	30,979	3,016	3,808

The currency profile of trade and other payables is as follows:-

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	22,092	25,044	3,016	3,808
Thai Baht	2,475	3,970	-	-
United States Dollar	35,399	1,402	-	-
Others	563	563	-	-
	60,529	30,979	3,016	3,808

Trade and other payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

Trade Payables

Trade payables are unsecured, non-interest bearing and generally on 30 to 90 day terms.

Other Payables

Other payables are unsecured and non-interest bearing. The amount owing to subsidiaries is repayable on demand. The amounts owing to unrelated parties mainly consist of sundry payables for acquisition of plant and equipment, and accruals for operating expenses which are generally due within 30 to 90 days.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

18. REVENUE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:-				
Sale of goods	242,747	237,687	-	-
Rendering of services	-	-	6,240	6,240
	242,747	237,687	6,240	6,240
Other sources of revenue:-				
Dividend income	-	-	4,000	40,000
	242,747	237,687	10,240	46,240

The other information on the disaggregation of revenue is disclosed in Note 26. Information about disaggregation of revenue from contracts with customers of the Company has not been disclosed as the Company derives the revenue mainly from rendering management services to subsidiaries in Malaysia.

19. PROFIT BEFORE TAX

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging (crediting):-				
Auditors' remuneration:-				
- Audit fee:-				
- Crowe Malaysia PLT	277	222	63	63
- Other auditors	26	23	-	-
- Non-audit fee:-				
- Crowe Malaysia PLT	52	-	48	-
- Member firms of Crowe Malaysia PLT	61	77	6	12
Bad debts written off	4	24	-	-
Depreciation of property, plant and equipment	27,958	28,665	-	55
Depreciation of right-of-use assets	3,293	-	-	-
Personnel expenses (Note 20)	75,333	67,205	9,143	6,546
Impairment loss on receivables	774	-	500	-
Impairment loss on plant and equipment	72	524	-	-
Interest expense for lease liabilities	2,499	-	-	-
Interest expense for financial liabilities not at fair value through profit or loss	1,830	4,600	-	-
Inventories written down	1,771	2,402	-	-
Loss on foreign exchange:				
- Realised	55	335	-	-
- Unrealised	-	557	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

19. PROFIT BEFORE TAX (CONT'D)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):- (Cont'd)				
Loss/(Gain) on fair value adjustment of intangible assets	430	(46)	-	-
Plant and equipment written off	109	239	-	-
Rental expenses	819	1,774	-	-
Retirement benefits	120	208	-	-
Amortisation of deferred income on government grants	(166)	(187)	-	-
Dividend income from subsidiaries	-	-	(4,000)	(40,000)
Gain on disposal of plant and equipment	(550)	(464)	-	-
Gain on disposal of right-of-use assets	(5)	-	-	-
Gain on foreign exchange:				
- Realised	(5,686)	(5,423)	-	-
- Unrealised	(36)	(19)	-	-
Insurance claims	(12,217)	(10,378)	-	-
Interest income for financial assets not at fair value through profit or loss	(1,267)	(2,243)	(1,123)	(1,962)
Reversal of impairment loss on plant and equipment	(6,951)	(1,408)	-	-
Reversal of inventories written down	(4,474)	(1,136)	-	-

20. PERSONNEL EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Executive directors:-				
- Short-term employees' benefits	5,027	4,840	5,027	4,840
- Defined contribution plan	570	583	570	583
- Share-based payments	1,864	-	1,864	-
	7,461	5,423	7,461	5,423
Non-executive directors:-				
- Short-term employees' benefits	311	288	311	288
- Share-based payments	466	-	466	-
	777	288	777	288
Balance carried forward	8,238	5,711	8,238	5,711

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

20. PERSONNEL EXPENSES (INCLUDING DIRECTORS' REMUNERATION) (CONT'D)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Balance brought forward	8,238	5,711	8,238	5,711
Other employees:-				
- Short-term employees' benefits	61,337	59,015	661	752
- Defined contribution plan	2,156	2,321	82	83
- Defined benefits plan	-	158	-	-
- Share-based payments	3,602	-	162	-
	67,095	61,494	905	835
	75,333	67,205	9,143	6,546

21. TAX EXPENSE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the year:-				
- Current tax	1,342	1,507	-	-
- Deferred tax	865	1,595	-	-
	2,207	3,102	-	-
Tax under/(over) provided in prior year:-				
- Current tax	2,652	(35)	18	8
- Deferred tax	(4,342)	3,480	-	-
	517	6,547	18	8

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

21. TAX EXPENSE (CONT'D)

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax	6,840	14,090	835	41,020
Tax at the statutory tax rate of 24%	1,642	3,382	200	9,845
Non-deductible expenses	4,036	2,708	1,008	208
Non-taxable income	(2,106)	(3,657)	(1,208)	(10,053)
Increase in unrecognised deferred tax assets	310	989	-	-
Utilisation of deferred tax assets not recognised in prior years	(1,675)	(320)	-	-
Tax under/(over) provided in prior year:-				
- Current tax	2,652	(35)	18	8
- Deferred tax	(4,342)	3,480	-	-
	517	6,547	18	8

The future availability of deductible temporary differences and unutilised tax credits for which no deferred tax assets have been recognised are as follows:-

