BOILERMECH

Boilermech Holdings Berhad
Registration No. 201001013463 (897694-T)

EMPOWERING SUSTAINABILITY

ANNUAL REPORT 2020

VISION

TO BE THE REGIONAL LEADER IN RENEWABLE ENERGY AND SUSTAINABLE ENVIRONMENTAL SOLUTIONS PROVIDER

MISSION

TO CREATE AND SHARE VALUE WITH OUR STAKEHOLDERS THROUGH THE OFFERING OF INNOVATIVE, SUSTAINABLE AND HIGH QUALITY RENEWABLE ENERGY SOLUTIONS

VALUES

- INTEGRITY
- TEAMWORK
- PERSEVERANCE
- INNOVATIVENESS

WHAT'S INSIDE

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PERFORMANCE REVIEW

SEC. 3
SUSTAINABILITY STATEMENT

SEC. 4
CORPORATE GOVERNANCE

AT A GLANCE

NON-FINANCIAL REVIEW

In tandem with the Group's vision as a sustainable environmental solutions provider and its initiative to participate in solar energy business growth, the Group had acquired a subsidiary, Tera VA Sdn Bhd ("Tera") on 22 May 2020. Driven by its continued growth momentum, Tera is expected to contribute positively to the Group's top and bottom line for FYE2021.

PT Boilermech Manufacturing Indonesia had seized a business opportunity by acquiring an existing boiler manufacturing plant in Surabaya in order to accelerate the localization of our boiler manufacturing activities in Indonesia.

FINANCIAL REVIEW

-2%
TOTAL REVENUE
has decreased from RM234.8 million for FYE 2019 to
RM230.1 MILLION
for FYE 2020.

-11.5%
PROFIT BEFORE TAX ("PBT")
achieved by the Group was
RM32.4 MILLION
for FYE 2020 as compared to RM36.6 million for FYE 2019.

+4.1%
NET TANGIBLE ASSETS
had increased from RM200.3 million for FYE 2019 to
RM208.5 MILLION
for FYE 2020.

1.75 SEN
FINAL SINGLE TIER DIVIDEND OF 1.75 SEN PER ORDINARY SHARE
The Board of Directors has on 25 June 2020 recommended a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 in respect of FYE 31 March 2020 subject to approval by shareholders at the forthcoming 10th Annual General Meeting.

SEC. 5

FINANCIAL STATEMENTS

SEC. 6

OTHER INFORMATION

COVER RATIONALE

As a company whose business is closely tied to the use of natural resources such as palm oil and water, we at Boilermech are increasingly conscious of our role in improving environmental outcomes. To this end, we continuously pursue innovations that focused on renewable energy which can create a positive impact not only for our business, but also for our stakeholders and the environment. This reflects the tagline of our Annual Report 2020, Empowering Sustainability. Through technology and innovation, we believe we can unleash greater value from our solutions to ensure a sustainable future for all.

WHO WE ARE

"Together, we shall forge ahead in managing the increasingly challenging landscape and making progress on the sustainability agenda to future-proof our business."

Boilermech has started off as a boiler design and manufacturing company in 2005 and successfully listed on Bursa Malaysia Securities Berhad in 2011. Our Vision, underpinned by our core values of Integrity, Teamwork, Perseverance and Innovativeness is to be the regional leader in renewable energy and sustainable environmental solutions provider. Boilermech plans to grow organically and via acquisitions to develop a diversified portfolio of revenue generating assets, fortifying our market presence and positions, both domestically and internationally. We pride ourselves by taking full cognizance of our commitment in operating our Group business sustainably and responsibly.

As a whole, the Group sees an acceleration of global trends shifting towards sustainability, especially with regards to the environment. With the stronger environmental regulations, government efforts and awareness in Environmental, Social and Governance, Management is optimistic about the continued growth prospects of renewable energy and clean water sectors. With our current expansion plans in motion, we are one step closer in achieving our vision to be the regional leader in providing renewable energy and sustainable environmental solutions.

Kindly scan this QR code to download Boilermech Annual Report 2020.

HARNESSING RENEWABLE ENERGY

Through our Bio-Energy System, we partner with our clients in the agricultural industry to generate renewable energy and unleash a sustainable future for all.

BOILER

4 CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. Chia Song Kun
Non-Independent Non-Executive Chairman

Leong Yew Cheong
Managing Director

Chia Lik Khai
Deputy Managing Director

Chia Seong Fatt
Alternate Director to Deputy Managing Director, Chia Lik Khai

Gan Chih Soon
Executive Director

Tee Seng Chun
Alternate Director to Executive Director, Gan Chih Soon

Ho Cheok Yuen
Independent Non-Executive Director

Adrian Chair Yong Huang
Independent Non-Executive Director

Rina Meileene Binti Adam
Independent Non-Executive Director

Ng Swee Weng
Independent Non-Executive Director

AUDIT COMMITTEE

Ng Swee Weng
Chairman, Independent Non-Executive Director

Dr. Chia Song Kun
Member, Non-Independent Non-Executive Director

Ho Cheok Yuen
Member, Independent Non-Executive Director

Adrian Chair Yong Huang
Member, Independent Non-Executive Director

Rina Meileene Binti Adam
Member, Independent Non-Executive Director

NOMINATION COMMITTEE

Adrian Chair Yong Huang
Chairman, Independent Non-Executive Director

Dr. Chia Song Kun
Member, Non-Independent Non-Executive Director

Ho Cheok Yuen
Member, Independent Non-Executive Director

Rina Meileene Binti Adam
Member, Independent Non-Executive Director

Ng Swee Weng
Member, Independent Non-Executive Director

REMUNERATION COMMITTEE

Dr. Chia Song Kun
Chairman, Non-Independent Non-Executive Director

Ho Cheok Yuen
Member, Independent Non-Executive Director

Adrian Chair Yong Huang
Member, Independent Non-Executive Director

Ng Swee Weng
Member, Independent Non-Executive Director

COMPANY SECRETARIES

Tan Bee Hwee
(MAICSA 7021024)
(SSM PC No. 202008001497)

Wong Wai Foong
(MAICSA 7001358)
(SSM PC No. 202008001472)

REGISTERED OFFICE

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

Telephone 03-2783 9191
Facsimile 03-2783 9111

HEAD OFFICE

Lot 875, Jalan Subang 8
Taman Perindustrian Subang
47620 Subang Jaya
Selangor Darul Ehsan

Telephone 03-8023 9137
Facsimile 03-8023 2127
Website
www.boilermech.com

PRINCIPAL BANKERS

Hong Leong Islamic Bank
Registration No. 200501009144 (686191-W)

Hong Leong Bank Berhad
Registration No. 193401000023 (97141-X)

HSBC Bank Malaysia Berhad
Registration No. 198401015221 (127776-V)

Malayan Banking Berhad
Registration No. 196001000142 (3813-K)

OCBC Bank (Malaysia) Berhad
Registration No. 199401009721 (295400-W)

OCBC Al-Amin Bank Berhad
Registration No. 200801017151 (818444-T)

Public Bank Berhad
Registration No. 196501000672 (6463-H)

United Overseas Bank (Malaysia) Bhd
Registration No. 199301017069 (271809-K)

PT Bank Mandiri (Persero) Tbk

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

Telephone 03-2788 9999
Facsimile 03-2788 9998

SHARE REGISTRAR

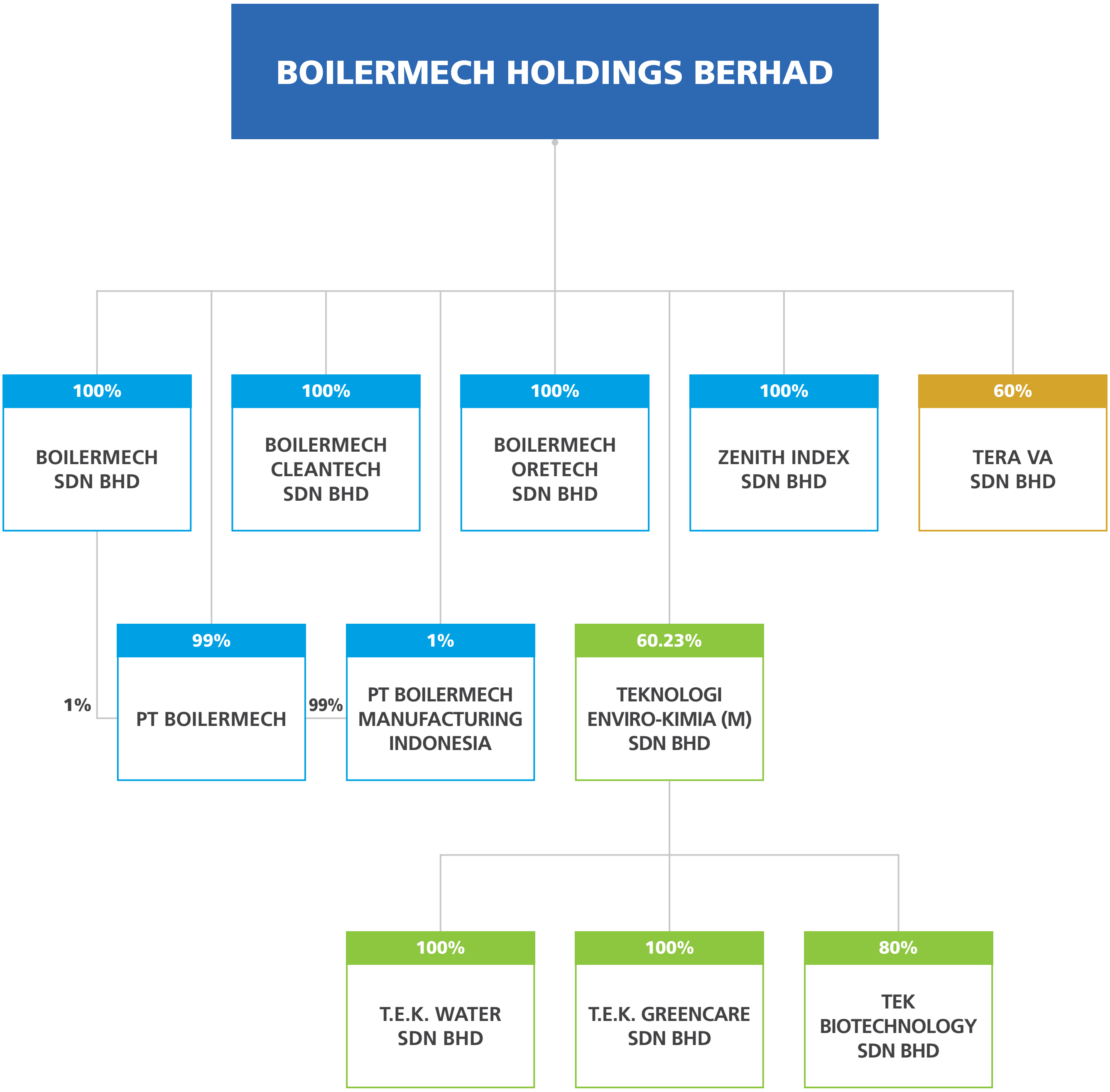
Tricor Investor & Issuing House Services Sdn Bhd
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Telephone 03-2783 9299
Facsimile 03-2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : BOILERM
Stock Code : 0168

CORPORATE STRUCTURE



BOARD OF DIRECTORS

"THROUGH GOOD GOVERNANCE, WE LEAD THE WAY IN CREATING LONG-TERM VALUE ACROSS ALL SPHERES."

LEFT TO RIGHT (SITTING):

MR CHIA LIK KHAI
DR. CHIA SONG KUN
MR LEONG YEW CHEONG
MR GAN CHIH SOON

LEFT TO RIGHT (STANDING):

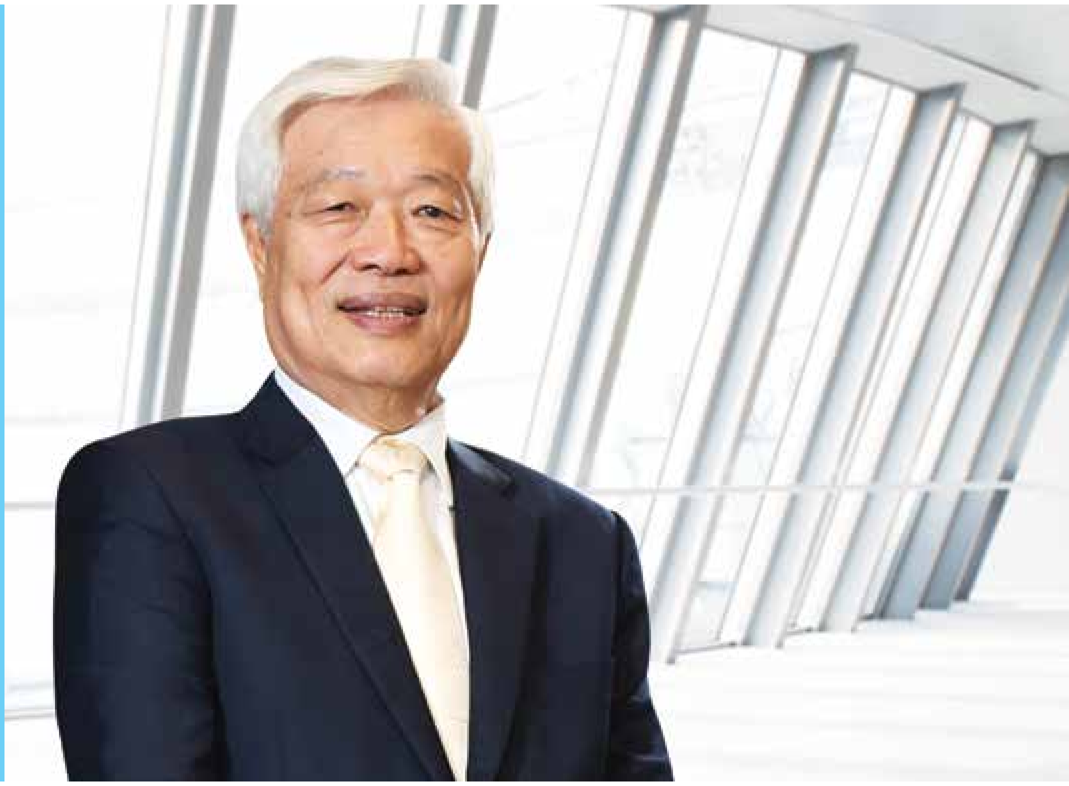
MS RINA MEILEENE BINTI ADAM
MR ADRIAN CHAIR YONG HUANG
MR CHIA SEONG FATT
MR TEE SENG CHUN
MR HO CHEOK YUEN
MR NG SWEE WENG

DIRECTORS' PROFILE

DR. CHIA SONG KUN

NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN

Gender	Male
Age	70
Nationality	Malaysian



MR LEONG YEW CHEONG

MANAGING DIRECTOR

Gender	Male
Age	66
Nationality	Malaysian

Dr. Chia Song Kun is the Non-Independent Non-Executive Chairman of the Company. He was appointed to the Board of Boilermech Holdings Berhad ("Boilermech" or "Company") on 4 March 2011. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

He graduated with a Bachelor of Science (Honours) degree majoring in Mathematics from University of Malaya in 1973 and obtained a Master's degree in Business Administration in 1988 from the same university.

He began his career in 1973 as a tutor in University of Malaya and subsequently joined University Teknologi MARA, Shah Alam, Selangor Darul Ehsan as a lecturer where he served for eleven (11) years until 1984. He left the educational institution in 1984 to set up CBG Holdings Sdn Bhd to commence the business of distributing fishmeal and other feed-meal raw materials.

He was a founder member of Inti Universal Holdings Berhad (presently known as Inti Universal Holdings Sdn Bhd) which operates one of the leading private university colleges in Malaysia. On 5 July 2008, he was conferred the honorary degree of Doctor of Laws (Hon LLD) by the Honorary Awards Board of the University of Hertfordshire in recognition of his outstanding contribution to the development of business and education in Malaysia.

He is also the founder and Executive Chairman of the Board of Directors of QL Resources Berhad ("QL") which is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Together with the help of his family members, he successfully nurtured, developed and transformed the QL group of companies ("QL Group") into a billion ringgit sustainable and scalable multinational agro-food corporation.

He has beneficial interest in CBG (L) Foundation, the holding company of CBG (L) Pte Ltd, which is a major shareholder of QL and which in turn is a substantial shareholder of the Company by virtue of its shareholdings in QL Green Resources Sdn Bhd ("QLGR"). He is also a director of QLGR.

Dr. Chia Song Kun is the father of Mr Chia Lik Khai and brother-in-law to Mr Chia Seong Fatt.

Dr. Chia Song Kun attended all six (6) Board of Directors' meetings held during the financial year ended 31 March 2020 ("financial year").

Save for the disclosure in Item 4 of the Section on "Other Disclosure Requirements" in this Annual Report, he has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

Mr Leong Yew Cheong is the Managing Director of the Company and was appointed to the Board on 26 October 2010.

He holds a Bachelor of Science in Mechanical Engineering from the University of Huddersfield, United Kingdom. He brings with him approximately forty (40) years of experience in the boiler manufacturing industry and has strong business contacts with customers operating in the palm oil industry and other end-user industries, as well as suppliers of spare parts and boiler components.

He began his career in 1980 as a project engineer in a boiler manufacturing company and was responsible for the designing, installation and commissioning of boilers. During his tenure there, he held various positions including Operations Manager and General Manager. He played an instrumental role in achieving many key achievements and milestones including the spearheading of a team of engineers to design and install its first biomass boiler that utilises treated empty fruit bunches, rice husk and palm shell. He left the said company when he was holding a position as Executive Director.

He is presently responsible for overseeing the overall operations of Boilermech Group with emphasis on strategic business planning and development.

Mr Leong Yew Cheong does not hold any directorship in any other public listed companies.

He has no family relationship with any director and/or major shareholder of the Company.

Mr Leong Yew Cheong attended five (5) of the six (6) Board of Directors' meetings held during the financial year.

Mr Leong Yew Cheong has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

MR CHIA LIK KHAI

DEPUTY MANAGING DIRECTOR

Gender	Male
Age	41
Nationality	Malaysian

MR CHIA SEONG FATT

ALTERNATE DIRECTOR TO DEPUTY MANAGING DIRECTOR, MR CHIA LIK KHAI

Gender	Male
Age	64
Nationality	Malaysian

Mr Chia Lik Khai is the Deputy Managing Director of the Company. He was appointed to the Board on 26 October 2010 as an Executive Director and was re-designated as Deputy Managing Director on 25 February 2015.

He graduated from the MBA program of Wharton Business School, University of Pennsylvania, United States where he focused on Entrepreneurship and Corporate Finance. He also received his Master of Science and Bachelor of Science in Electrical Engineering from University of Michigan, Ann Arbor, United States. His graduate studies specialised in Communication Integrated Circuits design and advanced semiconductor.

Prior to 2009, he was with McKinsey & Company in Shanghai, where he was an affiliate of the Global Energy & Materials and High-Tech practice. During his tenure there, he focused on serving global clients in renewable energy, consumer products and high-tech sectors on strategy, mergers and acquisitions as well as sales and marketing.

He also possesses extensive management experience in high-tech telecommunications and internet commerce. He spent eight (8) years in the semiconductor industry with Agilent and Avago Technologies in Silicon Valley, where he assumed multiple roles as R&D staff, New Product Manager and Marketing Manager. In his capacity as Product Marketing Manager in Avago Technologies, he managed multiple wireless product lines and Greater China regional business.

Thereafter, he joined QL Group as Group Corporate Development Director. In September 2010, he was appointed as an Executive Director of QL Green Resources Sdn Bhd, a subsidiary of QL Resources Berhad and also a substantial shareholder of the Company. Subsequently, he sits on the Board of QL Resources Berhad as an Executive Director.

He is presently responsible for overseeing the overall corporate planning, finance and investor relations of Boilermech Group.

Mr Chia Lik Khai is the son of Dr. Chia Song Kun and the nephew to Mr Chia Seong Fatt.

Mr Chia Lik Khai attended all six (6) Board of Directors' meetings held during the financial year.

Save for the disclosure in Item 4 of the Section on "Other Disclosure Requirements" in this Annual Report, he has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

Mr Chia Seong Fatt is the Alternate Director to Deputy Managing Director, Mr Chia Lik Khai. He was appointed to the Board on 4 March 2011. He obtained his Bachelor of Science (Honours) degree majoring in Chemistry from University of London in 1979.

He practiced as an industrial chemist for three (3) years before pursuing further studies in University Malaya. In 1984, he graduated from University Malaya with Master degree in Business Administration. He served for seven (7) years as Managing Director in Sri Tawau Farming Sdn Bhd, a company involved in layer farming and an associated company of Lay Hong Berhad, a company listed on the Main Market of Bursa Securities.

In 1991, he was appointed as Managing Director of QL Farms Sdn Bhd, a subsidiary of QL Group. In January 1996, he was appointed as an Executive Director of QL Feedingstuffs Sdn Bhd, in charge of layer farm and the crude palm oil milling operations. He was appointed as Executive Director of QL Resources Berhad in 2000 and subsequently resigned from the said position in April 2019 whilst remaining as an Alternate Director to one of its Executive Directors.

He is a director and substantial shareholder of Farsathy Holdings Sdn Bhd, a major shareholder of QL which in turn is a substantial shareholder of the Company by virtue of its shareholdings in QLGR. He is also a director of QLGR.

Mr Chia Seong Fatt is the brother-in-law to Dr. Chia Song Kun and the uncle to Mr Chia Lik Khai.

Mr Chia Seong Fatt attended all six (6) Board of Directors' meetings held during the financial year.