	Group	
	2020	2019
	RM'000	RM'000
Property, plant and equipment	1,522	9,538
Unabsorbed capital allowances	9,413	7,782
Unutilised tax losses	7,011	6,302
Others	60	72
	18,006	23,694

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses are imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2019 can only be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2020 to 2026). The unabsorbed capital allowances are allowed to be carried forward indefinitely.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

22. EARNINGS PER SHARE

The earnings per share is calculated by dividing the Group's profit for the financial year by the weighted average number of ordinary shares in issue during the financial year as follows:-

	Group 2020	2019 (Restated)
Profit for the financial year (RM'000)	6,323	7,543
Number of shares in issue at 1 October 2019/2018 ('000)	333,176	332,823
Effect of shares issued pursuant to ESOS and Warrants ('000)	3,865	332
Effect of bonus issue* ('000)	167,703	166,578
Weighted average number of shares for computing basic earnings per share ('000)	504,744	499,733
Number of shares under ESOS and Warrants deemed to have been issued for no consideration ('000)	17,260	2,921
Weighted average number of shares for computing diluted earnings per share ('000)	522,004	502,654
Basic earnings per share (sen)	1.25	1.51
Diluted earnings per share (sen)	1.21	1.50

* The calculation of basic and diluted earnings per share for the previous financial year has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue.

23. DIVIDENDS

	Group and Company 2020 RM'000	2019 RM'000
Interim single tier tax-exempt dividend of 1 sen per ordinary share in respect of the financial year ended 30 September 2019	3,357	-
Interim single tier tax-exempt dividend of 1 sen per ordinary share in respect of the financial year ended 30 September 2018	-	3,331

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

24. NOTES TO THE STATEMENTS OF CASH FLOWS

	Group	
	2020	2019
	RM'000	RM'000
Purchase of Property, Plant and Equipment		
Cost of property, plant and equipment purchased	32,429	73,339
Amount financed through hire purchase	-	(31,018)
Net cash disbursed	32,429	42,321
Acquisition of Right-of-use Assets		
Cost of right-of-use assets acquired	4,089	-
Acquisition by means of leases	(3,507)	-
Net cash disbursed	582	-
Banker Acceptances		
Balance at 1 October 2019/2018	-	8,576
Net cash flow changes	-	(8,576)
Balance at 30 September	-	-
Lease Liabilities		
Balance at 1 October 2019/2018		
- Brought forward from preceding year	-	-
- Effect of adopting MRFS 16	37,594	-
- Adjusted	37,594	-
Additions	9,045	-
Repayments	(9,593)	-
Balance at 30 September (Note 13)	37,046	-
Hire Purchase Payables		
Balance at 1 October 2019/2018		
- Brought forward from preceding year	35,640	11,857
- Effect of adopting MRFS 16	(35,640)	31,018
- Adjusted	-	42,875
Repayments	-	(7,235)
Balance at 30 September (Note 12)	-	35,640
Term Loans		
Balance at 1 October 2019/2018	30,314	23,478
Drawdowns	-	12,777
Repayments	(3,093)	(5,941)
Balance at 30 September (Note 12)	27,221	30,314

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

25. RELATED PARTY DISCLOSURES

Significant transactions with related parties during the financial year are as follows:-

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Other key management personnel compensation:-				
- Short-term employee benefits	2,627	3,077	321	331
- Defined contribution plan	232	221	41	41
- Share-based payments	453	-	69	-
	3,312	3,298	431	372
Dividends received from subsidiaries	-	-	4,000	40,000
Management fee charged to subsidiaries	-	-	6,240	6,240
Rental expense charged by a director	60	60	-	-

26. SEGMENT REPORTING

Operating Segments

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:-

- (i) Precision Engineering: Manufacture of high volume precision components and tools including design, other related activities and incidental services.
- (ii) Personal Protective Equipment: Manufacture of personal protective equipment and medical related materials, components, devices or products and other related activities.

The accounting policies and measurement bases of the segment items reported are the same as those disclosed in Note 2. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with external parties.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

26. SEGMENT REPORTING (CONT'D)

Operating Segments (Cont'd)

2020	Precision Engineering RM'000	Personal Protective Equipment RM'000	Total RM'000
Revenue			
External revenue	239,143	3,604	242,747
Represented by:-			
<u>Revenue recognised at a point of time</u>			
- Sale of goods	239,143	3,604	242,747
Results			
Segment profit	5,220	1,103	6,323
Segment profit includes the following:-			
Amortisation of deferred income on government grants	(166)	-	(166)
Bad debts written off	4	-	4
Depreciation of property, plant and equipment	27,585	373	27,958
Depreciation of right-of-use assets	3,293	-	3,293
Loss on fair value adjustment of intangible assets	430	-	430
Gain on disposal of plant and equipment	(550)	-	(550)
Gain on disposal of right-of-use assets	(5)	-	(5)
Impairment loss on plant and equipment	72	-	72
Impairment loss on receivables	774	-	774
Retirement benefits	120	-	120
Insurance claims	(12,217)	-	(12,217)
Interest expense	4,329	-	4,329
Interest income	(1,267)	-	(1,267)
Inventories written down	1,771	-	1,771
Personnel expenses	75,189	144	75,333
Plant and equipment written off	109	-	109
Realised gain on foreign exchange	(5,686)	-	(5,686)
Reversal of impairment loss on plant and equipment	(6,951)	-	(6,951)
Reversal of inventories written down	(4,474)	-	(4,474)
Unrealised gain on foreign exchange	(36)	-	(36)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

26. SEGMENT REPORTING (CONT'D)

Operating Segments (Cont'd)

2020	Precision Engineering RM'000	Personal Protective Equipment RM'000	Total RM'000
Assets			
Segment assets	550,296	16,409	566,705
Additions to non-current assets other than financial instruments:-			
Property, plant and equipment	19,798	12,631	32,429
Right-of-use assets	4,089	-	4,089
Intangible assets	3,152	-	3,152
Liabilities			
Segment liabilities	138,975	456	139,431

The comparative information is not presented as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the Precision Engineering.

Geographical Information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers whereas segment assets are based on the geographical location of assets.

	Group External Revenue		Group Non-Current Assets	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Belgium	5,951	5,313	-	-
China	11,453	13,958	-	-
Hong Kong	2,224	1,735	-	-
Japan	5,516	5,919	-	-
Malaysia	63,285	42,031	283,662	266,065
Mexico	7,633	8,126	-	-
Poland	23,825	30,948	-	-
Thailand	97,021	100,143	60,085	67,253
United States of America	21,196	24,831	-	-
Others	4,643	4,683	-	-
	242,747	237,687	343,747	333,318

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

26. SEGMENT REPORTING (CONT'D)

Major Customers

The major customers that contributed 10% or more of the Group's total revenue are as follows:-

	Group External Revenue	
	2020	2019
	RM'000	RM'000
Customer I ^(a)	47,590	42,801
Customer II ^(a)	34,706	40,025

^(a) The identity of the major customer has not been disclosed as permitted by MFRS 8 Operating Segments.

27. COMMITMENT FOR PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2020	2019
	RM'000	RM'000
Contracted but not provided for	2,364	3,784

28. FINANCIAL GUARANTEE CONTRACTS

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of approximately RM196,966,500 (2019 - RM78,300,000). The total utilisation of these credit facilities as at 30 September 2020 amounted to approximately RM62,434,014 (2019 - RM12,502,712). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be called at any time in the event of default by the subsidiaries.

The aforementioned financial guarantee contracts should have been recognised in the statements of financial position in accordance with the recognition and measurement policies as stated in Note 2.9. 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. The financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

29. FINANCIAL RISK MANAGEMENT

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit Risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statements of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 28.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 9. As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is low.

Liquidity Risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

In addition, the Company's liquidity risk exposure resulting from the financial guarantee contracts is disclosed in Note 28, representing the total utilisation of the credit facilities by its subsidiaries as at the end of the reporting period.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

Currency Risk

The Group's exposure to currency risk arises mainly from transactions entered into in currencies other than its functional currencies, i.e. Ringgit Malaysia ("RM") and Thai Baht ("THB"). The major foreign currencies transacted are Euro ("EUR"), Japanese Yen ("JPY") and United States Dollar ("USD"), and the gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are receivables (Note 9), cash and cash equivalents (Note 10) and payables (Note 17).

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

29. FINANCIAL RISK MANAGEMENT (CONT'D)

Currency Risk (Cont'd)

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ (Decrease) in Profit 2020 RM'000	Increase/ (Decrease) in Profit 2019 RM'000
Appreciation of EUR against RM by 10%	1,374	1,304
Depreciation of EUR against RM by 10%	(1,374)	(1,304)
Appreciation of USD against RM by 10%	4,454	1,953
Depreciation of USD against RM by 10%	(4,454)	(1,953)

Interest Rate Risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits, loans and borrowings and lease liabilities.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's practice to maintain a mix of fixed and floating rate financial instruments.

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ (Decrease) in Profit 2020 RM'000	Increase/ (Decrease) in Profit 2019 RM'000
Increase in interest rates by 100 basis points	(207)	(230)
Decrease in interest rates by 100 basis points	207	230

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

30. CAPITAL MANAGEMENT

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure.

The Group monitors capital using a debt-to-equity ratio, which is calculated as total loans and borrowings divided by total equity as follows:-

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

	Group	
	2020	2019
	RM'000	RM'000
Loans and borrowings	27,221	65,954
Lease liabilities	37,046	-
Total interest-bearing debts	64,267	65,954
Total equity	427,274	416,005
Total capital	491,541	481,959
Debt-to-equity ratio	0.15	0.16

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (i) The World Health Organisation declared the novel coronavirus ("COVID-19") a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO") on 18 March 2020 to 12 May 2020 and had subsequently entered into the conditional and recovery phases of the MCO until 20 December 2020 in all states and federal territories in Malaysia. On 11 January 2021, the Government of Malaysia announced a second round of MCO on several states within Malaysia with effect from 13 January 2021.

The Group's performance was affected when the Movement Control Order was imposed by the Malaysian Government in March 2020, during which time the production was temporarily suspended and upon resuming operations in April 2020, the Group was only allowed to operate at 50% capacity. The Group was also affected by supply chain disruption and logistics challenges due to border restrictions. Overall revenue generated during the individual quarter ended 30 June 2020 fell by more than 30% compared with the preceding quarter.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and remain uncertain. The Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic. Nevertheless, with the Group's past focus on cost efficiency, strong cash position, resilient fundamentals and diversification into healthcare segments, the Group expects to sustain its operational and financial performance for the financial year ending 30 September 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 30 September 2020

31. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (ii) On 1 July 2020, the Group has ceased to develop and provide validation services in blockchain technology due to losses sustained as a result of high cost of electricity versus the economic return shortfall arising from higher algorithmic hash and increased difficulty rates.
- (iii) On 15 September 2020, the Group and the Company have entered into an Investment Agreement ("IA") with Blinkware Technology Sdn. Bhd. ("Blinkware"), a company in which a director of the Group and the Company have substantial financial interests for granting a total investment fund of RM1,000,000 to Blinkware to produce two artificial intelligence products. However, the investment was not completed during the financial year due to certain pending fulfillment of terms and conditions of the IA and the uncertainties of the economic return arising from the commercialization potential of these products.

32. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING

On 11 January 2021, the shareholders of the Company have approved the diversification of the existing business of the Group to include the production and trading of gloves by a resolution passed at the Extraordinary General Meeting.

LIST OF PROPERTIES

Held as at 30 September 2020

Location	Approximate Age of Building (years)	Date of Acquisition / Completion	Land Area (sq ft)	Tenure	Net Book Value (RM)
1 1/2 Storey Semi-Detached Light Industrial Factory held under HS(M) No.22229, PT No.27966, Mukim Kapar, Daerah Klang Address: No.11, Jalan Teruntum 20 KU/08, Jalan Teratai, Batu 5 1/2, Jalan Meru, 41050 Klang	16	26 February 2004	7,653	Freehold	455,200
1 1/2 Storey Semi-Detached Light Industrial Factory held under HS(M) No.22230, PT No.27967, Mukim Kapar, Daerah Klang Address: No.11A, Jalan Teruntum 20 KU/08, Jalan Teratai, Batu 5 1/2, Jalan Meru, 41050 Klang	16	26 February 2004	7,653	Freehold	455,200
3 Storey Office Building with Factory Building held under HS(D)No.13321, PT No.371 & HS(D) No.22781, PT No.10649, Mukim Kapar, Daerah Klang Address: Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor	15	10 August 2006	304,988	Freehold	54,032,150
Factory Buildings under the land title deed no.9845, Lot No.112, Survey Page No.623, Khan Ham Sub District, U Thai District, Ayutthaya Province, Thailand Address: No.1/48, Rojana Industrial Park Moo 5, Tambol Kanham, Amphur U-Thai. Pranakorn Sri Ayutthaya, 13210, Thailand	23	02 October 2009	262,937	Freehold	17,973,484
1 1/2 Storey light industrial factory held under HS(M) 19366, PT24011, Mukim Kapar, Daerah Klang Address: No.31, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	24	28 January 2010	1,959	Freehold	172,444
1 1/2 Storey light industrial factory held under HS(M) 19373, PT24018, Mukim Kapar, Daerah Klang Address: No.45, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	24	28 January 2010	1,970	Freehold	172,444
1 1/2 Storey light industrial factory held under HS(M) 19374, PT24019, Mukim Kapar, Daerah Klang Address: No.47, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	24	28 January 2010	1,970	Freehold	172,445

LIST OF PROPERTIES (CONT'D)

Held as at 30 September 2020

Location	Approximate Age of Building [years]	Date of Acquisition / Completion	Land Area [sq ft]	Tenure	Net Book Value (RM)
1 1/2 Storey light industrial factory held under HS(M) 19375, PT24020, Mukim Kapar, Daerah Klang Address: No.49, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	24	28 January 2010	1,970	Freehold	172,445
1 1/2 Storey light industrial factory held under HS(M) 19376, PT24021, Mukim Kapar, Daerah Klang Address: No.51, Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	24	28 January 2010	3,197	Freehold	344,889
2 Storey Office Building with Factory building held under HS(D)No.22776 PT No.10644, Mukim Kapar, Daerah Klang Address: Lot 6123, Jalan Haji Salleh, Batu 5 1/2, Jalan Meru, 41050 Klang, Selangor	24	29 April 2010	108,931	Freehold	3,593,700
1 1/2 Storey light industrial factory held under HS(M) 19372, PT24017, Mukim Kapar, Daerah Klang Address: No.43 Jalan Keledang 9, Off Jalan Meru, 41050 Klang, Selangor	24	08 February 2012	1,970	Freehold	203,678
1 Storey Factory with a 2 Storey Office held under HS(D) No.135933, PT No.52829, Mukim Kapar, Daerah Klang Address: Lot 6071, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor	28	13 March 2012	283,952	Freehold	17,035,723
1 Storey Linked Terrace Industrial Lot held under Geran 92792, Mukim Kapar, Daerah Klang Address: Lot 35141, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor	13	08 October 2012	3,337	Freehold	174,258
1 Storey Linked Terrace Industrial Lot held under Geran 92798, Mukim Kapar, Daerah Klang Address: Lot 35147, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor	13	08 October 2012	3,337	Freehold	174,258

LIST OF PROPERTIES (CONT'D)