Save for the disclosure in Item 4 of the Section on "Other Disclosure Requirements" in this Annual Report, he has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

MR GAN CHIH SOON

EXECUTIVE DIRECTOR

Gender	Male
Age	46
Nationality	Malaysian

MR TEE SENG CHUN

ALTERNATE DIRECTOR TO EXECUTIVE DIRECTOR, MR GAN CHIH SOON

Gender	Male
Age	56
Nationality	Malaysian

Mr Gan Chih Soon is the Executive Director of the Company. He was appointed to the Board on 25 February 2015. He obtained his Bachelor of Science in Mechanical Engineering from University of Oklahoma, United States of America.

He started his career in 1997 as a Project Engineer in Vickers Hoskins (M) Sdn Bhd, a boiler manufacturing company. Upon his promotion to Senior Engineer, he led teams to manage the installation and commissioning of boilers in countries such as Indonesia, Thailand, Papua New Guinea, Myanmar and Venezuela. He was later promoted to Project Manager where he was responsible for the overall project management, material procurement, site execution and commissioning of boilers within the biomass industry.

He joined Boilermech Group in 2005 as Operations Manager and has since been promoted to General Manager and subsequently as Executive Director. He is presently responsible for overseeing the operations, sales and marketing functions of Boilermech Group.

Mr Gan Chih Soon does not hold any directorship in any other public listed companies.

He has no family relationship with any director and/or major shareholder of the Company.

Mr Gan Chih Soon attended all six (6) Board of Directors' meetings held during the financial year.

Mr Gan Chih Soon has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

Mr Tee Seng Chun is the Alternate Director to Executive Director, Mr Gan Chih Soon. He was appointed to the Board on 25 February 2015. He obtained his Bachelor of Science in Agricultural Engineering from University Pertanian Malaysia, Malaysia in 1988.

He started his career in 1988 in Kuala Lumpur Kepong Berhad as a Cadet Engineer where he was posted to a palm oil mill in Sabah. He then joined Austral Enterprise as an Assistant Mill Engineer where he obtained his Steam Engineer Certificate in 1993 from Jabatan Keselamatan dan Kesihatan Pekerjaan.

In 1994, he joined Vickers Hoskins (M) Sdn Bhd as a Project Engineer and was involved in the installation, modification and upgrading work of no less than 200 boilers. He was promoted to Project Manager in 1998 and subsequently to Operations Manager in 2000. During his tenure in Vickers Hoskins, he underwent training at Babcock Limited Co. in United Kingdom in designing boiler thermal performance as well as circulation performance.

His experience includes the design and implementation of heat recovery steam generating systems, mini Co-Generation Plant for the wood and palm oil industries. He was also involved in providing advice on the first unit of full water cooled moving grate boiler in a glove factory in Ipoh, which might eventually prove to be a solution for the general industry to utilize biomass fuel instead of fossil fuel.

He joined Boilermech Group in 2005 and is responsible for overseeing the business development, engineering, design and quality assurance functions of Boilermech Group.

Mr Tee Seng Chun does not hold any directorship in any other public listed companies.

He has no family relationship with any director and/or major shareholder of the Company.

Mr Tee Seng Chun attended five (5) of the six (6) Board of Directors' meetings held during the financial year.

Mr Tee Seng Chun has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

DIRECTORS' PROFILE

MR HO CHEOK YUEN

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Gender	Male
Age	71
Nationality	Singaporean

MR ADRIAN CHAIR YONG HUANG

INDEPENDENT
NON-EXECUTIVE DIRECTOR

Gender	Male
Age	46
Nationality	Malaysian

Mr Ho Cheok Yuen is the Independent Non-Executive Director of the Company. He was appointed to the Board on 18 November 2014. He is also a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He obtained his Bachelor of Science (Honours) in Naval Architecture from University of Newcastle-Upon-Tyne, United Kingdom in 1971 and his Master of Science in Industrial Engineering from National University of Singapore, Singapore in 1979. He obtained his Master of Science in Mechanical Engineering from National University of Singapore, Singapore in 1989 and Master of Business Administration from Brunel University, United Kingdom in 1997. He has been a Chartered Engineer (UK) since 1989 and is a Member of the Royal Institution of Naval Architects (UK) and the American Bureau of Shipping.

He started his career in November 1971 in the Republic of Singapore Navy where he had served as a HQ Staff Naval Architect and as superintendent engineer. He later joined the Marine Department of Singapore as a Marine Surveyor from 1975 to 1976. He joined Keppel Group in 1976 and had served in various subsidiaries, rising up the ranks until his retirement in 2014. He started in career in Keppel Group as a Drawing Office Manager and Naval Architect in Keppel Shipyard Limited from 1976 to 1980. He then served Far East Levingston Shipbuilding Limited ("FELS"), which is part of the Keppel Group, from 1980 to 1996 where he held the positions of Assistant Manager and later as Manager of Engineering Department, Manager of Design Department, Contracts Manager and Corporate Development Manager. He later served as Assistant General Manager of Keppel FELS Ltd from 1996 to 2001, overseeing the engineering, estimating and purchasing functions of the company. In Keppel AMFELS Inc, a fully owned subsidiary located in Texas, USA, he served as Vice Chairman, Chief Executive Officer and President from 2001 to 2007 and as Interim President/Chief Executive Officer from September to December 2013. He served as Senior General Manager (Group Procurement) in Keppel Offshore & Marine Limited from 2007 to 2010 and was then appointed as Director (Global Engineering) in Keppel Integrated Engineering Limited from 2010 to 2012. He re-joined Keppel Offshore & Marine Limited as Senior General Manager (Special Projects) where he was responsible for project management until his retirement in 2014.

Mr Ho Cheok Yuen does not hold any directorship in any other public listed companies.

He has no family relationship with any director and/or major shareholder of the Company.

Mr Ho Cheok Yuen attended all six (6) Board of Directors' meetings held during the financial year.

Mr Ho Cheok Yuen has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

Mr Adrian Chair Yong Huang is the Independent Non-Executive Director of the Company. He was appointed to the Board on 20 November 2014. He is also the Chairman of the Nomination Committee and member of the Audit Committee and the Remuneration Committee.

He obtained his Bachelor of Law (Honours) from University of Leicester, United Kingdom in 1995 under full scholarship as a recipient of the British High Commissioner's Chevening Awards. He was a Barrister-at-Law of Gray's Inn in 1996 and was called to the Bar of England and Wales in the same year. He was subsequently called to the Malaysian Bar as an Advocate & Solicitor in 1997.

He began his legal career in 1997 and was made a partner at Messrs Kadir Andri & Partners in 2004. In 2015, he co-founded Putri Norlisa Chair (PNC LAW) and served as Managing Partner. PNC LAW garnered various awards including Malaysia's Rising Law Firm of the Year 2017 and Malaysia's Boutique Law Firm of the Year 2018 accorded by the renown legal publication Asian Legal Business. In October 2018, PNC LAW merged with Adnan Sundra & Low (ASL), one of the largest and most well regarded law firms in Malaysia with a long and illustrious history and is currently a partner at ASL.

He has led many headlining transactions and industry firsts, advising on energy and utility work, infrastructure, oil and gas, petrochemicals, telecommunications, rail, aviation, media, theme parks, satellite, logistics, healthcare, education, technology, mining and FMCG work, and led complex cross border transactions involving multiple jurisdictions.

He has experience working with investment banks, international law firms, private equity houses, banks, government investment houses, and has established close ties with many of his clientele, the bulk of which are international or large corporates with an international dimension, some of whom he served regularly for more than 10 years.

Mr Adrian Chair Yong Huang does not hold any directorship in any other public listed companies.

He has no family relationship with any director and/or major shareholder of the Company.

Mr Adrian Chair Yong Huang attended all six (6) Board of Directors' meetings held during the financial year.

Mr Adrian Chair Yong Huang has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

DIRECTORS' PROFILE

MS RINA MEILEENE BINTI ADAM

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Female
Age	43
Nationality	Malaysian

MR NG SWEE WENG

INDEPENDENT NON-EXECUTIVE DIRECTOR

Gender	Male
Age	63
Nationality	Malaysian

Ms Rina Meileene Binti Adam is an Independent Non-Executive Director ("INED"). She was appointed to the board on 13 September 2019. She is a member of Nomination Committee and Audit Committee.

She graduated with a Bachelor of Engineering (Honours) in Electronic and Electrical Engineering from University of Manchester in 2000. In 2003, she obtained her Master of Business and Administration (Strategic Management) from International Business School, Universiti Teknologi Malaysia.

From 2001 till 2012, she worked in the government's investment arm, Khazanah Nasional Berhad. During her tenure there, she focused on projects from a wide range of industries including rail, aviation, creative industries and media as well as technology, at various stages of development.

Subsequently, she worked on the KL-Singapore High Speed Rail project at the Malaysian Land Public Transport Commission between 2013 and 2015, prior to the incorporation of the project's special purpose company, MyHSR Corporation Sdn Bhd. She is a Commercial Director at MyHSR Corporation Sdn Bhd where she is presently responsible for overseeing the commercial development of the project with her management-related skills and project management experience in High Speed Rail.

Ms Rina Meileene Binti Adam does not hold any directorship in any other public listed companies.

She has no family relationship with any director and/or major shareholder of the Company.

Subsequent to her appointment as INED, Ms Rina Meileene Binti Adam attended two (2) out of two (2) Board of Directors' meetings held during the financial year.

Ms Rina Meileene Binti Adam has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

Mr Ng Swee Weng is an Independent Non-Executive Director ("INED"). He was appointed to the Board on 22 January 2020. He is also the Chairman of Audit Committee and member of Nomination Committee and Remuneration Committee.

He was articled with KPMG in 1977 and qualified as a member of the Malaysian Institute of Certified Public Accountants (MICPA) in 1981. He is also member of the Malaysian Institute of Accountants (MIA) and CPA Australia.

Mr Ng Swee Weng is currently a Senior Advisor at BDO Tax Services Sdn Bhd ("BDO"). Prior to joining BDO, he was an Audit Partner at KPMG Malaysia for 23 years before he retired in 2012 as the Partner in charge of the Penang office. He was also formerly a member of KPMG's Audit and Accounting Committee, which provided directives and consultative support on technical issues.

He has experience in providing Goods & Services Tax ("GST") advice to companies ranging from small-to-medium enterprises (SMEs) to large publicly listed entities, particularly those entities operating in the property development and construction industries. By combining years of risk management experience with his GST knowledge, he is able to provide tailored advice to clients regarding a broad range of technical GST issues.

He also has extensive experience in coordinating and managing complex assurance assignments in the palm oil and plantation, manufacturing, trading, construction and property development industries. He is an experienced reporting accountant who has worked on numerous due diligence exercises and has been the reporting accountant for many Initial Public Offerings and Bond/Rights Issues. He was a former Project Director of the Malaysian Accounting Standards Board.

He has no family relationship with any director and/or major shareholder of the Company.

Following his appointment as INED, Mr Ng Swee Weng attended one (1) out of one (1) Board of Directors' meetings held during the financial year.

Mr Ng Swee Weng has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

KEY SENIOR MANAGEMENT

MR LEONG YEW CHEONG
Managing Director of Boilermech Holdings Berhad

MR CHIA LIK KHAI
Deputy Managing Director of Boilermech Holdings Berhad

MR GAN CHIH SOON
Executive Director of Boilermech Holdings Berhad

MR TEE SENG CHUN
Executive Director of Boilermech Sdn Bhd, a wholly-owned principal subsidiary of the Company

Please refer to Pages 8 to 13 for the profiles of the above Senior Management personnel.

MR YONG HUA KONG
Managing Director of Teknologi Enviro-Kimia (M) Sdn Bhd, a 60.23% owned principal subsidiary of the Company

Gender	**Male**
Age	**54**
Nationality	**Malaysian**

Mr Yong Hua Kong obtained his Bachelor of Science in Chemistry from University of Malaya, Malaysia in 1991. He started his career as a product specialist in water testing equipment and later joined an American water treatment company as a water treatment engineer.

He began his business venture in 1995 as a cofounder and Managing Director of Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK") group of companies. TEK is a total water management company offering a full range of water treatment solution to the Malaysian and Asean market. Mr. Yong Hua Kong played an instrumental role in achieving many key achievements and milestones for TEK while responsible for the overall operation of TEK Group. Under his leadership, the team was driven to develop several patented treatment plants for various industrial applications. These include the TEK MEMPLUS, a unique membrane based treatment process for palm oil effluent treatment and TEK WaterPak, a specially designed packaged water treatment plant for rural community clean water supply. He is also a registered wastewater specialist with the Department of Environment.

Mr Yong Hua Kong does not hold any directorship in any public listed companies. He has no family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no conviction for any offences (except for traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed on him by the relevant regulatory bodies during the financial year under review.

SPEARHEADING SUSTAINABLE SOLUTIONS

Our Water Treatment solutions utilise the latest technologies to improve water quality and safeguard environmental sustainability.

WATER TREATMENT

DEAR VALUED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS OF BOILERMECH HOLDINGS BERHAD, IT IS MY GREAT PLEASURE TO PRESENT THE COMPANY'S ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED ("FYE") 31 MARCH 2020.

Performance Review

Boilermech Group has recorded a total revenue and profit before tax ("PBT") in FYE 2020 of RM230.1 million and RM32.4 million respectively, a decline of RM4.7 million (2%) in revenue and RM4.2 million (11%) decrease in PBT as compared to FYE 2019.

A more detailed review of the Group's financial performance is covered under section on "Management Discussion and Analysis Report" in the Annual Report.

Business Review

The **Bio-Energy segment** being our core business, has contributed significantly to the Group's revenue and PBT, RM196.1 million (85%) and RM29.7 (92%) respectively.

Overall, the palm oil industry showed little improvement in 2019 as crude palm oil (CPO) prices remained weak for most parts of 2019. Arising from the unfavorable CPO price, the performance of our Bio-Energy segment was impacted by the sluggish market condition. Nevertheless, the slowdown in the biomass boiler business was offset by the steady growth of the boiler repair and maintenance activities. Our Electrostatic Precipitator (ESP) product, which was designed for palm oil mills industry particularly to meet the requirement of Department of Environment, has received a positive response ever since it was marketed. Besides, our team was relentlessly pursuing various strategies and efficiency measures to overcome the tough operating environment and delivered the commendable result.

"WE ARE SEEING POSITIVE GROWTH FOR WATER TREATMENT SOLUTIONS DEMAND IN TANDEM WITH THE CPO PRICE RECOVERY."

The Group's **Water Treatment segment** is spearheaded by our subsidiary, Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK") with its head office based in Sarawak. It offers water treatment solutions ranging from membrane filtration system, pure water systems, water treatment plants and biogas plants primarily for palm oil mills, estates and manufacturing industries.

FYE2020 was a challenging year for water treatment business where revenue and PBT decreased by 12.1% and 40% respectively as compared to FYE2019. However, we are seeing positive growth for water treatment solutions demand in tandem with the CPO price recovery. With its established technical capabilities, experience and track record, TEK is well positioned to capture the growth opportunities in Malaysia and Southeast Asia. The long term prospect of our water treatment remains bright.

Expansion Plans

In order to accelerate the localization of our boiler manufacturing activities in Indonesia, during the financial year, the Management seized an opportunity to acquire an existing boiler manufacturing plant in Surabaya, with ready facilities for immediate operation and capacity. With this acquisition, our new subsidiary, PT Boilermech Manufacturing Indonesia (PT BMI) is able to manufacture its boilers locally with faster turnaround time, lower logistics cost and increase local presence within Indonesian palm oil and boiler market. Meanwhile, the previous acquisition of vacant industrial land located within the port area of Surabaya in April 2019, will be earmarked for future manufacturing plant expansion.

Prospects

Amid the backdrop of uncertainties of the global financial and economic impact caused by the COVID-19 pandemic, no country is spared from this unprecedented global health crisis. The stringent lockdown measure for containment of the COVID-19 pandemic had caused businesses worldwide to grapple with imminent challenges.

While Boilermech Group's business has been recouping its strength and sustaining the continued growth momentum, the potential resurgence of COVID-19 cases might undermine the economic recovery domestically and internationally. Now more than ever, we need to stay resilient on the horizon while embracing the new normal and navigate the crisis. In this challenging business environment, agility and adaptability are the cornerstones of our business strategies while striving for sustainable growth. With prudent management and competitive advantage in the biomass business and industrial water treatment, our financial standing and market position remain strong during this unprecedented challenge.

Notwithstanding the challenges, the Group has on 22 May 2020 acquired a new subsidiary, Tera VA Sdn Bhd ("Tera") which is engaged in the solar power industry, being one of the highest growth sector in global renewable energy industry and also heavily promoted by the Government of Malaysia. The acquisition is a big step towards the Group's vision in becoming a regional leader in sustainable environmental solutions provider and enabling the Group to participate in another major growth area in the clean and renewable energy industry. Driven by its continuous growth momentum, Tera is expected to contribute positively to the Group's top and bottom lines for FYE2021.

Board Member Retirement and New Appointment

During the financial year, Mr Low Teng Lum and En Mohd. Yusof Bin Hussian retired from the Board after serving a term of nine years as Independent Non-Executive Directors. The Board would like to express deepest appreciation for their contribution and guidance in strengthening the corporate governance practices and driving the Company's growth over their nine years' tenure. The Board also welcomed Mr Ng Swee Weng and Ms Rina Meileene Binti Adam who were appointed as Independent Non-Executive Directors on 22 January 2020 and 13 September 2019 respectively. With their skills set and vast experience, we are confident that they will contribute positively to the Group as the Board members.

Appreciation

On behalf of my fellow Board members, I take this opportunity to thank our shareholders, for their continued support, trust and confidence in the Company. I am pleased to announce that the Board is recommending a proposed final single tier dividend of 1.75 sen per ordinary share for FYE 2020 for shareholders' approval at the Company's forthcoming 10th Annual General Meeting.

I wholeheartedly thank our customers, suppliers, vendors, contractors and various stakeholders of the Group for their continuous support and encouragement. Last but not least, I wish to express my sincere appreciation to my fellow Board members for their commitment and robust ideas in driving the Company's strategic aims and providing the leadership to put them into effect. To the Management and staff of Boilermech, thank you for your excellent performance and extra efforts that contributed to the Company's consistent growth and long-term goals. Together, we shall forge ahead in managing the increasingly challenging landscape and making progress on the sustainability agenda to future-proof our business.

Thank you.

Dr. Chia Song Kun
Chairman

General Industry Packaged Steam Boiler.

Overview of Business and Operations

Boilermech Holdings Berhad ("Boilermech") Group started its maiden journey in 2005 as a small designer and manufacturer of biomass boilers for the palm oil industry to generate steam or energy through the combustion of palm oil and other agricultural waste.

The Group has over the years expanded its business and product range in tandem with the Group's objective of providing high quality renewable energy and sustainable environmental solutions.

Our Vision, underpinned by our core values of Integrity, Teamwork, Perseverance and Innovativeness, is to be the regional leader in renewable energy and sustainable environmental solutions provider. Boilermech plans to grow organically and via acquisitions to develop a diversified portfolio of revenue generating assets, fortifying our market presence and positions, both domestically and internationally.

Boilermech Group is now the largest biomass boilers manufacturer in South East Asia and its geographical customer base covers Malaysia, Indonesia, Thailand, Cambodia, Philippines, Papua New Guinea, Africa and South America.

In year 2016 and 2020 respectively, Boilermech ventured into the water treatment business by acquiring Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK") and solar energy business by acquiring Tera VA Sdn Bhd ("Tera").

Principal Activities of the Group

During the financial year, the Group's principal business segments are the Bio-Energy and Water Treatment. The Bio-Energy segment continues to be the primary business activity and income generator for the Group.

With the acquisition of Tera in May 2020, the Solar Energy ("**SE**") has become the third business segment in the Group.