Held as at 30 September 2020

Location	Approximate Age of Building (years)	Date of Acquisition / Completion	Land Area (sq ft)	Tenure	Net Book Value (RM)
1 Storey Linked Terrace Industrial Lot held under Geran 92800, Mukim Kapar, Daerah Klang Address: Lot 35149, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor	13	08 October 2012	3,337	Freehold	174,258
1 Storey Linked Terrace Industrial Lot held under Geran 92801, Mukim Kapar, Daerah Klang Address: Lot 35150, Jalan Haji Manan, Batu 5 1/2, Off Jalan Meru, 41050 Klang, Selangor	13	08 October 2012	3,337	Freehold	174,258
1 Storey Industrial Lot, Sri Ayutthaya, Thailand Address: 63 Tambon Thanu, Amphur Uthai, Pra Nakhon Sri Ayutthaya Province, Thailand	26	11 August 2016	92,311	Freehold	3,585,313
2 Storey Industrial Lot, Sri Ayutthaya, Thailand Address: 40 Moo 4 Tambon U-Thai, Amphur Uthai, Pra Nakhon Sri Ayutthaya Province, Thailand	13	03 May 2018	163,439	Freehold	9,753,449
1 plot of Industrial Land, Johor Bahru Address: Plot 4, HSD 547617, PTD 200311, Mukim Pulai, Johor Bahru	6	28 February 2018	136,583	Freehold	11,572,565
2 Storey Industrial Lot Address: No. 2, Jalan Haji Manan 3/KU8 Kawasan Perindustrian Meru Barat 41050 Klang, Selangor	3	30 July 2018	41,591	Freehold	6,624,789
TOTAL					127,016,950

ANALYSIS OF SHAREHOLDINGS

As at 31 December 2020

SHAREHOLDINGS

Issued Shares	: 515,043,586 ordinary shares
Class of Shares	: Ordinary shares
Voting Rights	: Every member of the Company, present in person and entitled to vote, or by proxy or by attorney or other duly authorised representative, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each ordinary share held
Number of shareholders	: 20,334

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	1,058	5.203	48,278	0.009
100 – 1,000	3,154	15.511	2,082,933	0.404
1,001 – 10,000	10,798	53.103	54,772,080	10.635
10,001 – 100,000	4,845	23.827	144,972,832	28.148
100,001 – 25,752,178 (*)	477	2.346	251,254,758	48.783
25,752,179 and above (**)	2	0.010	61,912,705	12.021
TOTAL	20,334	100.000	515,043,586	100.000

Remark :

* - Less than 5% of issued shares

** - 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

ACCORDING TO THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 31 DECEMBER 2020

No.	Name	Holdings	%
1	THOO CHOW FAH	19,871,301	3.859
2	CHOO WING HONG	52,582,939	10.209
3	CHOO WING ONN	42,521,766	8.256
4	LEE TIAN YOKE	17,976,446	3.490
5	CHOO WING YEW	13,649,887	2.650
6	SAW TAT LOON	450,000	0.087
7	ANITA CHEW CHENG IM	450,000	0.087
8	DATO' ABU BAKAR BIN MOHD NOR	41,689	0.008
	TOTAL	147,544,028	28.646

SUBSTANTIAL SHAREHOLDERS

No.	Name	Holdings	%
1	CHOO WING HONG	52,582,939	10.029
2	CHOO WING ONN	42,521,766	8.256
	TOTAL	95,104,705	18.285

ANALYSIS OF SHAREHOLDINGS (CONT'D)

As at 31 December 2020

LIST OF TOP 30 SHAREHOLDERS

No.	Name	Holdings	%
1	CHOO WING HONG	31,582,939	6.132
2	CHOO WING ONN	30,329,766	5.888
3	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING HONG	18,000,000	3.494
4	LEE TIAN YOKE	17,976,446	3.490
5	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING ONN	12,192,000	2.367
6	TAN PAU SON	11,249,300	2.184
7	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOO CHOW FAH	8,250,000	1.601
8	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING YEW	5,917,800	1.148
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR THOO CHOW FAH	5,850,000	1.135
10	THOO CHOW FAH	5,771,301	1.120
11	CHOO WING LEONG	5,725,575	1.111
12	CHOO WING YEW	4,500,000	0.873
13	CHOO WING YEW	3,232,087	0.627
14	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOO WING HONG	3,000,000	0.582
15	CHOO WING KIN	2,929,550	0.568
16	HUANG TIONG SII	2,651,000	0.514
17	THO SIEW WAH	2,630,000	0.510
18	ENG HONG PALM OIL MILL SDN BERHAD	2,336,000	0.453
19	TAN SOOK WANG	2,300,165	0.446
20	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (HOUSE ACCOUNT)	2,280,000	0.442
21	KU NEE KHER @ CHEW FA	2,120,000	0.411
22	YUEN THUI YANG	2,102,563	0.408
23	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR SAW HEAN YEOW	2,006,000	0.389
24	CHONG MOO LING	1,930,200	0.374
25	TAN LAI HUAN	1,778,000	0.345
26	CHOO WAI SOOK	1,582,962	0.307
27	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SENG CHAN (009)	1,560,000	0.302
28	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG MOO LING (M)	1,550,000	0.300
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SU MING KEAT	1,465,800	0.284
30	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG SIEW MOOI	1,440,000	0.279
TOTAL		196,239,454	38.101

ANALYSIS OF WARRANT HOLDINGS

As at 31 December 2020

WARRANTS-C HOLDINGS

No. of warrants C in issue : 49,588,723
 Exercise price of the warrants C : RM0.56
 Issue date of the warrants C : 14 March 2018
 Expiry date of the warrants C : 14 March 2023

ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	%	No. of Warrants	%
1 – 99	1,444	28.868	32,845	0.066
100 – 1,000	1,063	21.251	501,639	1.012
1,001 – 10,000	1,690	33.786	7,759,745	15.648
10,001 – 100,000	732	14.634	22,214,509	44.798
100,001 – 2,479,435 (*)	73	1.459	19,079,985	38.476
2,479,436 and above (**)	0	0.000	0	0.000
Total:	5,002	100.000	49,588,723	100.000

Remark :

* - Less than 5% of issued warrants

** - 5% and above of issued warrants

DIRECTORS' WARRANT HOLDINGS

ACCORDING TO THE WARRANT HOLDERS REGISTER AS AT 31 DECEMBER 2020

No.	Name	Holdings	%
1	THOO CHOW FAH	-	-
2	CHOO WING HONG	1,589,250	3.205
3	CHOO WING ONN	-	-
4	LEE TIAN YOKE	-	-
5	CHOO WING YEW	323,208	0.652
6	SAW TAT LOON	-	-
7	ANITA CHEW CHENG IM	-	-
8	DATO' ABU BAKAR BIN MOHD NOR	4,168	0.008
TOTAL		1,916,626	3.865

ANALYSIS OF WARRANT HOLDINGS (CONT'D)

As at 31 December 2020

LIST OF TOP 30 WARRANT HOLDERS

No.	Name	Holdings	%
1	CHOO WING HONG	1,589,250	3.204
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN YIK KEN @ KENNETH TAN	867,897	1.750
3	OOI THONG HOCK	620,000	1.250
4	LEOW SOON SENG	500,000	1.008
5	YAP BEE HOONG	500,000	1.008
6	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JINATA BIN MUHAMAD YUSUP (MARGIN)	499,800	1.007
7	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEY JIIN CHYUAN	487,800	0.983
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WAH PENG	470,900	0.949
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHENG AI LENG	461,950	0.931
10	ROOPAK SINGH A/L RAGHBIR SINGH	420,400	0.847
11	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KONG KOK CHOY (8092812)	400,000	0.806
12	LEE SI YAN	400,000	0.806
13	NG KUAN HUA	385,000	0.776
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG WEI CHUAN (E- BPT)	378,700	0.763
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD GAN KAH HOOI	360,000	0.725
16	YONG YEE YIN	350,000	0.705
17	NOOR HASSAN BIN YAHAYA	339,600	0.684
18	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PANG FONG THAU (KKINABALU-CL)	336,800	0.679
19	CHOO WING YEW	323,208	0.651
20	ANG ZHI YI	300,000	0.604
21	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ROSMAN BIN SAMURI (033)	300,000	0.604
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AZHAR BIN JEMANI	259,300	0.522
23	CHIA AUN LING	250,000	0.504
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LAY PENG (E-TAI)	250,000	0.504
25	LAM LEE CHOI @ LIM LEE CHEN	225,000	0.453
26	SIK LOONG SIANG	220,000	0.443
27	CHONG MEE SIN	215,000	0.433
28	TAN KEE HOCK	210,000	0.423
29	ANTHONY DASS A/L ANTHONY SAMY	205,000	0.413
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SI YAN (PENANG-CL)	204,904	0.413
TOTAL		12,330,509	24.865

ADDITIONAL COMPLIANCE

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for ensuring that the financial statements of the Group are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 September 2020 and the results and cashflows of the Group and the Company for the financial year ended on that date.

In preparing the financial statements, the Directors have:

- (a) Adopted suitable accounting policies and applied them consistently;
- (b) Made judgements and estimates that are reasonable and prudent;
- (c) Ensured the adoption of applicable approved accounting standards; and
- (d) Used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring proper accounting records which disclose with reasonable accuracy of the financial position of the Group and Company and are kept in accordance with the Companies Act 2016. The Directors are also responsible for ensuring that a proper internal control is in place to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the Company's Directors' and/or major shareholders' interests, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year.

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

The Company did not undertake any corporate proposal to raise proceeds during the financial year.

LONG TERM INCENTIVE PLAN ("LTIP")

The Company had at the Extraordinary General Meeting held on 23 February 2017 obtained its shareholders' approval to establish the LTIP which comprising the ESOS and ESGS. The LTIP shall be in force for a period of five (5) years from the effective date of 24 February 2017.

ADDITIONAL COMPLIANCE (CONT'D)

A detailed breakdown of the allocation of the options as at 30 September 2020 is as follows:-

- (a) The total number of options granted, exercised and outstanding during the financial year under review:

Number of Options - Exercisable	Grand Total	Directors
As at 1 October 2019	9,444,600	4,600,000
Adjustment arising from Bonus Issue	2,986,600	2,000,000
Granted	21,000,000	8,250,000
Exercised	(11,580,798)	(3,600,000)
As at 30 September 2020	21,850,402	11,250,000

- (b) Percentage of options applicable to Directors and Senior Management under the LTIP since the commencement of LTIP up to financial year ended 30 September 2020:

Directors and Senior Management	Since the commencement of the LTIP up to financial year ended 30 September 2020
Aggregate maximum allocation	13,250,000
Actual percentage granted	38%

- (c) The table below set out the options granted to Non-Executive Directors during the financial year under review:

Name	As at 1 Oct 2019	Adjustment arising from Bonus Issue	Granted	Exercised	Balance as at 30 September 2020
Saw Tat Loon	300,000	150,000	450,000	450,000	450,000
Anita Chew Cheng Im	300,000	150,000	450,000	450,000	450,000
Dato' Abu Bakar Bin Mohd Nor	-	-	750,000	-	750,000

Pursuant to Paragraph 8.20 of the Listing Requirements, the Non-Executive Directors shall not sell, transfer or assign the new shares obtained through the exercise of the options offered to them within 1 year from the date of offer.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventeenth (“17th”) Annual General Meeting (“AGM”) of NOTION VTEC BERHAD (“Company”) will be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur (“Broadcast Venue”) on Wednesday, 3 March 2021 at 9.30 a.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 September 2020 together with the Reports of the Directors and Auditors thereon. **(Please refer to Note 1 of the Explanatory Notes)**
2. To re-elect the following Directors who are retiring in accordance with Clause 95 of the Constitution of the Company:
 - i) Mr Choo Wing Onn **(Ordinary Resolution 1)**
 - ii) Mr Saw Tat Loon **(Ordinary Resolution 2)**
 - iii) Ms Anita Chew Cheng Im **(Ordinary Resolution 3)**
3. To approve the payment of Directors’ Fees of up to RM300,000 (2019: RM300,000) and benefits payable to the Directors of the Company of up to RM50,000 (2019: RM50,000) from 3 March 2021 until the conclusion of the next AGM of the Company. **(Ordinary Resolution 4)**
4. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

Special Business

To consider and if thought fit, to pass with or without any modification, the following resolutions:

5. Proposed continuation in office of Mr Saw Tat Loon as Independent Non-Executive Director

“**THAT** subject to passing of Ordinary Resolution 2, the approval be and is hereby given to Mr Saw Tat Loon who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the Malaysian Code on Corporate Governance (“MCCG”).” **(Ordinary Resolution 6)**

6. Proposed continuation in office of Ms Anita Chew Cheng Im as Independent Non-Executive Director

“**THAT** subject to passing of Ordinary Resolution 3, the approval be and is hereby given to Ms Anita Chew Cheng Im who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next AGM in accordance with the MCCG.” **(Ordinary Resolution 7)**

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

“THAT subject to the Companies Act 2016 (**“the Act”**), the provisions of the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**“Bursa Securities”**) and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are hereby authorised to make purchases of the Company’s ordinary shares as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company, provided that:

- (a) the aggregate number of ordinary shares which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company; and
- (c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (i) the conclusion of the next AGM of the Company following the 17th AGM at which the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares was passed, at which time the said authority will lapse unless an ordinary resolution is passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and, made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/ or any other relevant governmental and/or regulatory authorities (if any).

- (d) upon completion of the purchase(s) by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:
 - (i) distribute the shares as share dividends to the shareholders; or
 - (ii) resell the shares or any of the shares on Bursa Malaysia Securities Berhad; or
 - (iii) transfer the shares or any of the shares for the purposes of or under an employees’ shares scheme; or
 - (iv) transfer the shares or any of the shares as purchase consideration; or
 - (v) cancel all the ordinary shares so purchased; and/or
 - (vi) sell, transfer or otherwise use the shares for such other purposes as allowed by the Companies Act 2016.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Company’s own shares with full powers to assent to any condition, modification, revaluation, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

(Ordinary Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

8. Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Act

“**THAT** pursuant to Section 76 of the Act, the Directors be and are hereby empowered to allot and issue Shares in the share capital of the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares) at the time of issue, subject always to the Constitution of the Company and approval for the listing of and quotation for the additional Shares so issued on the Bursa Securities and other relevant bodies where such approval is necessary.”

(Special Resolution 1)

9. To transact any other business that may be transacted at the 17th AGM of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

By Order of the Board

Tai Yit Chan (SSM PC No. 202008001023) (MAICSA 7009143)

Tan Ai Ning (SSM PC No. 202008000067) (MAICSA 7015852)

Company Secretaries

Selangor Darul Ehsan

29 January 2021

Explanatory Notes:

(1) Agenda 1 – To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340 of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

(2) Ordinary Resolutions 6 and 7 – Proposed continuation in office of Mr Saw Tat Loon and Ms Anita Chew Cheng Im as Independent Non-Executive Directors

Practice 4.2 of the MCGG provides that shareholders' approval be sought in the event that the Company intends for an Independent Director who has served in the capacity for more than nine (9) years, to continue to act as Independent Director of the Company.

The Board is recommending to the shareholders for Mr Saw Tat Loon and Ms Anita Chew Cheng Im who have served as Independent Non-Executive Directors of the Company for a cumulative term of sixteen (16) years and thirteen (13) years respectively to continue to act as Independent Non-Executive Directors of the Company.

The Board through the Nomination Committee had assessed and endorsed that Mr Saw Tat Loon and Ms Anita Chew Cheng Im be retained as Independent Non-Executive Directors of the Company as they have continued to display high level of integrity and are objective in their judgement and decision-making in the best interest of the Company, shareholders and stakeholders and are able to express unbiased views without any influence. The detailed justifications are as set out in the Corporate Governance Overview Statement.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

(3) Ordinary Resolution 8 – Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The proposed Ordinary Resolution 8, if passed, will empower the Company to purchase and/or hold up to ten percent (10%) of the total number of issued shares of the Company for the time being. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required to be held, whichever occurs first.

For further information on Ordinary Resolution 8, please refer to Statement to Shareholders dated 29 January 2021 accompanying the Annual Report of the Company for the financial year ended 30 September 2020.