- BUSINESS SEGMENT -

Bio-Energy ("BE")

Engineering, Procurement & Construction (EPC) for :-

- Palm Oil Mill Boilers
- Industrial Bio-mass Boilers
- Industrial Oil & Gas Boilers
- Heat Recovery Steam Generators
- Independent Power Plant (IPP)

Water Treatment ("WT")

Engineering, Procurement & Construction (EPC) for :-

- Industrial effluent treatment system
- Palm Oil mill effluent treatment & Biogas capture system
- Membrane system for process water and tertiary treatment

Water treatment chemical supplies

Solar Energy ("SE")

Engineering, Procurement & Construction (EPC) for solar PV* system :-

- Commercial & Industrial
- Residential
- Independent Power Plant (IPP)

*PV = photovoltaic

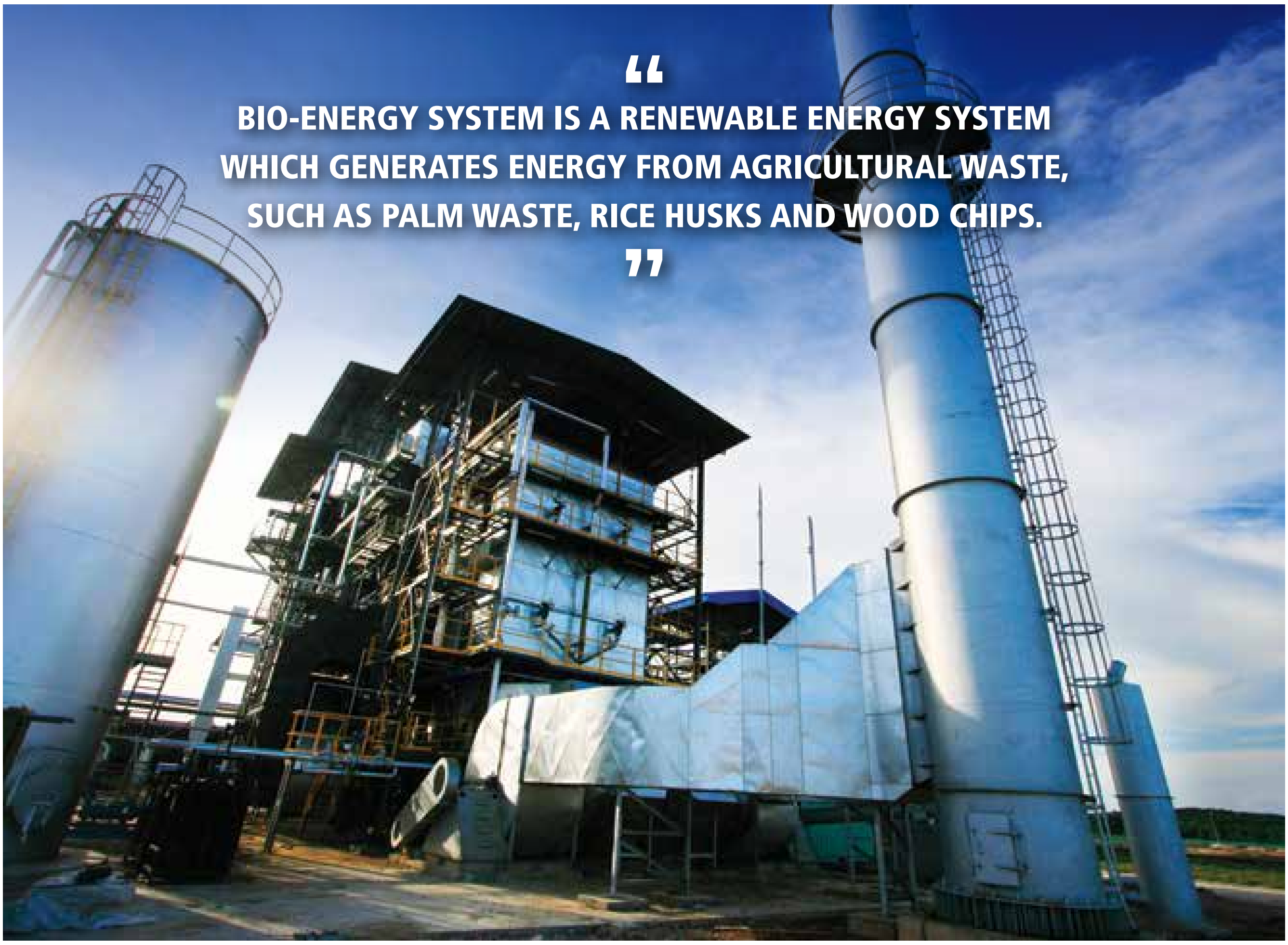
Bio-Energy Segment ("BE")

The Group's Bio-Energy segment is principally engaged in Engineering, Procurement & Construction (EPC) activities including manufacturing, installation and repair of bio-energy systems and trading of related parts and accessories for palm oil mills, power plants and other agricultural based industries. In addition, we also provide solutions for Industrial Oil & Gas Boilers system, steam generator for Heat Recovery System and Independent Power Plant.

Bio-energy system is a renewable energy system which generates energy from agricultural waste, such as palm waste, rice husks and wood chips. This provides a holistic solution to our customers, to cater to their energy needs as well as efficient management of their agricultural waste. The Group's bio-energy products offer sustainable solutions enabling customers to achieve energy cost efficiencies and management of environmental quality, such as emission control and carbon reduction.

The Group's **BE** segment operation centres are based in Malaysia and Indonesia. Its Marketing, Research & Design centre and the two main Manufacturing facilities together with the Group's Corporate Office are located in Taman Perindustrian Subang, Selangor, Malaysia. The manufacturing plants has an annual production capacity of more than 80 units.

Our Indonesia operations are based in Jakarta and Surabaya. Starting from the existing sales office in Jakarta, the Group has during the financial year acquired an existing boiler manufacturing facility in Surabaya which is expected to commence operation in FY 2021. With the local business presence and manufacturing plant in Indonesia, this will enable us to minimise our response time in supporting our customers' business needs. This was planned to also serve as our base for future business development and long term growth in Indonesia.



EFB fired power plant boiler.

Water Treatment Segment ("WT")

TEK - modified covered lagoon (MCLplus®) for biogas capturing system.

The Group's **WT** segment is principally engaged in EPC activities offering its unique and comprehensive water treatment solutions ranging from Industrial effluent treatment system, Palm Oil mill effluent ("POME") treatment & Biogas capture system, Membrane system for process water and tertiary treatment as well as trading activities namely the supply of chemical for water treatment.

The Water Treatment segment is spearheaded by our subsidiary, **Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK")**, one of the largest water treatment companies in East Malaysia and one of the leading providers of palm oil effluent polishing plant via the application of membrane technology.

Solar Energy Segment ("SE")

In furtherance of the Group's vision as a sustainable environmental solutions provider and its initiative to participate in solar energy which is a sector seeing rapid growth and take up, the Group has on 22 May 2020 entered into a Share Acquisition Agreement to acquire 60% shares of **Tera VA Sdn Bhd ("Tera")**, which is a home-grown Solar Photovoltaic ("PV") System EPC company. Tera is a registered service provider with the Sustainable Energy Development Authority (SEDA) and CIDB Malaysia.

Tera supplies solar PV systems to commercial & industrial as well as residential customers. The system enables the customers to enjoy energy cost savings while lowering its carbon footprint.

Tera is expected to contribute positively to the Group's revenue and profitability in the foreseeable future given the positive outlook for the renewable energy industry in Malaysia.

Tera - Commercial and Industry Solar PV system.

REVIEW OF FINANCIAL RESULTS, PERFORMANCE AND FINANCIAL CONDITION

The Group's financial performance for the financial year under review (i.e. financial year ended ("FYE") 31 March 2020) as compared to the previous financial year (i.e. FYE 31 March 2019) is presented below:

	FYE 2020 (RM million)	FYE 2019 (RM million)	Variance (RM million)	Variance (%)
Revenue	230.1	234.8	(4.7)	(2.0)
Profit before Taxation (PBT)	32.4	36.6	(4.2)	(11.5)

In comparing the financial results for FYE 2020 and FYE 2019, FYE 2020 recorded a reduction of 2% in revenue due to lower project delivery.

The Group's Profit Before Taxation ("PBT") also recorded a lower profitability of 11.5%, in line with the reduction in revenue.

Our order book on hand from the **BE** and **WT** segment remains robust and projects in the newly established **SE** segment would further contribute and strengthen our order book in the coming financial year.

In our effort to boost our market presence and competitiveness especially outside Malaysia, we have invested in Property, plant and equipment ("PPE") amounting to RM21.2 million in Indonesia, which is our largest overseas customer base.

The cash and cash equivalents have decreased from RM97.3 million to RM58.7 million, mainly due to the capital investment mentioned above.

The Group's net tangible assets had increased from RM200.3 million to RM 208.5 million while our borrowings continued to decrease from RM8.0 million to RM7.4 million.

Segment Performance

The Group's financial performance for the respective segments are as follows:

	FYE 2020		FYE 2019	
REVENUE				
	RM Million	**Contribution percentage (%)**	**RM Million**	**Contribution percentage (%)**
Bio-Energy Segment	196.1	85.2	196.1	83.5
Water Treatment Segment	34.0	14.8	38.7	16.5
Total	**230.1**	**100.0**	**234.8**	**100.0**
PROFIT BEFORE TAX ("PBT")				
	RM Million	**Contribution percentage (%)**	**RM Million**	**Contribution percentage (%)**
Bio-Energy Segment	29.7	91.7	32.1	87.7
Water Treatment Segment	2.7	8.3	4.5	12.3
Total	**32.4**	**100.0**	**36.6**	**100.0**
PROFIT MARGIN (%)				
Bio-Energy Segment	**15.2**		**16.4**	
Water Treatment Segment	**7.9**		**11.6**	
Overall	**14.1**		**15.6**	

TEK - completed project for biogas (MCLplus®) with improved POME management system.

Bio-Energy Segment

The Palm oil industry faces many challenges such as the volatile crude prices, the falling global consumption of the edible oil, escalating tensions between US-China and it resultant impact on any trade deals, negative European Union sentiment towards palm-based biofuel and competition from other edible oils such as soybean oil. The demand for industrial capital equipment such as boilers continued to be soft for the past few years.

Amidst these challenges, the Bio-Energy segment continues to be the major Cash Generating Unit ("CGU") for the Group, contributing 85.2% of the Group's total revenue for FYE 2020. Malaysia and Indonesia market continued to dominate this segment.

The segment's revenue remained constant with that of the previous year, but the segment's PBT margin dropped 1.2% lower to 15.2% for FYE 2020 as compared to 16.4% recorded for FYE 2019. The margin drop is attributable to changes in product sales mix.

As a result, the segment's PBT contribution to the Group for FYE 2020 decreased by 7.5% from RM32.1 million to RM29.7 million.

As at the current financial year end, the Bio-Energy segment's order books remain strong and will continue to contribute significantly to the Group's financial performance for the coming financial year.

Water Treatment Segment

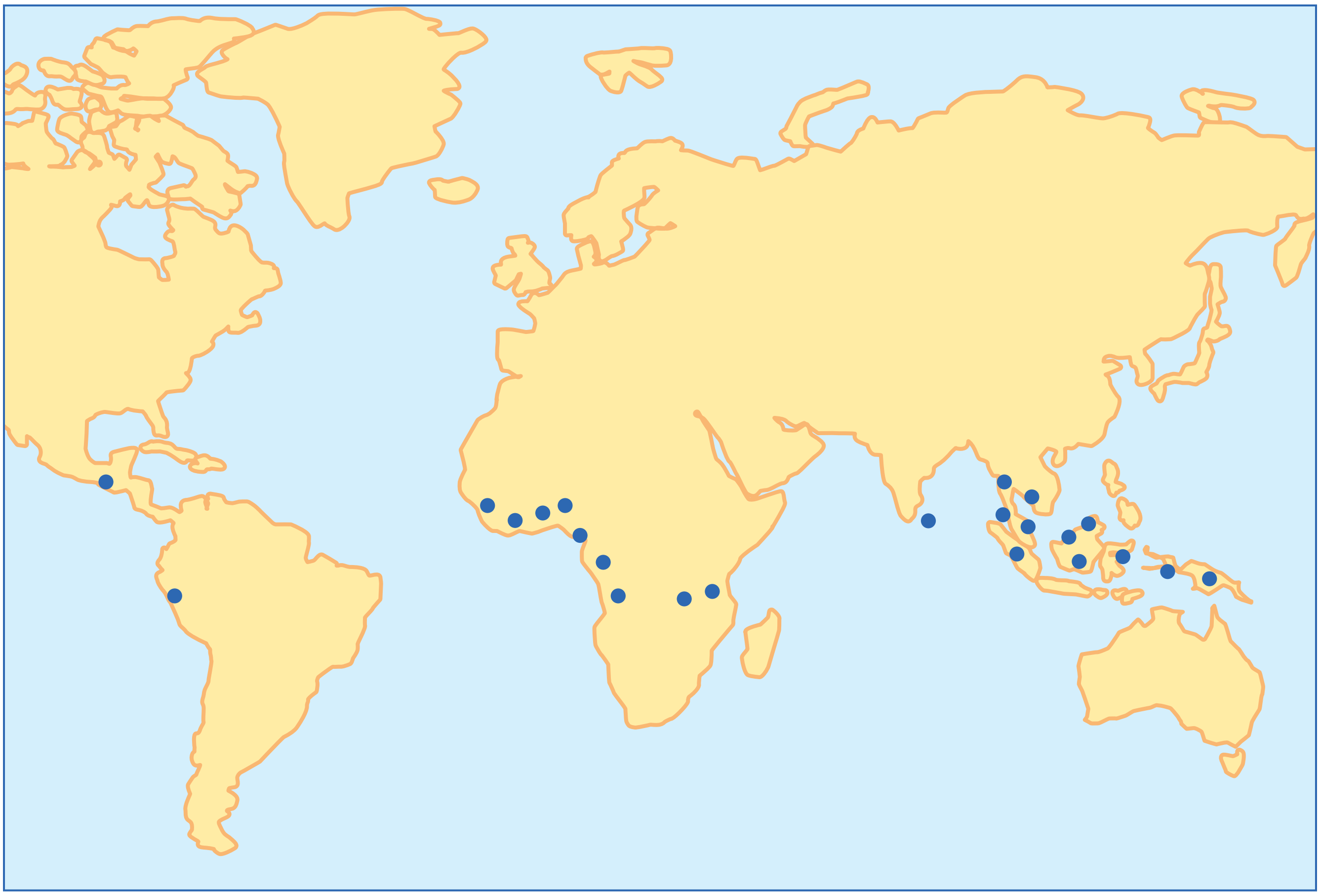
Revenue for the Water Treatment segment for the FYE 2020 accounted for 14.8% of the Group's total revenue, at RM34 million, as compared to RM38.7 million for FYE 2019 due to lower project delivery and trading sales.

The segment's PBT decreased from RM4.5 million to RM2.7 million for FYE 2020 and its PBT margin have also suffered a reduction from 11.6% to 7.9% in comparison.

Due to the low price of palm oil and changes in the water treatment regulatory environment, water treatment business revenue and profit receded in FY2020. However, with the increasing awareness to regulate effluent discharge and environmental sustainability initiatives, our water treatment business is seeing positive recovery in the demand for water treatment solutions for both POME, biogas and tertiary treatment and membrane clean water systems.

Group Presence

Malaysia and Indonesia market continued to account for 92.9% of our group's total revenue. Our customer base footprint covers all major palm producing countries, Malaysia, Indonesia, Thailand, Cambodia, Philippines, Papua New Guinea, Africa and South America.



The distribution of the Group's revenue is illustrated in the table below.

	FYE 2020		FYE 2019	
	Revenue (RM Million)	Contribution percentage (%)	Revenue (RM Million)	Contribution percentage (%)
Group Revenue				
Malaysia	113.0	49.1%	99.0	42.2%
Indonesia	100.8	43.8%	114.1	48.6%
Others	16.3	7.1%	21.7	9.2%
Total	**230.1**	**100.0%**	**234.8**	**100.0%**

The acquisition of manufacturing facilities in Surabaya in 2019 allows us to be in closer proximity to our customers to better serve them in Indonesia, which contributes to more than 40% of our revenue. The localization of our **BE** manufacturing and service facility in Indonesia diversifies our manufacturing centres and single location risk in Subang Jaya, Malaysia. Furthermore, our manufacturing base will serve as a business centre for the group's growth in Indonesia across other product lines and business segments.

SIGNIFICANT RISKS TO THE GROUP

The Group has established Enterprise Risk Management ("ERM") Framework to ensure that any new risk or changes to the Group's risk be identified and detected early and an appropriate response strategy can be deployed to mitigate their likelihood and magnitude of the impact.

Continuous monitoring and review system are constantly being upgraded to support the Group's Performance management, Business resiliency, value creation and sustainability.

The Group's ERM have identified the following three (3) important key business risks.

- **Heavy dependence on single industry**

  The Group started its operations in supplying biomass boilers for the palm oil industry. Over the years, the Company has ventured into the production of higher specification boilers for power plants. Despite its diversification strategies and activities, the Group remains reliant primarily on the Palm Oil Industry (in which the majority of customers operate).

  Within the bio-energy business, the Group continues to diversify its customer base outside the Palm Oil Industry through new product and customer development for industrial oil and gas boilers, steam generator for heat recovery system and independent power plant.

  In addition, the Group also expanded its business focus beyond Bio-Energy by diversifying into Water Treatment segment as well as the newly established Solar Energy segment through acquisitions. The new businesses reduces our dependency on Palm Oil Industry.

  The Group appreciates the risk associated in having a heavy dependency on a single industry and have prudently taken risk management measures to mitigate this risk. To further mitigate this risk, the Group will continuously and constantly monitor and analyse the market demands, development and tap into opportunities in its adjacent businesses and technologies wherever possible to continuously seek out opportunities to diversify.

- **Pandemic Risk**

  The recent COVID-19 pandemic had a significant and unprecedented impact on businesses across the globe due to the movement restriction adopted by the governments of affected countries in their bid to contain the spread of infections. Movement restriction and any large-scale infections amongst workforce will disrupt business operations and affect financial performance adversely.

  In order to mitigate the risk and its impact, the Group has devised Business Continuity plans across its multiple geographical locations in Malaysia and Indonesia.

  In addition, the Group also adopts prudent cash flow and Balance Sheet management to ensure financial strength to weather losses and volatility in the event of a prolonged pandemic.

- **Country Risk**

  The Group's establishment of a manufacturing facility in Surabaya, Indonesia increases our presence and exposure to foreign country risk which includes, operational risk, regulatory and compliance risk, social and economic risk and geopolitical risk.

  To mitigate the risk, the Group is developing policies and procedures for internal control and establish periodic internal audit system to provide oversight of the compliance.

  To minimise social and geopolitical risk, the Group effectively engages with its stakeholders including the local community and relevant authorities to stay abreast with the latest development and proactively resolve any potential issues.

DIVIDEND

Having taken into considerations a host of factors which include amongst others, the Group's earnings, capital commitments, general business and financial conditions and economic outlook, the Board of Directors is pleased to recommend a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 for the financial year ended 31 March 2020, subject to approval of shareholders at the forthcoming 10th Annual General Meeting of the Company.

FUTURE PLANS AND PROSPECTS

Amidst the challenging local and global market conditions, geopolitical uncertainties, volatile palm oil and crude oil prices, pandemic crisis to imminent global recession, the Group will adopt a prudent and cautious approach, embarking on prudent financial and operational management in all its business segments to overcome current challenging business environment and ensure its sustainability.

The acquisition of Tera is a positive step in the Group's vision to becoming a regional leader in sustainable environmental solution provider. It enables the group to participate in another major growth area in the clean and renewable energy industry. With the positive momentum, Tera is expected to contribute positively to the group's top and bottom lines starting in FY2021.

With the acquisition of TEK in 2016 and Tera in 2020, The Group has successfully diversified its business sector and strengthened its position as a sustainable environmental solution provider. The acquisitions enable the Group to reduce its dependencies on palm oil industries and biomass energy. The group is well positioned to capture the growth in renewable energy and sustainable environmental solutions.

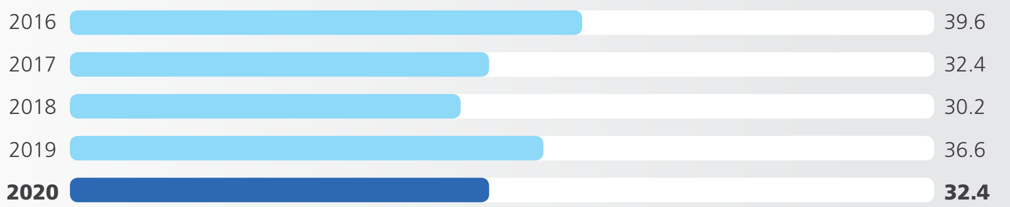
As a whole, the Group sees an acceleration of global trends shifting towards sustainability, especially with regards to the environment. With stronger environmental regulations, government efforts and awareness in Environmental, Social and Governance ("ESG"), the management is optimistic about the continued growth prospects of renewable energy and clean water sector and in achieving its vision to be the regional leader in providing Renewable Energy and Sustainable Environmental solutions.

FINANCIAL HIGHLIGHTS

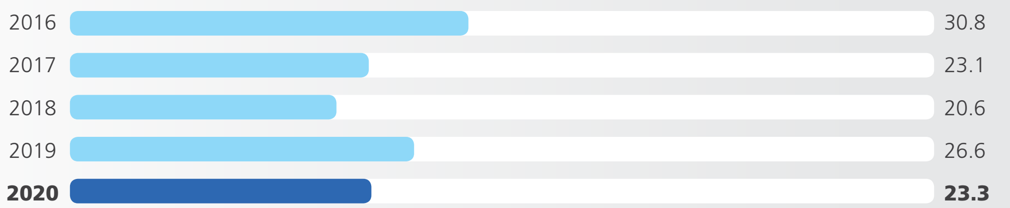
	2016 RM Mil	2017 RM Mil	2018 RM Mil	2019 RM Mil	2020 RM Mil
Revenue	260.1	237.2	225.9	234.8	**230.1**
Profit before Taxation	39.6	32.4	30.2	36.6	**32.4**
Profit after Taxation after Minority Interest	30.8	23.1	20.6	26.6	**23.3**
Total Assets	299.0	273.1	308.4	319.8	**311.3**
Net Tangible Assets	157.7	165.1	186.4	200.3	**208.5**

REVENUE (RM MIL)

PROFIT BEFORE TAXATION (RM MIL)

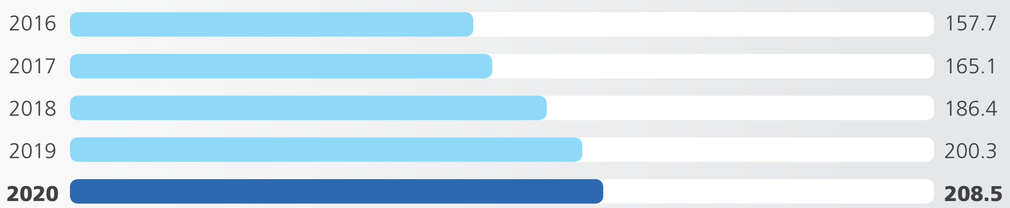


PROFIT AFTER TAXATION AFTER MINORITY INTEREST (RM MIL)



TOTAL ASSETS (RM MIL)

NET TANGIBLE ASSETS (RM MIL)



EMPOWERING CLEAN ENERGY

Our Solar Energy segment makes up an exciting new business for us, serving commercial and residential customers to bring the light of solar power into the every day.

SOLAR

INTRODUCTION

Boilermech Holdings Berhad ("Boilermech" or "Company") takes full cognizance of its responsibility of operating its business of the Group (Boilermech and its subsidiaries) sustainably and responsibly whilst pursuing its growth and expansion plans.

Taking cognizance of economic, environmental and social ("EES") implications arising from the Group's operations, the Board together with the Management team, has set out strategies and commitments towards managing material economic, environmental and social ("EES") risks and opportunities (collectively known as "Material Sustainability Matters" or "MSM"). The performance and management efforts of each MSM are detailed in pages 36 to 43 of this Annual Report.

This Statement is prepared in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"), and has also considered the Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits issued by Bursa.

The Group has also incorporated considerations of the Sustainable Development Goals ("SDG") which was adopted by all United Nations Member States (Malaysia included) in 2005, a global partnership which aims to provide peace and prosperity for people and the planet, now and into the future, and how the Group can play a part in contributing to these global development goals in this Sustainability Statement.

TEK Memplus® with integration of membrane filtration in POME tertiary treatment.

SCOPE

This Statement encompasses key subsidiaries (major contributors to the Group's revenue and operations) from the Group's business segments of Bio-Energy (principally in activities of Engineering, Procurement & Construction (EPC) including design, manufacturing, installation and repair for biomass boiler, oil and gas boiler, and heat recovery steam generator), Water Treatment (principally in activities of EPC for water treatment system and supply of water treatment chemicals), and Solar Energy (principally in activities of EPC for solar photovoltaic system). This Statement covers Boilermech and the following subsidiaries, unless otherwise specified:

Segment	Subsidiaries covered in this Statement[1]
Bio-Energy	• Boilermech Sdn Bhd
Water Treatment	• Teknologi Enviro-Kimia (M) Sdn Bhd • TEK Biotechnology Sdn Bhd
Solar Energy	• Tera VA Sdn Bhd

The Group will review the scope of this Statement on an annual basis, considering amongst others, the revenue contribution of the Group's business segment and activities, and their EES impact.

GOVERNANCE STRUCTURE

The Group places high emphasis on business sustainability and has embedded accountability for business sustainability in setting out its governance structure. Persons responsible for managing EES matters of the Group remained the same and has not been changed since the previous Sustainability Statement (FYE 31 March 2019), details of which are as below:

- BOARD -

- Ultimately responsible for sustainability practices and performances
- Sets business strategies incorporating sustainability considerations

- EXECUTIVE COMMITTEE ("EXCO") -

- Oversees MSM as identified
- Monitor and report group sustainability performances, including strategies and initiatives to the Board

- HEADS OF BUSINESS UNITS/ DEPARTMENTS -

Consists of all Heads of Business Units and Heads of Departments for Head Office, responsible to:

- Identify, assess, monitor, manage and report sustainability matters to the EXCO
- Conduct stakeholder engagement processes (i.e. identification of key stakeholders and engagement with stakeholders)

MATERIALITY ASSESSMENT

The Group has engaged an external consultant to facilitate a materiality assessment workshop to determine the Group's MSM, including updates to existing MSM thereof. This assessment is guided by the materiality process consistent with Bursa's Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits, and has taken into consideration the views and concerns of the Group's stakeholders, such as our customers, investors and shareholders, suppliers, employees and workers, contractors, business partners and regulators, to name a few.

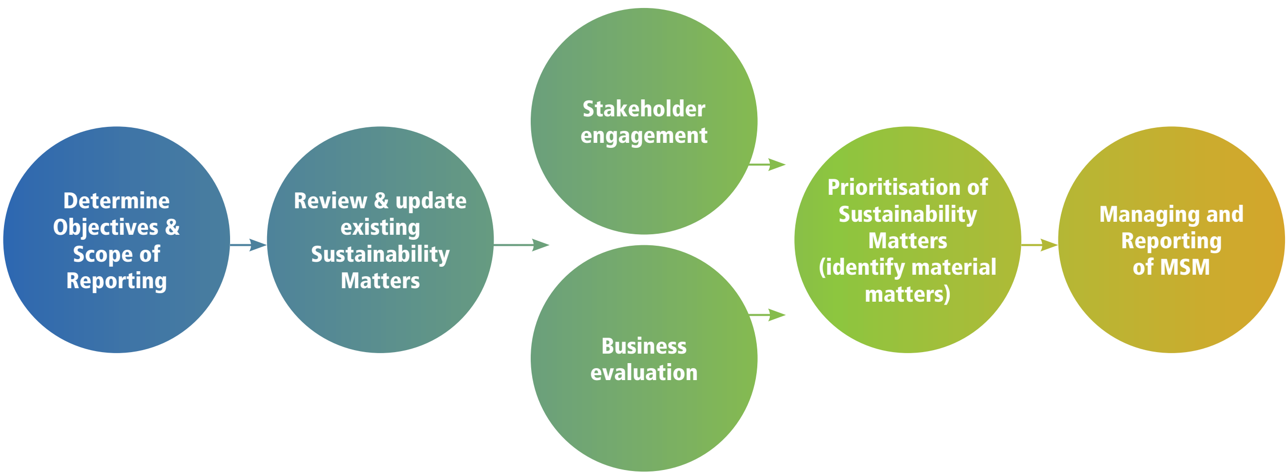
[1] Tera VA Sdn Bhd is a newly acquired subsidiary while Boilermech Cleantech Sdn Bhd will no longer be covered as part of the scope of this Statement as the business activities and the EES impact of the company has become immaterial to the Group

Boilermech's manufacturing facility.

The materiality process focuses on identification, assessment and prioritisation of Boilermech's stakeholders and sustainability matters, with the aim of understanding how material each EES matters is to Boilermech's business and our key stakeholders (i.e. internal and external perspectives). Sustainability matters are prioritised by considering the following criteria:

- if the sustainability matters reflect the Group's significant EES impact; and/ or
- if the sustainability matters substantively influence the assessments and decisions of stakeholders.

The materiality assessment process is summarised as follows:



STAKEHOLDER ENGAGEMENT

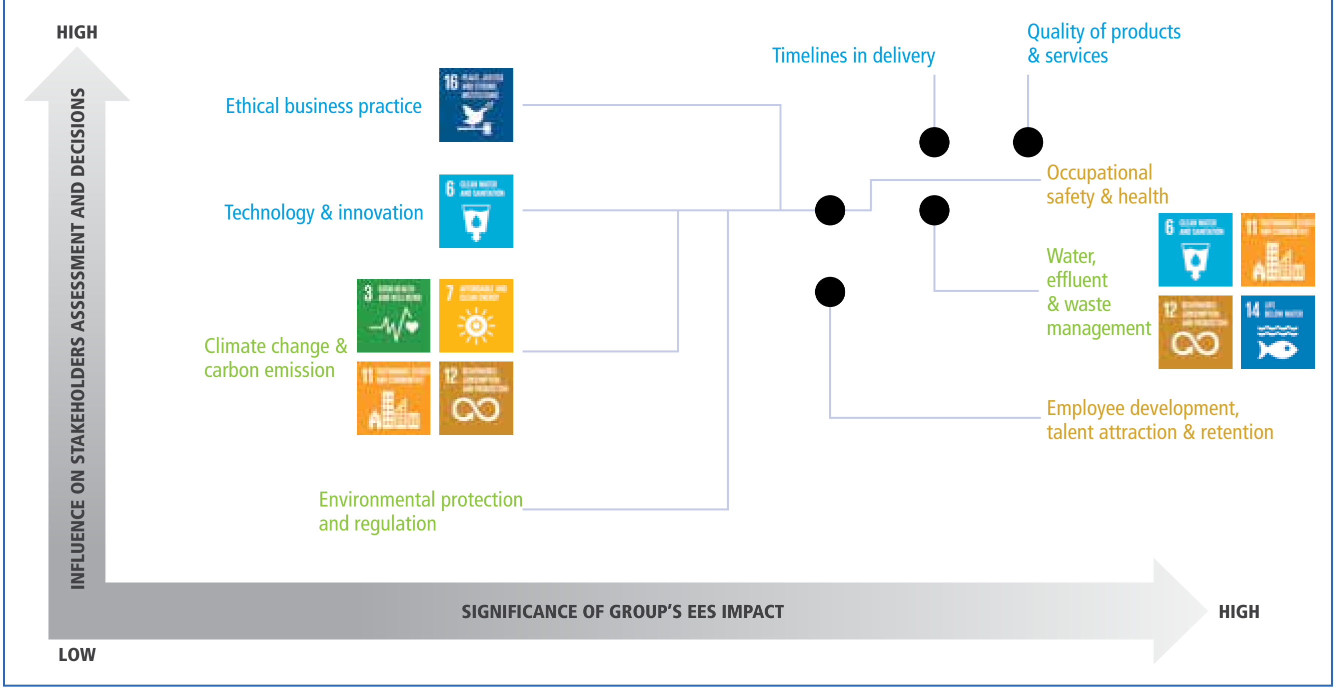
The Group acknowledges the importance of our stakeholders to our business. In engaging our stakeholders, we can better understand how our business activities impact the economy, environment and society.

As each stakeholder group is unique, we have adopted customised stakeholder engagement methods to suit each stakeholder group to effectively and efficiently engage each group. Stakeholders are engaged through the following channels:

Stakeholders	Mode of engagement	Frequency of engagement	Relevant material sustainability matters
Customers	• Face-to-face interaction • Customer feedback • Meeting	• As needed	• Product pricing • Timeliness in delivery • Product and service quality • Technology and innovation • Environmental protection and regulations
Investors/ shareholders	• Annual General Meeting • Announcements on Bursa • Press releases • Financial statements • Annual Reports • Meeting	• Quarterly • Annually • As needed	• Ethical business practices • Financial performance • Sustainability of value creation
Suppliers	• Supplier appraisal and evaluation • Site visit/ interview • Face-to-face interaction	• Annually • As needed	• Timeliness in delivery • Product and service quality • Price competitiveness • Awareness and Compliance to our Policies and Code of Business Ethic
Contractors	• Contractor appraisal and evaluation • Face-to-face interaction	• Annually • As needed	• Occupational safety and health • Timeliness in delivery • Product and service quality • Price competitiveness • Awareness and Compliance to our Policies and Code of Business Ethic
Employees and workers	• Meeting and discussion • Employee performance evaluation • Training programme	• Monthly • Half-yearly • Annually • As needed	• Occupational safety and health • Ethical business practices • Employee development, talent attraction and retention
Business partners	• Business partner appraisal and evaluation • Face-to-face interaction	• Quarterly • As needed	• Ethical business practices • Financial performance • Sustainability of value creation
Government agencies, authorities and regulators	• Meeting and discussion with officers from the agencies, authorities and regulators • Press releases • Changes/ introduction of new regulations	• As needed	• Occupational safety and health • Product and service quality • Technology and innovation • Environmental protection and regulations

MATERIAL SUSTAINABILITY MATTERS

With due consideration given to the outcome of the aforesaid stakeholder engagements, as well as internal discussions and assessments by Management team which comprises representatives of the Group's various businesses and functions, Boilermech has identified and prioritised the following as MSM under the scopes of EES.



ECONOMIC

Quality of products and services and timeliness in delivery

As customers are one of the Group's key stakeholders, the attraction and retention of key customers is deemed vital for the sustainability of the Group. Therefore, we consider the quality and timely delivery of our products and services as material aspects of our economic performance. The Group has in place established policies and procedures to ensure production and delivery are made in accordance with the standards and specifications as well as the terms of contractual agreements entered into.

Committed to delivering quality products and services, all subsidiaries covered in the scope of this Statement are ISO9001:2015 (Quality Management System) accredited companies. These accreditations demonstrate the Group's ability and commitment to providing consistent quality products and services that meet both our customers' expectations as well as regulatory requirements through continual improvement of the system.

Our Group has invested in a high-tech Computer Numerical Control ("CNC") drum drilling machine to enhance the accuracy and efficiency of our boiler manufacturing process. This makes us the first and the only boiler manufacturer in Malaysia to utilise such advanced technology in the manufacturing process.

Further to the above, our Bio-Energy Quality Assurance and Quality Control Department closely monitors the design and fabrication process to ensure product quality and compliance with specifications. Joint inspections are also conducted with accredited authorised inspecting agency at every critical stage of manufacturing before the products are released to our customers. Emphasis is placed on key factors affecting product quality, which include the materials sourced, manufacturing process and workmanship.

In order to obtain an understanding of our customers' perception in relation to the quality and timeliness of our products or services being delivered, we continue to carry out customer satisfaction surveys, where selected customers are requested to provide their feedback in product and service satisfaction. These feedbacks were taken seriously by Management when considering product and process improvement. The percentage of respondents and the results of the survey has improved as compared to the previous year, details of which are as follows:

	FYE 2020	FYE 2019
% of respondents	93%	78%
% meeting or exceeding expectations	87%	75%

With the view of further improving the delivery lead time of its Bio-Energy segment in Indonesia, a key market for the Group, the Group is currently in the midst of setting up a manufacturing plant in East Java, through PT Boilermech Manufacturing Indonesia, a wholly-owned subsidiary of the Group. The plant with its strategic location in East Java, will also facilitate faster response time to our customers, in addition to lowering the delivery and transportation costs and carbon footprint.

Technology and innovation

The Group's provision of services in all its segments, i.e. Bio-Energy, Water Treatment and Solar Energy is delivered by highly skilled, knowledgeable and experienced engineers and skilled workers. Our employees are provided with regular training to keep them abreast of the latest development and technology in the related fields and to elevate our capabilities to deliver better value to our customers. Apart from training, we also organise knowledge sharing sessions with our suppliers, where the suppliers share relevant product knowledge, technology advancement and innovation with our engineers.

The number of technical training, conferences and workshops attended by our staff in the past three (3) financial years are as follows:

Financial year	Number of training/ conferences/ workshops attended
31 March 2020	7
31 March 2019	5
31 March 2018	4

During the financial year, technical training on ASME Boiler and pressure vessel code (ASME Sec.I, Sec.VIII Div.1 and ASME Sec.IX) in relation to the latest code development and changes were provided to all engineers in the Design, Production, Quality Assurance and Quality Control Departments. This has enable us to improve our product reliability and safety assurance standards. We also benefited indirectly from cost savings and productivity improvement by complying with the code.

In our pursuit of innovation and technological advancement, we have also through our wholly-owned subsidiary, Boilermech Oretech Sdn Bhd [which has a 15-year agreement with Australia's Commonwealth Scientific and Industrial Research Organisation ("CSIRO")] committed into research and development ("R&D") for the commercialisation of CSIRO's patented technology which enhances palm oil extraction efficiency, by recovering trapped oil from the settling process.

Funds invested up-to-date by Boilermech Oretech Sdn Bhd for the purpose of the above Research & Development amounted to RM2million. This new technology is expected to be able to improve the Oil Extraction Rate ("OER") of palm oil mills.

Further to the above, the Group is also in the midst of research and development in desalination, with the objective of converting sea water into drinkable water for industrial purpose application. This will support Goal 6 of SDG, *"clean water and sanitation"*, where this process helps improve water quality, increase water-use efficiency and increase in-house water desalination.

Ethical business practice

Outdoor type power plant boiler with ESP

The Group strongly believes that maintaining high level of ethical business practices is pivotal and forms the foundation of sustainable business operations. Hence, we have embedded strong business ethics in our corporate culture and in all our business dealings.

The Group has established the following stance in relation to anti-bribery and anti-corruption:

- Committed to complying with anti-bribery legislations applicable to its operations and will not pay bribes to anyone for any purpose;
- Takes the upholding of its anti-bribery stance across the Group's business seriously and expects the same from stakeholders internal and external to the Group's businesses;
- All Directors, Employees, suppliers and Business Associates shall adhere to and observe the Group's anti-bribery stance and relevant anti-bribery-related policies of the Group; and
- Treats any violation of the Anti-Bribery and Anti-Corruption Policy seriously and will undertake necessary actions, including, but not limited to dismissal/ cessation of business relationship, and/or reporting to the authorities, consistent with relevant laws and regulations.

In-line with the five (5) principles promulgated by the Guidelines on Adequate Procedures issued by the Prime Minister's Department pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Group has established its Anti-Bribery and Anti-Corruption Framework together with relevant Policies and Procedures.

Through these policies, the Group communicates its stance and controls in combating bribery and corruption in its business operations to its Directors, Employees, suppliers and Business Associates.

The actions of establishing policies, procedures and controls to combat corruption is in line with Goal 16 of SDG, "peace, justice and strong institutions", with the objective of reducing corruption and bribery in all their forms.

There were no whistleblowing cases being reported or recorded for the financial years ended 31 March 2020, 2019 and 2018, including in relation to bribery and corruption.

ENVIRONMENTAL

Boilermech supports and promotes environmental sustainability. Our products and solutions enable our customers to efficiently and responsibly manage their consumption of resources (fuel, water and energy), and to treat and reduce waste, effluent, and emissions, thereby reducing their carbon footprint and contributing to the preservation and protection of the environment.

The summary of potential environmental impact estimated using capacity installed:

	Reduce Biomass Waste	Raw and Waste Water Treated	Reduce Carbon Dioxide ("CO2")	Reduce Methane ("CH4")	Reduce Biological Oxygen Demand ("BOD")	Reduce Dust Emission
FY 2020	3 Million MT	1.6 Million M^3	2.87 Million MT	14.1 Million MT	20,585 MT	387 MT
FY 2019	3.2 Million MT	2.6 Million M^3	2.7 Million MT	6.7 Million MT	10,463 MT	430 MT

Water, effluent and waste management

The Group's core product under the Bio-Energy Segment, namely the biomass boiler, is designed to use various biomass wastes as fuel, such as palm oil wastes (e.g. palm mesocarp fibre, palm kernel shell, empty fruit bunches or "EFB"), wood wastes and rice husks, to generate steam and electricity. This provides a cleaner alternative for power generation as compared to boilers using fossil fuel which generally result in long term accumulating pollution and greenhouse gas emission. On the other hand, the use of biomass fuel for steam and power generation also helps to address the biomass waste management issue and stop uncontrolled harmful fermented syngas released into the open air.

During the financial year under review, we have installed in total 1,490 metric tonnes ("MT") per hour capacity of biomass boilers, as compared to 1,580 MT per hour capacity during the previous financial year. Our biomass boilers installed during the financial year is able to reduce biomass waste by 500 MT per hour or 3.0 million MT[(1)] per year as compared to 530 MT per hour or 3.2 million MT per year during the previous financial year, through the usage of these wastes as boiler fuel.

The reduction of wastes generated supports Goals 11 and 12 of SDG, *"sustainable cities and communities"* and *"responsible consumption and production"*, where it supports the reduction of adverse per capita environmental impact on cities and communities through effective waste management; and substantially reduce waste generation through prevention, reduction, recycling and reuse.

Note:

(1) *Assuming 6,000 hours of operation per year.*

Our subsidiary from the Water Treatment Segment, TEK, also provides wastewater treatment solutions for industrial use. During the financial year, TEK supplied and installed 1.1 million m^3 per year[(2)] and 0.5 million m^3 per year[(2)] of wastewater and raw water treatment capacity respectively, as compared to 1.7 million m^3 per year[(2)] and 0.9 million m^3 per year[(2)] respectively during the previous financial year.

The water treatment solutions for industrial use supports Goal 6 of SDG, *"clean water and sanitation"*, as this process helps to improve raw water quality and waste water discharge quality and increased water-use efficiency.

Our tertiary treatment plants and biogas plants enable palm oil mills to reduce the Biological Oxygen Demand ("BOD") of their discharge or effluent into the watercourse. During the financial year, we delivered biogas plants and tertiary treatment plants that are expected to further reduce at least 20,585 MT of BOD per year, as compared to 10,463 MT in the previous year.

The government imposed a strict condition under the Malaysian Environmental Quality (Industrial Effluent) Regulation 2009 - Environmental Quality Act 1974 in whereby the final discharge of effluents into the watercourse must not exceed the BOD limit of 20 parts per million (''ppm"). The Group, through its proprietary technology, is one of the few in the country to be able to achieve this target consistently and we give our assurance to customers in this respect.

The reduction of BOD in the final discharge helps our customers to reduce their impact on the water quality and enabling better quality water systems, consistent with Goal 14 of SDG, *"life below water"*, reducing marine pollution of all kinds, in particular from land-based activities.

Climate change and carbon emission

The Group's Bio-Energy Segment promotes the use of biomass boilers wherever biomass fuel is available. Our biomass boiler produces steam and electricity for industrial operations and power generation.

In comparing to coal fired boilers[(3)], the 1,490 MT per hour capacity of steam generation using our biomass boilers installed during the financial year is able to reduce Carbon Dioxide ("CO_2") by 2.5 million MT[(2)] per year, as compared to 2.7 million MT[(2)] per year reduction of CO_2 in the previous financial year.

The Group also treats palm oil mill effluent ("POME") by capturing biogas from POME to generate electricity and reduces the methane[(4)] discharged into the atmosphere at the same time.

During the financial year, we have successfully installed a 120 m^3 per hour POME treatment and biogas methane capturing plant, which is expected to reduce methane by 14.1 million MT[(2)] per year, as compared to a 60 m^3 per hour POME treatment and biogas methane capturing plant installed in the previous financial year, which was expected to reduce methane by 6.7 million MT[(2)] per year.