(4) Special Resolution 1 – Proposed Authority to Allot and Issue Shares pursuant to Section 76 of the Act

The Company had, during its Sixteenth AGM held on 17 March 2020, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 76 of the Act. As at the date of this notice, the Company did not issue any shares pursuant to this mandate obtained.

The proposed Special Resolution 1 is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Act. The mandate, if passed, will empower the Directors from the conclusion of this AGM, to allot and issue up to a maximum of ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares) at the time of issue (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

This authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding investment project(s), working capital and/or acquisition. At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

Notes:

- (1) The AGM of the Company will be conducted entirely through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the Poll Administrator for the AGM to facilitate the RPV via TIH Online website at <https://tiih.online>. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for the AGM.
- (2) Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at www.notionvtec.com to register, attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely via the RPV facilities.
- (3) 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. Members/proxies are **NOT** to be physically present at the Broadcast Venue on the day of the AGM.
- (4) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the AGM will be conducted by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
- (5) A member entitled to attend and vote at the AGM may appoint another person as his proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. A proxy appointed to attend and vote at the AGM shall have the same rights as the member to speak at the AGM.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes (Cont'd):

- (6) A member may appoint up to 2 proxies to attend the AGM. Where a member appoints 2 proxies, the appointment shall not be valid unless the member specifies the proportion of his shareholding to be represented by each proxy. Where a member is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.
- (7) The instrument appointing a proxy shall be in writing (in the common or usual form) under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (8) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre, at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the AGM or at any adjournment thereof. Alternatively, the Proxy Form may also be electronically submitted via TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for further information on electronic submission.
- (9) For the purpose of determining who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available a Record of Depositors as at 23 February 2021 and only members whose names appear on such Record of Depositors shall be entitled to attend, speak and vote at the AGM and entitled to appoint proxy or proxies.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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FORM OF PROXY

NOTIONVTEC

NOTION VTEC BERHAD

Registration No. 200301035125 (637546-D)
(Incorporated in Malaysia)

No. of Shares held	CDS Account No.

I/We, _____ (name of shareholder as per NRIC)

NRIC No./Passport No./Company No. _____ of _____
_____ (full address)

being a Member(s) of NOTION VTEC BERHAD, hereby appoint _____ (name of proxy as per NRIC)

NRIC No. _____ of _____ (full address)

or failing him/her, _____ (name of proxy as per NRIC) NRIC No. _____
of _____ (full address)

or # the Chairman of the Seventeenth ("17th") Annual General Meeting ("AGM") as *my/our proxy to vote for *me/us on *my/our behalf at the 17th AGM of the Company to be conducted fully virtual at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, on Wednesday, 3 March 2021 at 9.30 a.m. or at any adjournment thereof and to vote as indicated below:-

Resolutions			For	Against
1	To re-elect Mr Choo Wing Onn as Director.	Ordinary Resolution 1		
2	To re-elect Mr Saw Tat Loon as Director.	Ordinary Resolution 2		
3	To re-elect Ms Anita Chew Cheng Im as Director.	Ordinary Resolution 3		
4	To approve the payment of Directors' Fees and benefits payable to the Directors of the Company from 3 March 2021 until the conclusion of the next AGM of the Company.	Ordinary Resolution 4		
5	To re-appoint Crowe Malaysia PLT as auditors of the Company.	Ordinary Resolution 5		
6	To approve Mr Saw Tat Loon to continue in office as an Independent Non-Executive Director.	Ordinary Resolution 6		
7	To approve Ms Anita Chew Cheng Im to continue in office as an Independent Non-Executive Director.	Ordinary Resolution 7		
8	To approve the proposed renewal of authority for the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 8		
9	To approve the proposed authority to allot and issue shares pursuant to Section 76 of the Companies Act 2016.	Special Resolution 1		

Mark either box if you wish to direct the proxy how to vote. If you do not do so, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies or more and wish them to vote differently, this should be specified.

For appointment of two proxies, proportion of shareholdings to be represented by the proxies:

	No. of shares	Percentage [%]
Proxy 1		
Proxy 2		
Total:		

If you wish to appoint other person(s) to be your proxy/proxies, kindly strike out the words "The Chairman of the Seventeenth ("17th") Annual General Meeting ("AGM")" and insert the name(s) of the person(s) desired.

* Delete if not applicable

Signature of Shareholder or Common Seal

Dated this _____ day of _____ 2021.

NOTES :

- [1] The AGM of the Company will be conducted entirely through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities. The Company has appointed Tricor Investor & Issuing House Services Sdn Bhd as the Poll Administrator for the AGM to facilitate the RPV via TIH Online website at <https://tiih.online>. The procedures for members to register, participate and vote remotely via the RPV facilities are provided in the Administrative Guide for the AGM.
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- [8] The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre, at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time set for holding the AGM or at any adjournment thereof. Alternatively, the Proxy Form may also be electronically submitted via TIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for further information on electronic submission.
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Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 January 2021.

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STAMP

THE SHARE REGISTRAR

NOTION VTEC BERHAD

Registration No. 200301035125 (637546-D)

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

Please fold here

NOTION VTEC BERHAD

Registration No. 200301035125 (637546-D)

Lot 6123, Jalan Haji Salleh, Batu 5 1/2,
Jalan Meru, 41050 Klang,
Selangor Darul Ehsan,
Malaysia