Our newly acquired subsidiary, Tera VA Sdn Bhd, which operate in our Solar Energy Segment, provides engineering, procurement and construction ("EPC") of solar power generation systems to commercial, industrial and residential clients. Our Solar Photovoltaic ("PV") system generates electricity from renewable source, i.e. sunlight and reduces fossil fuel consumption and greenhouse gas emission.

During the financial year, our subsidiary, Boilermech Sdn Bhd installed a total capacity of 416 kWp solar application in its Subang Jaya plant. This system is expected to generate 531MWh of electricity and reduce CO_2 emission by 370 Tons[(5)] per year.

Notes:

[(2)] *Assuming 6,000 hours of operation per year.*

[(3)] *248 MT of coal is required to generate the same amount of steam per hour, which translates to 422 MT of CO_2 emission per hour.*

[(4)] *A potent greenhouse gas emitted by EFB with a global warming potential higher than CO_2.*

[(5)] *According to the study by Malaysian Green Technology and Climate Change Centre ("MGTC"), the CO2 emission under the calculation of Energy Production (MWh) baseline for Peninsular Malaysia is taken to be 0.694 tCO2e/MWh.*

Tera - installed 332kwp Solar Photovoltaic (PV) in Klang.

Through our products and solutions which reduces our customers' CO_2 and methane emission, the Group supports Goals 3, 11 and 12 of SDG, *"good health and well-being"*, *"sustainable cities and communities"* and *"responsible consumption and production"*, by reducing death and illnesses from air pollution; reduction of adverse per capita environmental impact on cities and communities by paying attention to air quality; and reduce chemicals and wastes from being released to the air, to minimise adverse impacts on human health and the environment.

Further to the above, through the installation of solar energy system in our plant and for our customers, the Group is supporting Goal 7 of SDG, *"affordable and clean energy"*, by increasing access, affordability and reliability of solar energy and increase the share of renewable energy in energy mix.

Environmental protection and regulation

The Group provides air pollution control solutions to our customers through the dust filtration system which removes dust particles emission into the atmosphere and as such protect the quality of air and environment.

This system assists our customers in complying with the Environmental Quality (Clean Air) Regulations 2014 – Environmental Quality Act 1974. The said regulation requires all solid fuel steam generators to reduce the particulate emission into the atmosphere to below 150mg/Nm^3, as compared to the previous required limit of 400mg/Nm^3. During the financial year under review, we have delivered air pollution control systems that are expected to further reduce 387 MT per year of dust emission into the atmosphere as compared to 430MT per year in the previous financial year.

In addition to the above, the Group also provide solutions to our customers, in assisting them to comply with the Malaysia Environmental Quality (Industrial Effluent) Regulation 2009 – Environmental Quality Act 1974, where the regulation requires the BOD from the POME and the industrial effluent to meet to its standard. In particular, the POME discharge into the watercourse shall meets the requirement of 20 parts per million or lower.

Committed to progressing further in the Group's environmental sustainability agenda, the Management is also tasked to explore and develop new technology, whilst continuously enhancing our existing technology to step up the capacity and capability of the Group's products and services in achieving carbon emission efficiency and pollution minimisation.

The Group is continuously working on innovating and improving our designs and technology in renewable energy generating systems which are environmentally friendly and cost-efficient. Through our products and services, the Group aims to minimise biomass waste, reduce carbon emission and dust emission as well as industrial effluent impact to the environment.

SOCIAL

On the social front, the Group places employees and workers at the forefront and considers them our most important asset. Strong emphasis is placed on employees' occupational safety and health ("OSH") matters as well as talent development and retention. The Group is committed to providing our employees and workers with a safe and conducive working environment which encourages optimal productivity, which is also in line with Goal 8 of SDG, *"decent work and economic growth"*, where the Group promotes a safe and secure working environment for all workers.

8 DECENT WORK AND ECONOMIC GROWTH

Occupational safety and health

In terms of OSH matters, the Group, with the assistance of the Safety and Health Committee helmed by the Managing Director, has established and embedded an OSH Policy on health and safety practices for our factory, site and office workers, to be strictly adhered to at all times. The said committee is responsible for ensuring the OSH Policy is reviewed on a regular basis to ensure its relevance and to monitor and ensure the implementation of the OSH Policy throughout the Group. A Safety and Health Officer performs periodic audit at the factory and sites, and reports improvement opportunities and any non-compliances to the Safety and Health Committee and employees for timely corrective actions to be taken.

The recommendations on improvement opportunities and non-compliances highlighted by the Safety and Health Officer for the past three (3) financial years, i.e. 31 March 2020, 2019 and 2018, have been fully implemented.

The safety and health incident reported during the financial year under review are:

	Number of incidence	
Description	**FYE 2020**	**FYE 2019**
Fatality	-	-
Lost Time Injury	1	-

The Group also invites external professionals to provide OSH-related training to our employees and workers from time to time, with the objective of broadening our employees' awareness and knowledge pertaining to workplace safety and their ability to respond to OSH-related incidences.

The health and safety related programmes held periodically or during the financial year under review are:

Programme	Description of programme	Frequency of periodic programme
First aid training	Train employees to administer first aid	Every alternate year
Firefighting training	Train employees to prevent and put out fire	Every alternate year
Fire drill and evaluation training	Train employees to respond in the event of fire	Annually
Factory worker OSH briefing	Brief factory workers on OSH matters and related protection and safety measures and practices	Weekly
Employee orientation on Personal Protective Equipment ("PPE")	Brief new employees on the usage of PPE	Monthly
Visitor PPE briefing	Brief visitors on OSH requirements and usage of PPE prior to entering factory	As required
Essential chemical training	Train employees on methods and safety measures in the handling of chemicals and chemical spillages	As required
Equipment and machinery handling training	Train employees on operating work equipment and machineries	As required
Noise awareness programme	Train employees on the risk of hearing loss and the application of PPE in loud noise exposed environment	As required

During the year, there is an outbreak of the COVID-19 coronavirus, in which the Malaysian Government has responded by introducing the Movement Control Order ("MCO") and thereafter, the Conditional MCO ("CMCO"). Our Management has developed contingency and business continuity plans to ensure the sustainability of our businesses amidst this COVID-19 outbreak. The Group has halted all factory and office operations during the MCO period and only reopened subsequent to obtaining the permit to operate during the CMCO period.

During the MCO period, employees worked from home and conducted sales and business activities, including meetings and discussion online, using web-based video conferencing tool and mobile applications.

During the CMCO period, alternate work arrangement was implemented, to minimise the employees' risk of exposure to COVID-19. The Group has established in-house Standard Operating Procedures ("SOP") to guide business operations, based on Government's SOP and recommendations, including but not limited to, requiring all staff to wear facemask, monitoring of body temperature, practice social distancing, etc. The Company also carried out daily disinfection within the factory and office compound to minimise the risk of the workplace as a medium of transmission of COVID-19. To further enhance the need for personal hygiene awareness, employees are reminded to frequently wash and sanitise hands.

In addition to the above, the Group has adopted alternative communication and working arrangement (e.g. through video conferencing tools) with our clients, suppliers and/or contractors to ensure the continuity of business in this 'New Normal' after the COVID-19 pandemic.

We are pleased to report that the Group has not recorded any cases or suspected cases of COVID-19.

Employee development, talent attraction and retention

The Group is mindful of the need to constantly upskill our workforce and treat our employees fairly by providing equal opportunities to all for personal and career enhancement within the Group. The relevant training is provided in developing our employees' functional development, leadership skills as well as soft skills.

Training programs for employees and workers are devised based on the training needs analysis, which are conducted during employees' and workers' annual performance appraisals. Employees are required to attend the training programs as identified from their training needs analysis and for the past three (3) financial years ended 31 March 2020, 2019 and 2018, we have achieved our targets on employees' training.

The Company also recognises the value of dedicated and long-serving employees, acknowledging their loyalty and contribution to the Group. To promote work-life balance, we provide our employees with a safe, comfortable and conducive working environment to ensure their working hours are used in a productive and effective manner, especially during the CMCO period, where the Group has introduced flexi-hours for working parents to balance between work and parenting.

Other employees' welfare incentives are also provided such as annual and monthly employees' engagement activities, medical benefits, group insurance, etc.

TOWARDS A SUSTAINABLE FUTURE

Notwithstanding the MSM as disclosed in this Statement, the Group also considers other aspects of sustainability risks and opportunities, in terms of EES, and has invested resources and efforts to manage these sustainability matters where applicable.

The Board is of the view that the existing sustainability practices adopted are adequate and pertinent to steer the Group's sustainable growth. Nonetheless, it will consider the need to implement other sustainability practices, as appropriate, to augment existing ones as the Board monitors the sustainability performance of the Group's operations on an ongoing basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Boilermech Holdings Berhad ("Boilermech" or "Company") presents this Statement to provide an overview of the Company's application of the Principles set out in the Malaysian Code on Corporate Governance ("MCCG 2017") for the financial year under review and up to the date of this Statement.

The Board recognises the importance of implementing high standards of corporate governance in the Company for discharging its duties and responsibilities at the best interest of its shareholders and stakeholders. In adopting corporate governance practices, the Board is ever mindful in making its business decisions amongst the key considerations are transparency, accountability, ethical culture, sustainability and financial performance.

The details on how the Company has applied each of the 36 Practices as set out in the MCCG 2017 are disclosed in the Corporate Governance Report, which is available for viewing on the Company's website at www.boilermech.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The Company is led by a Board who is responsible for the overall business direction of the Group. The Board provides stewardship to the Company and oversees the conduct of the business affairs of the Group's operations and performance in achieving long term values to shareholders as well as other stakeholders of the Group.

The Company has established a Board Charter, to serve as a source of reference and primary guide to the Board and Senior Management as it sets out the roles, functions, composition, operation and processes of the Board and seeks to ensure that all Board members are fully aware of their duties and responsibilities. To enable the Board to function effectively and with proper accountability, the Board Charter has delineated a schedule of matters reserved for the Board's deliberation and decision. This is to ensure that the powers and direction of the Company are vested in the Board.

The Board Charter is accessible on the Company's website at www.boilermech.com.

To assist in the discharge of its stewardship role, the Board has delegated and conferred some of its authorities and powers to its Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee. The demarcation of roles and responsibilities of the Board, Board Committees, Chairman and Managing Director, is summarised as follows:

<table>
<tr><th colspan="3">Board</th></tr>
<tr><td colspan="3">Responsible for the overall business direction and conduct of the Group's business.</td></tr>
<tr><th colspan="3">Board Chairman</th></tr>
<tr><td colspan="3">Responsible for leadership of the Board, by ensuring effective conduct of the Board and effective communication with shareholders and stakeholders.</td></tr>
<tr><th>Audit Committee ("AC")</th><th>Nomination Committee ("NC")</th><th>Remuneration Committee ("RC")</th></tr>
<tr><td>Oversees matters relating to financial reporting, external audit, internal audit, related party transactions, conflict of interest situations and risk management.</td><td>Oversees matters pertaining to the structure, size and composition of the Board and Board Committees, including identifying and nominating candidates to fill Board/Board Committee vacancies and the annual evaluation of the Board, Board Committees and individual Directors.</td><td>Reviews and recommends to the Board the remuneration of Directors and Senior Management to align with the long-term objectives, business strategy and performance of the Group.</td></tr>
<tr><th colspan="3">Managing Director</th></tr>
<tr><td colspan="3">Responsible for ensuring efficiency and effectiveness of the Group's operations, implementing policies, strategies and decisions adopted by the Board and highlighting material and relevant matters to the attention of the Board in an accurate, comprehensive and timely manner.</td></tr>
</table>

The Board is led by Dr. Chia Song Kun, a Non-Independent Non-Executive Director, whereas the Managing Director position is held by Mr Leong Yew Cheong. There is a clear separate between the Chairman's role and the Managing Director's role to ensure a division of responsibilities and a balance of power, control and authority.

Whilst Dr. Chia Song Kun focuses on providing overall leadership to the Board, the Independent Audit Committee Chairman, namely Mr Ng Swee Weng, provides checks and balances by leading the AC to independently oversee and scrutinise the Group's financial reporting and related matters, external and internal audits, related party transactions, including any conflict of interest situations and system of internal controls and risk management.

The Nomination Committee is chaired by an Independent Director, Mr Adrian Chair Yong Huang, to lead the NC to objectively and independently perform its duties, including overseeing matters pertaining to the structure, size and composition of the Board and Board Committees, identifying and nominating candidates to fill Board and Board Committee vacancies, conducting the annual evaluation of the Board, Board Committees and individual Directors, assessing the retiring directors to be re-elected at the Company's annual general meetings and overseeing Directors' training needs and succession planning.

The Board remains committed to conducting its business in accordance with the highest standards of business ethics and in compliance with all the relevant laws, rules and regulations. The Company has established a Code of Ethics which sets out the standards of conduct expected from the Directors and employees of the Group, to ensure an ethical culture and high standards of behaviour are cultivated and promoted at all levels of the Group.

To further fortify the Group's governance framework, a Whistleblower Policy has been formalised to enable internal and external stakeholders of the Group to raise in confidentiality any concerns relating to wrongful activities or possible breaches of laws within the Group. The Company's Code of Ethics and Whistleblower Policy are accessible on the Company's website at www.boilermech.com.

The Board members have unrestricted access to the Company Secretaries who provide sound governance advice to the Board, particularly on Corporate Governance issues and compliance with the relevant laws and regulatory requirements and policies and procedures.

The Board is committed to devoting sufficient time and effort in carrying out their duties and responsibilities, which include attending Board and Board Committee meetings. Details of the attendance of the Directors in office during the financial year under review are as follows:-

Directors	Designation	Meeting Attendance			
		Board	AC	NC	RC
Dr. Chia Song Kun	Chairman	6/6	5/5	2/2	3/3
Leong Yew Cheong	Managing Director	5/6	-	-	-
Chia Lik Khai	Deputy Managing Director	6/6	-	-	-
Chia Seong Fatt	Alternate Director to Chia Lik Khai	6/6	-	-	-
Gan Chih Soon	Executive Director	6/6	-	-	-
Tee Seng Chun	Alternate Director to Gan Chih Soon	5/6	-	-	-
Ho Cheok Yuen	Independent Non-Executive Director	6/6	5/5	2/2	3/3
Adrian Chair Yong Huang	Independent Non-Executive Director	6/6	5/5	2/2	3/3
Rina Meileene Binti Adam[1]	Independent Non-Executive Director	2/2	1/1	-	-
Ng Swee Weng[2]	Independent Non-Executive Director	1/1	1/1	-	1/1
Low Teng Lum[3]	Independent Non-Executive Director	4/4	3/3	1/1	1/1
Mohd. Yusof Bin Hussian[4]	Independent Non-Executive Director	6/6	5/5	2/2	-

Notes:

1. *Ms Rina Meileene Binti Adam appointed as an Independent Non-Executive Director on 13 September 2019 and a member of the Audit Committee and Nomination Committee on 22 January 2020.*
2. *Mr Ng Swee Weng appointed as an Independent Non-Executive Director, Chairman of Audit Committee and a member of Remuneration Committee and Nomination Committee on 22 January 2020.*
3. *Mr Low Teng Lum resigned as Independent Non-Executive Director, Chairman of Audit Committee and a member of Remuneration Committee and Nomination Committee on 23 October 2019.*
4. *En Mohd. Yusof Bin Hussian resigned as Independent Non-Executive Director and a member of Audit Committee and Nomination Committee on 3 March 2020.*

The Board acknowledges the importance of continuous education and training programmes for its members to enable the effective discharge of its responsibilities and to be apprised on the changes to regulatory requirements and the impact of such regulatory requirements on the Group. The Company Secretaries circulate to the Board the relevant guidelines on statutory and regulatory requirements and any changes thereto and brief the Board on the updates at Board meetings.

All Directors have completed the Mandatory Accreditation Programme as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). Through the NC's annual evaluation of the Board, Board Committees and individual Directors, the Board also assessed the training needs of the Directors. During the financial year under review, the trainings attended by the Directors included seminars, workshops, conferences and briefings conducted by the relevant regulatory authorities and professional bodies, details of which are as follows:-

Directors	Training programmes, briefings, seminars, workshops and conferences attended
Dr. Chia Song Kun	• Bursa Malaysia Berhad: Sustainability-Inspired Innovations: Enablers of the 21st Century
Leong Yew Cheong	• Malaysia Palm Oil Board: International Palm Oil Congress and Exhibition (PIPOC) 2019 • Boilermech in-house training: Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Boilermech Group, its Directors & Management and "lines of defence" required in the event of corruption prosecution
Chia Lik Khai	• A.T. Kearney, Ekuinas and MDEC: Industry 4.0 Roundtable • Boilermech in-house training: Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Boilermech Group, its Directors & Management and "lines of defence" required in the event of corruption prosecution
Chia Seong Fatt	• Boilermech in-house training: Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Boilermech Group, its Directors & Management and "lines of defence" required in the event of corruption prosecution
Gan Chih Soon	• Malaysia Palm Oil Board: International Palm Oil Congress and Exhibition (PIPOC) 2019 • Boilermech in-house training: Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Boilermech Group, its Directors & Management and "lines of defence" required in the event of corruption prosecution
Tee Seng Chun	• Malaysia Palm Oil Board: International Palm Oil Congress and Exhibition (PIPOC) 2019 • Boilermech in-house training: Corporate Liability Provision: Malaysian Anti-Corruption Commission Amendment Act 2018 – Exposure of Boilermech Group, its Directors & Management and "lines of defence" required in the event of corruption prosecution
Ho Cheok Yuen	• Singapore Institute of Directors: Director Financial Reporting Fundamentals
Adrian Chair Yong Huang	• Allen & Overy LLP: Financing from a Malaysian Law Perspective • Adnan Sundra & Low: Legal Overview of the Power Sector in Malaysia
Rina Meileene Binti Adam	• Iclif Leadership and Governance Centre: Mandatory Accreditation Programme for Directors of Public Listed Companies
Ng Swee Weng	• Iclif Executive Education Center: Mandatory Accreditation Programme for Directors of Public Listed Companies

II. Board Composition

The Board consists of eight (8) members, comprising three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. This fulfils the MCCG's recommendation that at least half the Board comprises Independent Directors. The Independent Directors provide unbiased and independent judgment in ensuring that the strategies proposed by the Management are fully and objectively deliberated, challenged and examined, taking into account the interests of shareholders and other stakeholders of the Company. They are essential for protecting the interests of minority shareholders and make significant contributions to the Board's decision making by bringing in the quality of detached impartiality.

The assessment of the independence of each of the Independent Directors is undertaken annually according to the criteria as prescribed by the MCCG and the Listing Requirements.

The Board recognises that diverse professional backgrounds, skills and extensive experience and knowledge are pivotal towards the Group's performance, financial or otherwise. The current Board members possess a diverse range of skills and experience, including, amongst others, in the areas of boiler designing and manufacturing, business, finance, accountancy, auditing, law, education, agro-food, manufacturing and electrical, mechanical and agricultural engineering.

For the assessment and selection of new Board candidates, the Board, through the recommendation of the Nomination Committee, shall consider the prospective candidate's character, integrity, competency, time commitment and experience in meeting the Company's needs. The Board also takes into consideration other factors such as industry skills and knowledge, professionalism, contribution and performance. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre. In terms of gender diversity, the Board has set a policy which has been incorporated in the Board Charter, that at least one member of the Board shall be of a female gender. In this respect, Ms Rina Meileene Binti Adam was appointed as an Independent Non-Executive Director of the Company on 13 September 2019.

The Board, through the Nomination Committee, conducts an annual evaluation of the Board and Board Committees, to determine if the Board and Board Committees have the right composition, adequate information in decision making and have effectively discharged their duties and responsibilities. The individual Directors also undertook a self and peer-assessment of their performance during the financial year under review. Through these assessments, the Board is satisfied that the Board, Board Committees and individual Directors are functioning effectively and collectively possess adequate knowledge and skills to meet the Company's needs.

A summary of key activities undertaken by the Nomination Committee in discharging its duties during the financial year under review is set out below:-

- Reviewed the mix of skills, integrity, competencies, experience, time commitment, contribution and other qualities required of the Board;
- Assessed the performance and effectiveness of the Board, Board Committees and individual Directors;
- Reviewed the composition of the Board and Board Committees;
- Recommended the appointment of new directors to the Board based on objective criteria, merit and with due regard for diversity in skill, experience, age, culture background and gender.
- Reviewed the performance of the AC and the AC members;
- Assessed the independence of the Independent Directors;
- Assessed the training needs of the Directors;
- Assessed the Directors who are due for retirement and re-election at the Company's forthcoming AGM;
- Assessed the target and measures on gender diversity on the Board; and
- Reviewed the Group's human capital development and talent management plan, including succession planning.

III. Remuneration

The Remuneration Committee is tasked to review and recommend the remuneration of the Directors and Senior Management for the Board's approval. The criteria for consideration in determining the Executive Directors' remuneration includes corporate and individual performances. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise, level of responsibilities and time commitment undertaken by the respective Non-Executive Director.

The Board has adopted a remuneration policy for Directors and Senior Management of the Company that aimed to attract, motivate and retain individuals of high calibre and talent to drive the Company's business goals and strategies in the long-term. The Remuneration Policy is available on the Company's website at www.boilermech.com.

The Directors are required to abstain from deliberating and voting on their own remuneration at Board and/or Remuneration Committee Meetings.

The aggregate remuneration of Directors received from the Company and on Group basis for the financial year ended 31 March 2020 is as follows:-

Directors	Fees	Salaries	Bonuses	Other allowances/ emoluments	Benefits-in-kind	Total
Group			**(in RM)**			
Non-Executive Director						
Dr. Chia Song Kun	108,000	-	-	16,000	-	124,000
Ng Swee Weng	18,581	-	-	2,000	-	20,581
Ho Cheok Yuen	104,530(1)	-	-	44,304(1)	-	148,834(1)
Adrian Chair Yong Huang	84,000	-	-	16,000	-	100,000
Rina Meileene Binti Adam	41,923	-	-	6,000	-	47,923
Low Teng Lum(4)	56,000	-	-	10,000	-	66,000
Mohd. Yusof Bin Hussian(5)	78,677	-	-	16,000	-	94,677
Executive Director(2)						
Leong Yew Cheong	-	729,600	353,387	141,383	15,500	1,239,870
Chia Lik Khai	-	292,320	158,500	59,532	-	510,352
Gan Chih Soon	-	458,430	220,645	84,263	15,525	778,863
Tee Seng Chun	-	451,890	218,895	89,050	15,525	775,360
Chia Seong Fatt	36,000(3)	-	-	-	-	36,000
Company			**(in RM)**			
Non-Executive Director						
Dr. Chia Song Kun	108,000	-	-	16,000	-	124,000
Ng Swee Weng	18,581	-	-	2,000	-	20,581
Ho Cheok Yuen	104,530(1)	-	-	44,304(1)	-	148,834(1)
Adrian Chair Yong Huang	84,000	-	-	16,000	-	100,000
Rina Meileene Binti Adam	41,923	-	-	6,000	-	47,923
Low Teng Lum(4)	56,000	-	-	10,000	-	66,000
Mohd. Yusof Bin Hussian(5)	78,677	-	-	16,000	-	94,677

Notes:

(1) *Mr Ho Cheok Yuen's fees and meeting allowance have been converted from Singapore Dollar to Ringgit Malaysia as shown above based on the average exchange rate of SGD1:RM3.1.*
(2) *Salaries, bonuses, etc. for Executive Directors derived only from subsidiary.*
(3) *This refers to Director's fee paid to Mr. Chia Seong Fatt, in his capacity as Director of the Company's subsidiary, Boilermech Sdn Bhd.*
(4) *Mr Low Teng Lum resigned as Independent Non-Executive Director, Chairman of Audit Committee and a member of Remuneration Committee and Nomination Committee on 23 October 2019.*
(5) *En Mohd. Yusof Bin Hussian resigned as Independent Non-Executive Director and a member of Audit Committee and Nomination Committee on 3 March 2020.*

The position of the top four (4) Senior Management of the Group is occupied by the four (4) Executive Directors of the Group, namely Mr Leong Yew Cheong, Mr Chia Lik Khai, Mr Gan Chih Soon and Mr Tee Seng Chun. Details of their remuneration are as disclosed above. The 5th Senior Management personnel is Mr Yong Hua Kong, the Managing Director of Teknologi Enviro-Kimia (M) Sdn Bhd, the 60.23% owned subsidiary of the Company. His remuneration (comprising salary, benefits-in-kind and other emoluments) for the financial year ended 31 March 2020 which is provided herewith in bands of RM50,000 falls within the range of RM500,001 to RM550,000.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board has established an Audit Committee which is tasked to oversee matters relating to financial reporting, external and internal audit, internal controls, risk management, related party transactions and conflicts of interest situations.

The AC comprises five (5) members, of whom four (4) members, including the AC Chairman, are Independent Non-Executive Directors and one (1) member who is a Non-Independent Non-Executive Director. The requirements for the AC to consist of at least three (3) members, all of whom shall be non-executive with majority being Independent Directors and the requirement for the AC Chairman to be an Independent Director are set out in the AC's Terms of Reference.

The AC brings to the Board an independent and objective approach that safeguards the integrity of the Company's financial reporting, which includes ensuring the independence and quality of audit activities which are key to providing objective assurance to the AC in forming the basis for their recommendations to the Board.

The AC has also adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC and such policy has been incorporated in the AC's Terms of Reference.

In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the Listing Requirements.

The performance of the AC and AC members is evaluated annually by the Nomination Committee and the results are reported to the Board. The evaluation covers key aspects such as the members' independence and discharge of their duties under the AC's Terms of Reference. Based on the assessment for the financial year ended 31 March 2020, the Board was satisfied with the performance of the AC and AC members. As disclosed earlier in this Statement, the AC members have attended various training programmes and seminars to broaden their knowledge and keep abreast with the relevant development and changes in laws, regulations, internal control systems and risk environment in which the Group operates.

II. Risk Management and Internal Control Framework

The Board has the overall responsibility for maintaining a sound system of risk management and internal control in the Group that provides reasonable assurance on the effective and efficient business operations, fair financial and other reporting, compliance with laws and regulations as well as internal procedures and guidelines.

The Board, through the AC, oversees the risk management matters of the Group, which include identifying, analysing, evaluating, managing, monitoring, treating and mitigating significant risks across the Group. In this respect, the AC and Board is assisted by the Risk Management Unit ("RMU"), a Management level working committee established to ensure the implementation of an effective management system and to review the adequacy and integrity of the Group's internal control and management information system.

Further information on the Group's risk management and internal control framework, as well as the activities carried out during the financial year under review and reporting processes can be referred to in the Statement on Risk Management and Internal Control of this Annual Report.

III. Anti-Bribery and Anti-Corruption Policy

The Board has established an Anti-Bribery and Anti-Corruption Framework together with relevant Policies and Procedures in-line with the five (5) principles promulgated by the Guidelines on Adequate Procedures issued by the Prime Minister's Department pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

Through the Anti-Bribery and Anti-Corruption Policy, the Group communicates its stance and controls in combating bribery and corruption in its business operations to its Directors, Employees, Suppliers and Business Associates. The Anti-Bribery and Anti-Corruption Policy is accessible on the Company's website at www.boilermech.com.

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

I. Communication with Stakeholders

The Board recognizes the importance of being transparent and accountable to the Company's stakeholders and acknowledges that continuous communication between the Company and its stakeholders would facilitate mutual understanding of each party's objectives and expectations. As such, the Board provides clear, comprehensive and timely information to stakeholders via various disclosures and announcements, including the quarterly and annual financial results which provide investors with up-to-date financial information of the Group. All the announcements and other information about the Company are available on the Company's website which shareholders, investors and the public may access via www.boilermech.com.

In addition, the Directors also facilitate engagement with shareholders through designated question and answer sessions during the Company's Annual General Meetings.

II. Conduct of General Meetings

The Annual General Meeting ("AGM") provides an ideal platform for our shareholders in seeking clarification and gaining insights into the business activities, performance and financial position of the Group. During the last AGM held on 19 August 2019, all the Directors together with the Managing Director, Chief Financial Officer and Management were present to respond to queries raised by shareholders or proxies.

All shareholders will be notified of the meeting and provided with a digital copy of the Annual Report at least 28 days before the meeting.

The Board deliberated, reviewed and approved this Corporate Governance Overview Statement on 12 August 2020.

1. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the external auditors for the financial year ended 31 March 2020 ("financial year") are as follows:

	Group (RM)	Company (RM)
Audit fees	214,615	58,000
Non-audit fees	3,500	3,500

2. Material contracts involving directors, chief executive who is not a director and major shareholders for the financial year

There were no material contracts entered into during the financial year by the Group involving directors' or major shareholders' interests. The Company does not have a chief executive who is not a director.

3. Material contracts relating to loans involving directors, chief executive who is not a director and major shareholders for the financial year

There were no contracts relating to loans involving directors' or major shareholders' interest.

4. Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature

The shareholders had earlier approved the RRPT as set out in the circular dated 19 July 2019 during the Company's Annual General Meeting held on 19 August 2019.

The Company had announced on 12 August 2020 that the Company is seeking its shareholders' approval for the Proposed Renewal of Shareholders' Mandate for existing RRPT Mandate at the Company's forthcoming 10th Annual General Meeting. The details of the RRPT entered into or to be entered by the Group with related parties are included in the Circular to Shareholders dated 25 August 2020 that is available on the company's website at www.boilermech.com.

Details of the aggregate value of the RRPT made during the financial year are set out as below:

Related parties	Nature of relationship	Nature of transaction	Aggregate value of RRPT for the financial year (RM'000)
QL Resources Berhad ("QL") Group and Boilermech Group[(1)]	QL is one of the substantial shareholders of Boilermech	The provision of engineering solutions to QL in relation to bio-energy systems and water treatment activities.	2,548
EITA Resources Berhad ("EITA") Group and Boilermech Group[(2)]	A substantial shareholder of EITA is connected to a director of Boilermech Group	The purchase of boiler electronic equipment from EITA Group.	828
Primem[(3)] Group and Boilermech Group[(3)]	A substantial shareholder of Primem[(3)] is a director of a subsidiary of Boilermech	The purchase of materials from Primem[(3)] Group.	0[(4)]

Notes:

(1) *Dr. Chia Song Kun, the Non-Independent Non-Executive Chairman, Mr Chia Lik Khai, the Deputy Managing Director and Mr Chia Seong Fatt, the Alternate Director to Mr Chia Lik Khai are directors within the QL Group while Dr Chia Song Kun and Mr Chia Seong Fatt have significant shareholdings (directly or indirectly) in QL. QL's wholly owned subsidiary QL Green Resources Sdn Bhd is a major shareholder of Boilermech.*

(2) *Mr Chia Seong Fatt also has substantial shareholdings in EITA, held through Ruby Technique Sdn Bhd via Farsathy Holdings Sdn Bhd.*

(3) *Mr Yong Hua Kong, a Director of TEK, is deemed as an "Interested Director" by virtue of his substantial shareholdings in Memtech Materials Pte Ltd. Memtech Materials Pte Ltd has changed its name to Primem Pte Ltd on 5 August 2020. As a result of this change, Memtech Group is now known as Primem Group.*

(4) *There was no transaction recorded during the financial year between Primem Group and Boilermech Group.*

AUDIT COMMITTEE REPORT

The Audit Committee comprise of the following members:

Name	Designation	Directorship
Mr Ng Swee Weng[1]	Chairman	Independent Non- Executive Director
Dr. Chia Song Kun	Member	Non-Independent Non-Executive Director
Mr Ho Cheok Yuen	Member	Independent Non-Executive Director
Mr Adrian Chair Yong Huang	Member	Independent Non-Executive Director
Ms Rina Meileene Binti Adam[2]	Member	Independent Non-Executive Director
Mr Low Teng Lum[3]	Member	Independent Non-Executive Director
En Mohd. Yusof Bin Hussian[4]	Member	Independent Non-Executive Director

The Secretary to the Committee is the Company Secretary.

ATTENDANCE AT MEETINGS

During the financial year ended 31 March 2020 ("financial year"), the Audit Committee had convened five (5) meetings, attended by the members as follows:

Name	Meeting Attendance
Mr Ng Swee Weng[1]	1/1
Dr. Chia Song Kun	5/5
Mr Ho Cheok Yuen	5/5
Mr Adrian Chair Yong Huang	5/5
Ms Rina Meileene Binti Adam[2]	1/1
Mr Low Teng Lum[3]	3/3
En Mohd. Yusof Bin Hussian[4]	5/5

Notes:

1. *Mr Ng Swee Weng appointed as an Independent Non-Executive Director and Chairman of Audit Committee on 22 January 2020;*
2. *Ms Rina Meileene Binti Adam appointed as an Independent Non-Executive Director on 13 September 2019 and a member of the Audit Committee on 22 January 2020;*
3. *Mr Low Teng Lum resigned as Independent Non-Executive Director and Chairman of Audit Committee on 23 October 2019; and*
4. *En Mohd. Yusof Bin Hussian resigned as Independent Non-Executive Director and a member of Audit Committee on 3 March 2020.*

SUMMARY OF WORKS

The main activities undertaken by the Audit Committee during the financial year were as follows:-

1. Reviewed the quarterly unaudited financial results and the audited financial statements before submission to the Board of Directors ("Board") for consideration and approval. Members of Senior Management were invited to attend meetings of the Audit Committee to brief and furnish the Audit Committee members with the relevant information and clarification pertaining to the quarterly unaudited financial results and the audited financial statements. The Audit Committee would ensure the financial statements of the Group complied with the requirements of the Companies Act 2016 and the applicable financial reporting standards. The External Auditors were also invited to attend Audit Committee meetings to update the Audit Committee members on the changes in major accounting policies and its subsequent implementation and to answer questions raised by the Audit Committee members during their meetings. The Audit Committee also deliberated on the audit opinion to be rendered by the External Auditors and the key audit matters to be reported.

2. Reviewed the related party transactions entered into by the Group, including the policies and procedures for reviewing recurrent related party transactions of a revenue or trading nature, to ensure all the recurrent related party transactions entered into by the Group are not more favourable to the transacting parties than those normally available to the public and are not to the detriment of the minority shareholders.

3. Reviewed the operational and financial monitoring by Management of the subsidiaries of the Group, i.e. Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK") group of companies.

4. Reviewed the External Auditors' audit plan for the financial year which comprised their scope of audit, audit methodology and timetable, areas of focus and fraud risk assessment prior to the commencement of their annual audit.

5. Reviewed the results of the audit and the Audit Report with the External Auditors.

6. Evaluated the External Auditors' independence, objectivity, effectiveness, terms of engagement and audit fees, including taking into consideration the provision of audit and non-audit services by the External Auditors. The Audit Committee was of the opinion that the auditors had the professional experience and independence to perform their duties and had recommended to the Board the re-appointment of the External Auditors for the next financial year.

7. Reviewed the internal audit plan to ensure adequate scope and comprehensive coverage over the activities of the Group.

8. Reviewed the internal audit reports of the Group, which outlined the audit findings and recommendations for improvements on reported weaknesses to ensure that management action plans are taken to improve the systems of internal control based on the Internal Auditors' recommendations.

9. Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and internal audit programmes.

10. Reviewed the Group's internal control systems and principal risks identified by Management and Management's plans to manage these risks, including the adequacy of the Group's overall control environment and controls in selected areas representing significant financial and business risks.

11. Reviewed the appropriateness of the proposed final dividend for the financial year, and recommended to the Board accordingly.

12. Reviewed the Board's statements on compliance with the Malaysian Code on Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the annual report.

During the financial year, the Audit Committee held two (2) meetings with the External Auditors without the presence of the Executive Directors or Management, which allowed the auditors to discuss any issues arising from their audit assignment or any other matter which the External Auditors wished to raise.

Subsequent to the financial year ended 31 March 2020, the Audit Committee has reviewed the Anti-Bribery and Anti-Corruption Framework and related policies, and the revised Whistleblower Policy and Procedures before submitting the same to the Board for approval.

The Audit Committee Report for the financial year ended 31 March 2020 was prepared and presented by the Audit Committee to the Board for approval on 12 August 2020.

INTERNAL AUDIT

The Group engaged an independent professional firm to provide internal audit services with the view of providing assurance to the Board on the adequacy of the Group's internal control systems to safeguard the Group's assets. The internal audit function reports directly to the Audit Committee. This function also serves as an avenue to improve current policies and procedures via the recommendation of the Internal Auditors.

During the financial year ended 31 March 2020, the Internal Auditors had focused on the following processes of TEK Group and had reviewed and assessed the adequacy of the internal controls systems on the said processes:-

- Project management; and
- Purchasing.

The Internal Auditors had issued their reports on the above to the Audit Committee detailing their findings and recommendations and Management's responses to the findings and recommendations.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee, which is incorporated in the Company's Board Charter, is published on the Company's website at www.boilermech.com.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors of a listed issuer to include in its Annual Report a statement about the state of risk management and internal control of the listed issuer as a group. Accordingly, the Board of Directors ("Board") of Boilermech Holdings Berhad ("Boilermech" or "Company") is pleased to provide the following statement which outlines the nature and scope of Boilermech and its subsidiaries ("Group")'s risk management and internal control systems for the financial year ended 31 March 2020.

Board's Responsibility

The Board acknowledges its responsibility in maintaining a sound and robust system of risk management and internal control to safeguard shareholders' investments and the Group's assets. The Board is assisted by the Audit Committee to oversee and monitor the effectiveness of the Group's risk management system. The Audit Committee meets on a quarterly basis, where principal risks identified and action plans to address the risks will be highlighted by the Risk Management Unit, a Management Committee. The Audit Committee then reports the same to the Board.

The Board and the Audit Committee have received assurance from the Executive Committee that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control systems of the Group.

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

Risk Management and Internal Control Structure

Risk management and internal controls are regarded as an integral part of the Group's business management processes. Some of the key elements of the Group's risk management and internal control system are as follows:

- **Organization structure**

  The Group has established an organizational structure with formally defined lines of responsibility and delegation of authority, augmented by hierarchical reporting culminating in the Board. The organizational structure enables each department to focus on the respective roles and responsibilities assigned to them and enhances operational efficiency and effectiveness.

- **Code of Ethics**

  The Group has a formalized Code of Ethics to provide a behavioral framework which sets out the Group's standards of integrity, acceptable conduct and behavior. The Code of Ethics is communicated to all employees of the Group.

- **Policies and Procedures**

  The Group has established policies and procedures for the Group's core business units, which are clearly communicated to all relevant parties. These policies and procedures are reviewed and updated from time-to-time to adapt to the changing business environment.

- **Business performance monitoring**

  Business performance is monitored periodically, focusing on both financial and operational results. The Group's annual business plan and budget for all major business units is reviewed and approved by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans.

  The Board receives Management's reports on business performance, which include action plans to address areas of concerns, if any. The Audit Committee assists the Board in reviewing quarterly financial results, which are approved by the Board before the same is announced to the regulators and the public. The full-year financial statements are audited by the External Auditors before announcement of the same to the regulators and the public.

  The Managing Director and his fellow Executive Directors are actively involved in the day-to-day running of the major businesses, including having regular discussions with Senior Management personnel on operational issues.

The internal controls of the Group are further supported by formalized limits of authority for the various committees and personnel as designated. Support functions such as Finance and Internal Audit also play a vital role in the overall control and risk management processes of the Group. Matters beyond the formalized limits of authority for Management are referred upward to the Board for approval.

Enterprise Risk Management ("ERM") Framework and Policy

The Board has established an ERM Framework and Policy to guide in the identification, assessment, evaluation, treatment and monitoring of principal risks to safeguard shareholders' investments and the Group's assets. The ERM framework is guided by the ISO 31000:2018. The ERM processes are as follows:

- **Risk identification**

  This process involves the identification of key risks that could have a material negative impact on the Group's ability to achieve its objectives. During this process, risks are considered from both strategic and operational perspectives, as well as through various sources such as business operations, internal and external audit findings, customer complaints and incidents occurred.

- **Risk rating**

  Risks identified are then assessed and ranked based on the severity of consequences and likelihood of occurrence, giving different risk rating to each identified risk. This allows risks to be prioritized and resources to be effectively used in managing the principal risks identified.

- **Risk treatment**

  Risk treatment process includes actions, measures and strategies undertaken by Management to bring principal risks to an acceptable rating level. The implementation of risk treatment plans are generally the responsibility of the risk owners and risk delegates.

- **Risk monitoring**

  Principal risks identified are monitored by risk owners and risk delegates to ensure the risk ratings remain relevant and that controls that have been put in place remain effective and adequate amidst changing circumstances and business environment. Any changes will be reported, and appropriate action plans will be devised with a view to realign the risk rating to an acceptable level.

The Group adopts a decentralized approach to risk management, whereby all employees take ownership and accountability for risks at their respective levels. The process of risk management and treatment is the responsibilities of the Heads of Department.

Internal Audit Function

The Group outsourced the internal audit function to an independent professional firm, which provides the Board, through the Audit Committee, with assurance on the adequacy and effectiveness of the Group's system of risk management and internal control.

The outsourced internal audit function adopts a risk based approach that focuses on the core activities of the Group for the purpose of identifying areas to be audited on a prioritized basis, vis-à-vis the business risks inherent in the core businesses concerned. The internal audit plan is tabled and approved by the Audit Committee. Action plans are taken by Management to address the observations raised in the internal audit reports, which are presented by the internal auditors to the Audit Committee and subsequently reported upward to the Board. The outsourced internal audit function also follows up on the status of Management's action plans on internal audit observations.

The costs incurred for the internal audit function in respect of the financial year ended 31 March 2020 amounted to approximately RM38,000.

Review of the Statement on Risk Management and Internal Control

In accordance with Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Company's Annual Report for the financial year ended 31 March 2020, and reported to the Board that nothing has come to their attention that caused them to believe that the statement intended to be included in this Annual Report, in all material respects:

(i) has not been prepared 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, or

(ii) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management.

Conclusion

The Board is of the view that the Group's risk management and internal control systems during the financial year under review up to the date of approval of this statement is adequate and effective to safeguard shareholders' investments, the Group's assets and the interests of customers, regulators and employees.

The Board is of the view that there were no material losses incurred by the Group during the financial year ended 31 March 2020 as a result of weaknesses in internal controls. The Group continues to take the necessary measures to strengthen the risk management processes and internal control environment of the Group.

This Statement on Risk Management and Internal Control was approved by the Board on 12 August 2020.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required under the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the financial year ended 31 March 2020 and of the results of the Group and the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- selected appropriate accounting policies and applied them consistently;

- made judgments and estimates that are reasonable and prudent;

- prepared financial statements on a going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and

- ensured applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring proper accounting records are kept, which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible for safeguarding the assets of the Group and the Company by taking reasonable steps for the prevention and detection of fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	24,081,792	15,147,622
Attributable to:-		
Owners of the Company	23,254,566	15,147,622
Non-controlling interests	827,226	-
	24,081,792	15,147,622

DIVIDENDS

Dividends paid or declared by the Company since 31 March 2019 are as follows:-

	RM
In respect of the financial year 31 March 2019	
A final single tier dividend of 2.00 sen per ordinary share, approved by the shareholders at the Annual General Meeting held on 19 August 2019, paid on 13 September 2019	10,320,000

At the forthcoming Annual General Meeting, a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 March 2021.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

Dr. Chia Song Kun
Leong Yew Cheong
Chia Lik Khai
Gan Chih Soon
Ho Cheok Yuen
Adrian Chair Yong Huang
Chia Seong Fatt (Alternate to Chia Lik Khai)
Tee Seng Chun (Alternate to Gan Chih Soon)
Rina Meileene Binti Adam (Appointed on 13.9.2019)
Ng Swee Weng (Appointed on 22.1.2020)
Low Teng Lum (Resigned on 23.10.2019)
Mohd. Yusof Bin Hussian (Resigned on 3.3.2020)

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

Benja Boonyakitsombat
Hii Hiong Swee
Yong Hua Kong
Law Chee Wong
Leong Jit Min*
Ling Pick Wuong (Resigned on 13.7.2020)

** Director of Tera VA Sdn. Bhd., subsidiary acquired on 22.5.2020.*

DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares →			
	At 1.4.2019	**Bought**	**Sold**	**At 31.3.2020**
The Company				
Direct Interests				
Dr. Chia Song Kun	400,000	-	-	400,000
Leong Yew Cheong	56,405,824	-	1,500,000	54,905,824
Chia Lik Khai	500,000	-	-	500,000
Gan Chih Soon	20,674,140	-	-	20,674,140
Chia Seong Fatt (Alternate to Chia Lik Khai)	200,000	-	-	200,000
Tee Seng Chun (Alternate to Gan Chih Soon)	17,208,140	-	1,566,500	15,641,640

DIRECTORS' INTERESTS (CONT'D)

	Number of Ordinary Shares			
	At 1.4.2019	Bought	Sold	At 31.3.2020
The Company				
Indirect Interests				
Dr. Chia Song Kun [(1)]	227,826,936	-	-	227,826,936
Leong Yew Cheong [(2)]	2,000,000	-	-	2,000,000
Chia Seong Fatt (Alternate to Chia Lik Khai) [(1)]	227,826,936	-	-	227,826,936
Tee Seng Chun (Alternate to Gan Chih Soon) [(3)]	4,020,000	-	-	4,020,000

(1) Deemed interest by virtue of his indirect shareholdings in a major corporate shareholder of the Company.
(2) Deemed interest via his daughter's shareholdings in the Company.
(3) Deemed interest via his spouse's shareholdings in the Company.

By virtue of their shareholdings in the Company, Dr. Chia Song Kun and Chia Seong Fatt are deemed to have interests in shares in the subsidiaries during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016 in Malaysia.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 35 to the financial statements.

INDEMNITY AND INSURANCE COST

The directors and certain officers of the Group and the Company are covered by directors and officers liability insurance for any liability incurred in the discharge of their duties. The insurance premium paid during the financial year approximately amounted to RM16,000. No indemnity given to or insurance effected for auditors of the Company.

SUBSIDIARIES

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 42 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 43 to the financial statements.

AUDITORS

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

The details of auditors' remuneration are disclosed in Note 30 to the financial statements.

Signed in accordance with a resolution of the directors dated 12 August 2020.

Leong Yew Cheong **Chia Lik Khai**

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

We, Leong Yew Cheong and Chia Lik Khai, being two of the directors of Boilermech Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 71 to 151 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 12 August 2020

Leong Yew Cheong

Chia Lik Khai

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

I, Chan Van Chee, MIA Membership Number: 18449, being the officer primarily responsible for the financial management of Boilermech Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 71 to 151 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Chan Van Chee,
at Kuala Lumpur
in the Federal Territory
on this 12 August 2020

Chan Van Chee

Before me
Datin Hajah Raihela Wanchik
No. W-275
Commissioner of Oaths

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Boilermech Holdings Berhad, which comprise the statements of financial position as at 31 March 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 151.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Revenue recognition and contract assets/(liabilities) Refer to Notes 28 and 11 in the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
The recognition of revenue on contracts is based on the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The determination of the construction progress requires the management to exercise significant judgement in estimating the total costs to complete the contracts.	Our procedures included, amongst others:- • Reviewed the contract value secured and budgeted costs. • Assessed the estimated total costs to complete through inquiries with the operational and financial personnel of the Group. • Compared budgeted costs to actual results to assess the reasonableness of assumptions used in the budgeted costs. • Performed verification on the actual progress billings issued and actual costs incurred for the financial year. • Checked on the subsequent billings of contract assets/(liabilities). • Performed recomputation on the revenue recognised corresponding costs for the contracts during the financial year.

Key Audit Matters (Cont'd)

We have determined the matters described below to be the key audit matters to be communicated in our report (Cont'd).

Recoverability of trade receivables Refer to Note 12 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**

We focused on this area because the Group carried significant amount of trade receivables and the adequacy of the impairment loss for trade receivables involved the use of judgement.	Our audit procedures included:-
	• Obtained an understanding of:-
	  • the Group's control over the receivable collection process;
	  • how the Group identifies and assess the impairment of receivables; and
	  • how the Group makes the accounting estimates for impairment
	• Reviewed the ageing analysis of receivables and testing the reliability thereof.
	• Reviewed subsequent cash collections for major receivables and overdue amounts.
	• Made inquiries of management regarding the action plans to recover overdue amounts.
	• Compared and challenged management's view on the recoverability of overdue amounts to historical patterns of collection.
	• Evaluated the reasonableness and adequacy of the allowance for impairment recognised.

Goodwill impairment Refer to Note 9 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
We focused on this area because the Group carried goodwill. The impairment assessment for goodwill involved management judgement and was based on assumptions that are affected by expected future market and economic conditions.	Our procedures included, amongst others:- • Tested the value in use model for goodwill including challenging management forecast and other assumptions including discount rate and growth rates. • Compared previous cash flow projections to actual results to assess the reasonableness of assumptions used in the cash flow projections. • Reviewed management assessment on sensitivity analysis over gross margin, growth rates and discount rate used in deriving the value in use to assess the potential impact of a reasonable possible change to any of these assumptions on the recoverable amount of goodwill.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

As a 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 skepticism throughout the audit. We also:-

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

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

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

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

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

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

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, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Ooi Song Wan
02901/10/2020 J
Chartered Accountant

Kuala Lumpur

12 August 2020

STATEMENTS OF FINANCIAL POSITION
AT 31 MARCH 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	66,092,967	39,699,556
Property, plant and equipment	6	92,144,980	74,366,771	11,548,589	11,698,733
Investment property	7	6,058,970	6,190,076	-	-
Deferred tax assets	8	957,690	416,822	-	-
Goodwill	9	3,931,378	3,931,378	-	-
		103,093,018	84,905,047	77,641,556	51,398,289
CURRENT ASSETS					
Inventories	10	35,571,794	28,836,509	-	-
Contract assets	11	34,515,851	26,668,929	-	-
Trade receivables	12	62,503,424	70,020,039	-	-
Other receivables, deposits and prepayments	13	16,276,387	9,850,393	98,023	83,400
Amount owing by subsidiaries	14	-	-	654,377	2,610,000
Current tax assets		616,237	1,566,888	89,314	13,055
Derivative assets	15	-	694,144	-	-
Dividend receivable		-	-	15,000,000	16,000,000
Liquid investments	16	38,007,380	78,368,820	240,328	18,764,001
Short-term deposits with licensed banks	17	6,579,144	-	-	-
Cash and bank balances		14,098,097	18,906,576	54,610	23,325
		208,168,314	234,912,298	16,136,652	37,493,781
TOTAL ASSETS		311,261,332	319,817,345	93,778,208	88,892,070

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

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	51,600,000	51,600,000	51,600,000	51,600,000
Merger deficit	19	(21,809,998)	(21,809,998)	-	-
Reserves	20	182,592,144	174,393,195	42,038,110	37,210,488
Equity attributable to owners of the Company		212,382,146	204,183,197	93,638,110	88,810,488
Non-controlling interests		10,583,879	10,125,543	-	-
TOTAL EQUITY		222,966,025	214,308,740	93,638,110	88,810,488
NON-CURRENT LIABILITIES					
Lease liabilities	21	764,156	-	-	-
Hire purchase payables	22	-	828,939	-	-
Term loans	23	3,532,837	3,962,254	-	-
Employee benefit	24	220,361	-	-	-
Deferred tax liabilities	8	1,366,583	1,437,383	-	-
		5,883,937	6,228,576	-	-
CURRENT LIABILITIES					
Contract liabilities	11	45,098,705	51,856,267	-	-
Trade payables	25	23,374,774	31,467,147	-	-
Other payables and accruals		5,926,229	9,938,810	140,098	79,780
Amount owing to a subsidiary	14	-	-	-	1,802
Short-term borrowings	26	3,086,243	3,238,736	-	-
Current tax liabilities		2,648,238	2,779,069	-	-
Derivative liabilities	15	2,277,181	-	-	-
		82,411,370	99,280,029	140,098	81,582
TOTAL LIABILITIES		88,295,307	105,508,605	140,098	81,582
TOTAL EQUITY AND LIABILITIES		311,261,332	319,817,345	93,778,208	88,892,070
NET ASSETS PER ORDINARY SHARE (RM)	27	0.41	0.40		

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

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

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	28	230,146,969	234,809,971	20,558,630	31,488,801
COST OF SALES		(172,727,991)	(174,115,516)	-	-
GROSS PROFIT		57,418,978	60,694,455	20,558,630	31,488,801
OTHER INCOME		3,347,610	4,275,215	407,446	174,759
		60,766,588	64,969,670	20,966,076	31,663,560
SELLING AND MARKETING EXPENSES		(3,037,013)	(3,481,983)	-	-
ADMINISTRATIVE EXPENSES		(17,435,532)	(17,930,738)	(1,048,302)	(948,419)
OTHER EXPENSES		(6,025,703)	(5,066,846)	(2,419,130)	(150,144)
FINANCE COSTS		(405,894)	(420,726)	(37,479)	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	29	(1,436,060)	(1,454,645)	(2,270,000)	-
PROFIT BEFORE TAXATION	30	32,426,386	36,614,732	15,191,165	30,564,997
INCOME TAX EXPENSE	31	(8,344,594)	(8,788,685)	(43,543)	(177)
PROFIT AFTER TAXATION		24,081,792	27,826,047	15,147,622	30,564,820
OTHER COMPREHENSIVE INCOME/(EXPENSES)					
Items that Will Not be Reclassified Subsequently to Profit or Loss					
Remeasurement of defined benefit plans, net of tax		8,808	-	-	-
		8,808	-	-	-
Items that Will be Reclassified Subsequently to Profit or Loss					
Cash flow hedge		(1,472,959)	(3,685,292)	-	-
Foreign currency translation differences		(3,271,466)	8,324	-	-
		(4,744,425)	(3,676,968)	-	-
TOTAL OTHER COMPREHENSIVE EXPENSES		(4,735,617)	(3,676,968)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		19,346,175	24,149,079	15,147,622	30,564,820
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		23,254,566	26,575,543	15,147,622	30,564,820
Non-controlling interests		827,226	1,250,504	-	-
		24,081,792	27,826,047	15,147,622	30,564,820
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		18,518,949	22,898,575	15,147,622	30,564,820
Non-controlling interests		827,226	1,250,504	-	-
		19,346,175	24,149,079	15,147,622	30,564,820
EARNINGS PER SHARE (SEN)					
- Basic	32	4.51	5.15		
- Diluted	32	4.51	5.15		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

The Group	Note	Share Capital RM	Merger Deficit RM	Cash Flow Hedge Reserve RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 1.4.2018		51,600,000	(21,809,998)	4,439,942	37,137	156,047,541	190,314,622	9,197,818	199,512,440
Profit after taxation for the financial year		-	-	-	-	26,575,543	26,575,543	1,250,504	27,826,047
Other comprehensive (expenses)/income for the financial year:									
- cash flow hedge		-	-	(3,685,292)	-	-	(3,685,292)	-	(3,685,292)
- foreign currency translation differences		-	-	-	8,324	-	8,324	-	8,324
Total comprehensive (expenses)/income for the financial year		-	-	(3,685,292)	8,324	26,575,543	22,898,575	1,250,504	24,149,079
Contributions by and distributions to owners of the Company:									
- dividend by the Company	33	-	-	-	-	(9,030,000)	(9,030,000)	-	(9,030,000)
- dividend by a subsidiary to non-controlling interests		-	-	-	-	-	-	(322,779)	(322,779)
Total transactions with owners		-	-	-	-	(9,030,000)	(9,030,000)	(322,779)	(9,352,779)
Balance at 31.3.2019		51,600,000	(21,809,998)	754,650	45,461	173,593,084	204,183,197	10,125,543	214,308,740

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

The Group	Note	Share Capital RM	Merger Deficit RM	Cash Flow Hedge Reserve RM	Foreign Exchange Translation Reserve RM	Defined Benefit Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 1.4.2019		51,600,000	(21,809,998)	754,650	45,461	-	173,593,084	204,183,197	10,125,543	214,308,740
Profit after taxation for the financial year		-	-	-	-	-	23,254,566	23,254,566	827,226	24,081,792
Other comprehensive (expenses)/income for the financial year:										
- cash flow hedge		-	-	(1,472,959)	-	-	-	(1,472,959)	-	(1,472,959)
- foreign currency translation differences		-	-	-	(3,271,466)	-	-	(3,271,466)	-	(3,271,466)
- remeasurement of defined benefit plans, net of tax		-	-	-	-	8,808	-	8,808	-	8,808
Total comprehensive (expenses)/ income for the financial year		-	-	(1,472,959)	(3,271,466)	8,808	23,254,566	18,518,949	827,226	19,346,175
Contributions by and distributions to owners of the Company:										
- dividend by the Company	33	-	-	-	-	-	(10,320,000)	(10,320,000)	-	(10,320,000)
- dividend by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	(368,890)	(368,890)
Total transactions with owners		-	-	-	-	-	(10,320,000)	(10,320,000)	(368,890)	(10,688,890)
Balance at 31.3.2020		51,600,000	(21,809,998)	(718,309)	(3,226,005)	8,808	186,527,650	212,382,146	10,583,879	222,966,025

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

The Company	Note	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1.4.2018		51,600,000	15,675,668	67,275,668
Profit after taxation/Total comprehensive income for the financial year		-	30,564,820	30,564,820
Contributions by and distributions to owners of the Company:				
- dividend	33	-	(9,030,000)	(9,030,000)
Balance at 31.3.2019/1.4.2019		51,600,000	37,210,488	88,810,488
Profit after taxation/Total comprehensive income for the financial year		-	15,147,622	15,147,622
Contributions by and distributions to owners of the Company:				
- dividend	33	-	(10,320,000)	(10,320,000)
Balance at 31.3.2020		51,600,000	42,038,110	93,638,110

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	The Group 2020 RM	The Group 2019 RM	The Company 2020 RM	The Company 2019 RM
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES					
Profit before taxation		32,426,386	36,614,732	15,191,165	30,564,997
Adjustments for:-					
Allowance for impairment losses on:					
- trade receivables		1,436,060	1,454,645	-	-
- amount owing by subsidiaries		-	-	2,270,000	-
Bad debts written off		-	731,642	-	-
Depreciation of property, plant and equipment		3,906,978	4,252,461	150,144	150,144
Depreciation of investment property		131,106	131,108	-	-
Property, plant and equipment written off		2,918	57,566	-	-
Fair value loss on derivatives		1,498,366	293,800	-	-
Interest expense		405,894	420,726	37,479	-
Inventories written down		583,732	468,266	-	-
Inventories written off		21,741	5,335	-	-
Unrealised (gain)/loss on foreign exchange		(418,259)	(896,918)	2,268,986	-
Dividend income		-	-	(20,558,630)	(31,488,801)
Gain on disposal of property, plant and equipment		(223,909)	(123,242)	-	-
Interest income		(2,136,532)	(2,807,174)	(407,446)	(174,759)
Reversal of inventories previously written down		-	(31,149)	-	-
Operating profit/(loss) before working capital changes		37,634,481	40,571,798	(1,048,302)	(948,419)
Increase in inventories		(7,373,001)	(2,322,870)	-	-
(Increase)/Decrease in contract assets		(7,858,127)	2,727,470	-	-
(Increase)/Decrease in trade and other receivables		(11,875)	(11,543,244)	(14,623)	33,594
Increase in employee benefit		220,361	-	-	-
(Decrease)/Increase in contract liabilities		(6,625,362)	3,653,250	-	-
(Decrease)/Increase in trade and other payables		(12,664,173)	(9,306,638)	60,318	3,626
CASH FROM/(FOR) OPERATIONS		3,322,304	23,779,766	(1,002,607)	(911,199)
Interest paid		(405,894)	(420,726)	(37,479)	-
Income tax (paid)/refunded		(8,158,725)	(7,350,968)	(119,802)	5,028
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(5,242,315)	16,008,072	(1,159,888)	(906,171)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Investments in existing subsidiaries		-	-	(7,746,332)	-
Advances to subsidiaries		-	-	(21,044,376)	(197,760)
Proceeds from disposal of property, plant and equipment		254,050	158,642	-	-
Purchase of property, plant and equipment	34(a)	(23,429,246)	(541,216)	-	-
Dividends received		-	-	21,558,630	27,488,801
Interest received		2,136,532	2,807,174	221,380	174,759
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(21,038,664)	2,424,600	(7,010,698)	27,465,800
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment of term loans	34(b)	(416,935)	(408,122)	-	-
Repayment of lease liabilities	34(b)	(483,778)	-	-	-
Repayment of hire purchase obligations	34(b)	-	(431,392)	-	-
Net (repayment)/drawdown of bankers' acceptances	34(b)	(79,000)	249,000	-	-
Repayment to a subsidiary		-	-	(1,802)	(253)
Dividends paid		(10,688,890)	(9,352,779)	(10,320,000)	(9,030,000)
NET CASH FOR FINANCING ACTIVITIES		(11,668,603)	(9,943,293)	(10,321,802)	(9,030,253)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(37,949,582)	8,489,379	(18,492,388)	17,529,376
Effect of foreign exchange in cash and cash equivalents		(641,193)	255,349	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		97,275,396	88,530,668	18,787,326	1,257,950
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34(d)	58,684,621	97,275,396	294,938	18,787,326

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

1. GENERAL INFORMATION

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

Registered office	:	Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.
Principal place of business	:	Lot 875, Jalan Subang 8, Taman Perindustrian Subang, 47620 Subang Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 12 August 2020.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
MFRS 16 Leases
IC Interpretation 23 Uncertainty Over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 44 to the financial statements.

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequences amendments, if any) is expected to have no material impact on the financial statements of the Group upon its initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

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

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date is disclosed in Note 9 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Impairment of Property, Plant and Equipment and Investment Property

The Group determines whether an item of its property, plant and equipment and investment property are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and investment property as at the reporting date are disclosed in Note 6 and Note 7 to the financial statements respectively.

(d) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 8 to the financial statements.

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 10 to the financial statements.

(f) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of contract assets and trade receivables as at the reporting date are disclosed in Note 11 and Note 12 to the financial statements respectively.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Note 13 and Note 14 to the financial statements respectively.

(h) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed todate over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 11 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amounts of the Group and the Company's current tax assets as at reporting date are RM616,237 (2019 - RM1,566,888) and RM89,314 (2019 - RM13,055), respectively. The carrying amount of the Group's current tax liabilities as at reporting date is RM2,648,238 (2019 - RM2,779,069).

Critical Judgements Made in Applying Accounting Policies

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

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) Lease Terms

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

4.2 BASIS OF CONSOLIDATION

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations

(i) Merger accounting for common control business combinations

The acquisitions resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(ii) Acquisition method of accounting for non-common control business combinations

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

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

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

(b) Non-Controlling Interests

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

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

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

(d) Loss of Control

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

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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

4.3 GOODWILL

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

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

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

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

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

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(c) Foreign Operations

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

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

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

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss.

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

4.5 FINANCIAL INSTRUMENTS

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

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

(ii) Fair Value through Other Comprehensive Income

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

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derivative Financial Instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(e) Derecognition (Cont'd)

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

(f) Hedge Activities

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk.

(i) Hedge Accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk in fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as a cash flow hedge.

At the inception of the hedge relationship, the Group documents the economic relationship between the hedging instrument and the hedged item, including whether the changes in cash flows of the hedging instrument are expected to offset the changes in the cash flows of the hedged item. The Group also documents its risk management objectives and strategy for undertaking its various hedge transactions.

(ii) Fair Value Hedges

Changes in the fair value of qualifying hedging instruments are recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income in which case, it is recognised in other comprehensive income.

The carrying amount of a hedged item not measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at fair value through other comprehensive income, the hedging gain or loss is recognised in profit or loss. When the hedged item is an equity instrument designated at fair value through other comprehensive income, the hedging gain or loss remains in other comprehensive income. All hedging gains or losses are recognised in profit or loss in the same line item relating to the hedged item.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate. The discontinuation is accounted for prospectively.

(iii) Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity under the cash flow hedge reserve, limited to the lower of cumulative gain or loss on the hedging instrument and cumulative change in fair value of the hedged item, from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is transferred from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 FINANCIAL INSTRUMENTS (CONT'D)

(f) Hedge Activities (Cont'd)

(iii) Cash Flow Hedges (Cont'd)

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated, or exercised, or when a hedge no longer meets the criteria for hedge accounting. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss in the hedging reserve is reclassified to profit or loss immediately.

(g) Financial Guarantee Contracts

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

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying value may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investment in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Freehold land is stated at cost less impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	Over the remaining periods of 38 - 47 years
Leasehold land	Not Applicable (2019 - Over the remaining lease periods of 41 - 82 years)
Leasehold buildings	Over the remaining lease periods of 28 - 58 years
Factory building extension	10%
Computers	10% - 20%
Furniture, fittings and office equipment	10% - 20%
Signboard	10%
Machinery	10% - 25%
Motor vehicles	20%
Renovation	10%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

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

4.8 INVESTMENT PROPERTIES

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

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties are within 42 years to 56 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

<u>Accounting Policies Applied Until 31 March 2019</u>

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES (CONT'D)

Accounting Policies Applied Until 31 March 2019 (Cont'd)

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. The costs of primary raw materials and other consumables are determined on the weighted average cost and first-in, first-out method respectively, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.11 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.13 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

4.14 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.15 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 EMPLOYEE BENEFITS (CONT'D)

(c) Defined Benefit Plans

The Group makes contributions to the Group's retirement benefit plan, a funded defined benefit plan. In addition, the Group also provides for a post-retirement medical plan for certain employees, which is unfunded.

The liability or asset recognised in the statements of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets.

The present value of the defined benefit obligation is calculated using the projected unit credit method by independent actuaries annually, determined by discounting the estimated future benefits that employees have earned in the current and prior periods, using market yields of private corporate debt securities which have currency and terms to maturity approximating the terms of the related obligation.

The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual reporting period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. The net interest expense or income is recognised in profit or loss under the employee benefits expense.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and will not be reclassified to profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss.

The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

4.16 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 INCOME TAXES (CONT'D)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.17 OPERATING SEGMENTS

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

4.18 BORROWING COSTS

Borrowing costs that directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

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

4.19 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using most likely method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

(b) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(c) Rendering of Services

Revenue from providing services is recognised at a point in time when services are rendered.

4.21 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Interest Income

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

Interest income from financial assets at fair value through profit or loss includes the net fair value gains/losses.

(b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(c) Dividend Income

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

4.22 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

5. INVESTMENTS IN SUBSIDIARIES

	The Company 2020 RM	2019 RM
Unquoted shares in Malaysia, at cost	38,874,000	38,874,000
Unquoted shares outside Malaysia, at cost	8,571,888	825,556
	47,445,888	39,699,556
Amount owing by a subsidiary	18,647,079	-
Investments in subsidiaries	66,092,967	39,699,556

The details of the subsidiaries are as follows:

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2020 %	2019 %	Principal Activities
Direct subsidiaries				
Boilermech Sdn. Bhd. ("BSB")	Malaysia	100.00	100.00	Engaged in the business of manufacturing, repairing and servicing of boilers.
Boilermech Cleantech Sdn. Bhd.	Malaysia	100.00	100.00	Engaged in the business of producing integrated biomass electric power generation system.
Zenith Index Sdn. Bhd.	Malaysia	100.00	100.00	Engaged in the business of bio-energy systems.
PT Boilermech ("PTBM") *#	Indonesia	100.00	100.00	Engaged in trading services especially in design, manufacturing, installation and commissioning of biomass boilers.
Boilermech Oretech Sdn. Bhd.	Malaysia	100.00	100.00	Engaged in the business of supplying palm oil recovery enhancement system.
Teknologi Enviro-Kimia (M) Sdn. Bhd. ("TEK")	Malaysia	60.23	60.23	Engaged in the businesses of general trader and contractor of water treatment chemicals and equipment and investment holdings.
Indirect subsidiaries held through TEK				
T.E.K. Greencare Sdn. Bhd.	Malaysia	60.23	60.23	Engaged in water treatment, chemicals and contract works.
T.E.K. Water Sdn. Bhd.	Malaysia	60.23	60.23	Supplier of water treatment chemical and related accessories and contractor for water treatment facilities.
TEK Biotechnology Sdn. Bhd.	Malaysia	48.18	48.18	Management services, technical consultancy service, project management, laboratory testing, trading and engineering works.
Indirect subsidiaries held through PTBM				
PT Boilermech Manufacturing Indonesia ("PTBMI") # ^	Indonesia	100.00	100.00	Engaged in the business of manufacturing, repairing and servicing of boilers.

* 1% held by a subsidiary, BSB.

\# The subsidiary was audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.

^ At the end of the previous reporting period, no capital injection has been effected into PTBMI.

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The non-controlling interests at the end of reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2020 %	2019 %	2020 RM	2019 RM
TEK	39.77	39.77	10,583,879	10,125,543

(b) The summarised financial information (before intra-group elimination) for the subsidiary that has non-controlling interests that are material to the Group is as follows:-

	TEK	
	2020 RM	2019 RM
At 31 March		
Non-current assets	13,991,873	14,512,351
Current assets	27,824,102	26,931,307
Non-current liabilities	(5,663,578)	(6,183,554)
Current liabilities	(10,246,040)	(10,486,320)
Net assets	25,906,357	24,773,784
Financial Year Ended 31 March		
Revenue	34,711,470	38,660,492
Profit after taxation for the financial year	2,060,092	2,949,916
Total comprehensive income	2,060,092	2,949,916
Total comprehensive income attributable to non-controlling interests	827,226	1,250,504
Dividend paid to non-controlling interests	368,890	322,779
Net cash flows from operating activities	6,503,404	590,728
Net cash flows from investing activities	164,099	141,513
Net cash flows for financing activities	(1,907,233)	(1,402,094)

(c) The amount owing by a subsidiary is subject to an interest rate of 5.50% (2019 – Nil) per annum and the repayment is not likely to occur in the foreseeable future.

6. PROPERTY, PLANT AND EQUIPMENT

The Group	1.4.2019 As Previously Reported RM	1.4.2019 Initial Application of MFRS 16 RM	1.4.2019 As Restated RM	Additions RM	Disposals RM	Written Off RM	Reclassification RM	Depreciation Charges RM	Translation Differences RM	At 31.3.2020 RM
2020										
Carrying Amount										
Freehold land and buildings	1,912,949	-	1,912,949	-	-	-	(1,912,949)	-	-	-
Freehold land	-	-	-	-	-	-	830,000	-	-	830,000
Buildings	-	-	-	3,446,780	-	-	19,105,400	(708,453)	(331,580)	21,512,147
Leasehold land	25,708,642	(25,708,642)	-	-	-	-	-	-	-	-
Leasehold land and buildings	38,221,697	(20,199,246)	18,022,451	-	-	-	(18,022,451)	-	-	-
Factory building extension	98,715	-	98,715	-	-	-	-	(21,937)	-	76,778
Computers	489,038	-	489,038	96,541	-	(184)	-	(214,834)	(2,210)	368,351
Furniture, fittings and office equipment	1,597,335	-	1,597,335	1,259,066	(3,063)	(2,174)	-	(311,071)	(4,164)	2,535,929
Signboard	5,584	-	5,584	-	-	-	-	(2,164)	-	3,420
Machinery	3,500,089	-	3,500,089	563,041	-	(560)	-	(772,081)	(11,168)	3,279,321
Motor vehicles	1,876,400	(1,031,784)	844,616	627,767	(27,078)	-	104,178	(508,439)	(20,923)	1,020,121
Renovation	847,284	-	847,284	-	-	-	-	(180,524)	-	666,760
Capital work-in-progress	109,038	-	109,038	-	-	-	-	-	-	109,038
	74,366,771	(46,939,672)	27,427,099	5,993,195	(30,141)	(2,918)	104,178	(2,719,503)	(370,045)	30,401,865
Right-of-use assets										
Leasehold land	-	45,907,888	45,907,888	17,402,000	-	-	-	(806,333)	(1,673,975)	60,829,580
Motor vehicles	-	1,031,784	1,031,784	352,351	-	-	(104,178)	(373,299)	-	906,658
Office premise	-	14,720	14,720	-	-	-	-	(7,843)	-	6,877
	74,366,771	14,720	74,381,491	23,747,546	(30,141)	(2,918)	-	(3,906,978)	(2,044,020)	92,144,980

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

The Group	At 1.4.2018 RM	Additions RM	Disposals RM	Written Off RM	Depreciation Charges RM	Translation Differences RM	At 31.3.2019 RM
2019							
Carrying Amount							
Freehold land and buildings	1,956,507	-	-	-	(43,558)	-	1,912,949
Leasehold land	26,069,846	-	-	-	(361,204)	-	25,708,642
Leasehold land and buildings	39,333,038	-	-	-	(1,111,341)	-	38,221,697
Factory building extension	125,351	-	-	-	(26,636)	-	98,715
Computers	633,981	104,851	-	(2,281)	(247,831)	318	489,038
Furniture, fittings and office equipment	1,792,604	123,283	-	(12,478)	(306,827)	753	1,597,335
Signboard	5,699	2,800	-	(563)	(2,352)	-	5,584
Machinery	4,147,915	110,520	-	(1,958)	(756,388)	-	3,500,089
Motor vehicles	2,394,917	760,314	(35,400)	(38,264)	(1,206,188)	1,021	1,876,400
Renovation	1,034,014	5,428	-	(2,022)	(190,136)	-	847,284
Capital work-in-progress	108,418	620	-	-	-	-	109,038
	77,602,290	1,107,816	(35,400)	(57,566)	(4,252,461)	2,092	74,366,771

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

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2020			
Freehold land	830,000	-	830,000
Buildings	26,546,178	(5,034,031)	21,512,147
Factory building extension	178,566	(101,788)	76,778
Computers	2,310,842	(1,942,491)	368,351
Furniture, fittings and office equipment	4,484,971	(1,949,042)	2,535,929
Signboard	25,284	(21,864)	3,420
Machinery	10,665,004	(7,385,683)	3,279,321
Motor vehicles	7,463,114	(6,442,993)	1,020,121
Renovation	1,705,115	(1,038,355)	666,760
Capital work-in-progress	109,038	-	109,038
	54,318,112	(23,916,247)	30,401,865
Right-of-use assets			
Leasehold land	66,189,132	(5,359,552)	60,829,580
Motor vehicles	1,907,787	(1,001,129)	906,658
Office premise	14,720	(7,843)	6,877
	122,429,751	(30,284,771)	92,144,980
2019			
Freehold land and buildings	2,050,000	(137,051)	1,912,949
Leasehold land	27,097,618	(1,388,976)	25,708,642
Leasehold land and buildings	45,574,467	(7,352,770)	38,221,697
Factory building extension	178,566	(79,851)	98,715
Computers	2,236,871	(1,747,833)	489,038
Furniture, fittings and office equipment	3,256,179	(1,658,844)	1,597,335
Signboard	25,284	(19,700)	5,584
Machinery	10,216,117	(6,716,028)	3,500,089
Motor vehicles	9,095,794	(7,219,394)	1,876,400
Renovation	1,705,115	(857,831)	847,284
Capital work-in-progress	109,038	-	109,038
	101,545,049	(27,178,278)	74,366,771

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

The Company	As Previously Reported RM	1.4.2019 Initial Application of MFRS16 RM	As Restated RM	Depreciation Charge RM	At 31.3.2020 RM
2020					
Carrying Amount					
Leasehold land	11,698,733	(11,698,733)	-	-	-
	11,698,733	(11,698,733)	-	-	-
Right-of-use assets					
Leasehold land	-	11,698,733	11,698,733	(150,144)	11,548,589
	11,698,733	-	11,698,733	(150,144)	11,548,589

The Company	At 1.4.2018 RM	Depreciation Charge RM	At 31.3.2019 RM
2019			
Carrying Amount			
Leasehold land	11,848,877	(150,144)	11,698,733

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2020			
Right-of-use of assets			
Leasehold land	12,299,309	(750,720)	11,548,589
2019			
Leasehold land	12,299,309	(600,576)	11,698,733

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

(a) In the previous financial year, included in the property, plant and equipment of the Group were motor vehicles with a total carrying amount of RM1,031,784, which were acquired under hire purchase terms. These leased assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 22 to the financial statements.

(b) The carrying amount of property, plant and equipment of the Group which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 23 and Note 26 to the financial statements are as follows:-

	The Group	
	2020 RM	2019 RM
Freehold land and buildings	-	1,912,949
Leasehold land and buildings	-	2,112,248
Freehold land	830,000	-
Buildings	2,449,569	-
	3,279,569	4,025,197

(c) Right-of-use of assets

(i) The motor vehicles are leased under hire purchase arrangements. The leases are secured by the leased assets. The Group have an option to purchase the asset at the expiry of the lease period at an insignificant amount.

(ii) The Group and the Company have lease contracts for leasehold land, motor vehicles and office premise used in its operations. Their lease terms are as below:

	The Group 2020	The Company 2020
Leasehold land	25 - 82 years	82 years
Motor vehicles	5 years	N/A
Office premise	2 years	N/A

N/A – Not applicable.

(iii) The carrying amount of the leasehold land of the Group that has been pledged to licensed banks as security for banking facilities granted to the Group is as follows:-

	The Group 2020
Right-of-use of assets	
Leasehold land	656,873

(iv) The comparative information of right-of-use assets is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

7. INVESTMENT PROPERTY

The Group	At 1.4.2019 RM	Depreciation Charge RM	At 31.3.2020 RM
2020			
Carrying Amount			
Land and buildings	6,190,076	(131,106)	6,058,970

The Group	At 1.4.2018 RM	Depreciation Charge RM	At 31.3.2019 RM
2019			
Carrying Amount			
Land and buildings	6,321,184	(131,108)	6,190,076

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2020			
Land and buildings	6,941,327	(882,357)	6,058,970
2019			
Land and buildings	6,941,327	(751,251)	6,190,076

	The Group	
	2020 RM	2019 RM
Fair value	6,662,000	6,662,000

(a) The investment properties have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 23 and Note 26 to the financial statements respectively.

(b) The fair value of investment property at the end of the reporting period was determined by the directors by reference to the recent transactions and asking price of similar properties in and around the locality with adjustment for different factors such as age, size, land tenure, type and availability of amenities and/or using a discounted cash flow method, as appropriate.

7. INVESTMENT PROPERTY (CONT'D)

(c) The investment properties of the Group are leased to customers under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods of 2 years and an option that is exercisable by the customers to extend their leases for an average of 1.5 year.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

	The Group 2020 RM
Not more than 1 year	37,700
Later than 1 year and not later than 5 years	1,800
	39,500

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

8. DEFERRED TAX ASSETS/(LIABILITIES)

The components and movements of the deferred tax assets and liabilities during the financial year are as follows: -

The Group	At 1.4.2019 RM	Recognised in Profit or Loss (Note 31) RM	Recognised in other comprehensive income RM	Exchange Differences RM	At 31.3.2020 RM
2020					
Property, plant and equipment	(2,462,449)	136,169	-	-	(2,326,280)
Fair value adjustment on properties through acquisition of a subsidiary	(1,386,588)	27,819	-	-	(1,358,769)
Trade receivables	1,168,073	287,774	-	-	1,455,847
Others	1,660,403	168,314	(3,248)	(5,160)	1,820,309
	(1,020,561)	620,076	(3,248)	(5,160)	(408,893)

The Group	At 1.4.2018 RM	Recognised in Profit or Loss (Note 31) RM	At 31.3.2019 RM
2019			
Property, plant and equipment	(2,562,057)	99,608	(2,462,449)
Fair value adjustment on properties through acquisition of a subsidiary	(1,414,405)	27,817	(1,386,588)
Trade receivables	689,507	478,566	1,168,073
Others	1,936,123	(275,720)	1,660,403
	(1,350,832)	330,271	(1,020,561)

8. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The deferred tax assets/(liabilities) are attributable to the following:-

	The Group	
	2020 RM	2019 RM
Deferred Tax Assets		
Accelerated capital allowances over depreciation	(1,105,685)	(1,206,375)
Revaluation of property	(1,212,781)	(1,248,571)
Other temporary differences	3,276,156	2,871,768
	957,690	416,822
Deferred Tax Liabilities		
Accelerated capital allowances over depreciation	(7,814)	(7,503)
Fair value adjustment on properties through acquisition of a subsidiary	(1,358,769)	(1,386,588)
Other temporary differences	-	(43,292)
	(1,366,583)	(1,437,383)

9. GOODWILL

	The Group	
	2020 RM	2019 RM
Cost:-		
At 1 April/31 March	3,931,378	3,931,378

(a) The carrying amounts of goodwill are related to water treatment segment.

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the water treatment segment are determined using the value in use approach, and this is derived from the present value of the future cash flows from cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2020 %	2019 %	2020 %	2019 %	2020 %	2019 %
Water treatment segment	30.0	33.5	12.0	18.0	12.50	10.26

(i) Budgeted gross margin — Average gross margin achieved in 3 financial years immediately before the budgeted period adjusted for expected economy circumstances.

(ii) Growth rate — Based on the expected projection of water treatment segment.

(iii) Discount rate (pre-tax) — Reflects specific risks relating to water treatment segment.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating unit and are based on both external sources and internal historical data.

9. GOODWILL (CONT'D)

(c) The directors believe that there is no reasonable possible change in the above key assumptions applied that are likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

10. INVENTORIES

	The Group 2020 RM	The Group 2019 RM
At cost:-		
Raw materials	28,286,639	20,182,607
Work-in-progress	535,812	679,859
Goods in transit	354,706	1,882,510
Finished goods	3,208,224	3,937,335
	32,385,381	26,682,311
At net realisable value:-		
Raw materials	3,186,413	2,154,198
	35,571,794	28,836,509
Recognised in profit or loss:-		
Inventories recognised as cost of sales	70,910,313	76,097,413
Reversal of inventories previously written down	-	(31,149)
Inventories written down	583,732	468,266
Inventories written off	21,741	5,335

11. CONTRACT ASSETS/(LIABILITIES)

	The Group 2020 RM	The Group 2019 RM
Contract Assets		
Contract assets relating to construction contracts	34,793,809	26,946,887
Allowance for impairment losses	(277,958)	(277,958)
	34,515,851	26,668,929
Allowance for impairment losses:-		
At 1 April/31March	(277,958)	(277,958)
Contract Liabilities		
Contract liabilities relating to construction contracts	(45,098,705)	(51,856,267)

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. The amount will be invoiced within 12 months (2019 - 12 months).

11. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(b) The contract liabilities primarily relate to advance considerations received from few customers for construction services of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, within 12 months (2019 - 12 months).

(c) The changes to contract asset and contract liability balances during the financial year are summarised below:-

	The Group	
	2020 RM	2019 RM
At 1 April	(25,187,338)	(18,765,893)
Revenue recognised in profit or loss during the financial year	205,154,846	208,854,934
Billings to customers during the financial year	(189,699,344)	(215,276,379)
Others	(851,018)	-
At 31 March	(10,582,854)	(25,187,338)

(d) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long-term contracts is RM244,479,873 (2019 - RM230,886,589) of which is expected to occur over the next 12 to 18 months.

	2020 RM	2019 RM
Within 1 Year	150,110,501	148,285,709
More than 1 year	94,369,372	82,600,880
	244,479,873	230,886,589

The amount disclosed above does not include variable consideration which is constrained.

12. TRADE RECEIVABLES

	The Group	
	2020 RM	2019 RM
Trade receivables - Third parties	63,914,761	70,808,227
Trade receivables - Related parties	1,373,151	1,128,335
Retention receivables	7,451,639	6,898,011
	72,739,551	78,834,573
Allowance for impairment losses	(10,236,127)	(8,814,534)
	62,503,424	70,020,039
Allowance for impairment losses:-		
At 1 April	(8,814,534)	(7,359,386)
Addition during the financial year	(1,436,060)	(1,454,645)
Translation difference	14,467	(503)
At 31 March	(10,236,127)	(8,814,534)

12. TRADE RECEIVABLES (CONT'D)

(a) The Group's normal trade credit terms range from 30 to 90 (2019 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) The retention sums are unsecured, interest-free and are expected to be collected within periods ranging from 6 to 12 months (2019 - 6 to 12 months).

(c) Included in allowance for impairment losses is an amount of RM921,057 (2019 - RM918,783) which relates to amount owing by related parties.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	5,062,902	3,139,000	-	-
Deposits	582,542	531,418	1,000	1,000
Prepayments	10,439,358	5,009,697	79,743	49,661
Goods and services tax recoverable	191,585	1,170,278	17,280	32,739
	16,276,387	9,850,393	98,023	83,400

Included in prepayments of the Group are amounts paid in advance to suppliers for purchases materials and machinery amounting to approximately RM6,851,000 and RM3,187,000 (2019 - RM4,269,000 and Nil), respectively.

14. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2020 RM	2019 RM
Non-trade:		
Amount owing by subsidiaries	2,924,377	2,610,000
Less: Allowance for impairment losses	(2,270,000)	-
	654,377	2,610,000
Allowance for impairment losses:-		
At 1 April	-	-
Addition during the financial year	(2,270,000)	-
At 31 March	(2,270,000)	-
Non-trade:		
Amount owing to subsidiaries	-	(1,802)

The amounts owing are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts owing are to be settled in cash.

15. DERIVATIVE ASSETS/(LIABILITIES)

	The Group			
	Contract/Notional Amount		Assets/(Liabilities)	
	2020 RM	2019 RM	2020 RM	2019 RM
Forward foreign currency contracts:-				
Cash flow hedge	51,537,440	62,989,064	(718,309)	754,650
Fair value through profit or loss	48,499,255	37,301,052	(1,558,872)	(60,506)
	100,036,695	100,290,116	(2,277,181)	694,144

(a) Cash Flow Hedge

At the end of the reporting period, the Group held forward currency contracts designated as hedges of expected future sales denominated in United States Dollar and Euro to customers for which the Group has firm commitments over the next 12 months.

The terms of the forward currency contracts have been negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting had previously been used, which are no longer expected to occur. No amount was recognised for ineffectiveness in other expenses in the profit or loss for the current financial year.

The cash flow hedge of the expected future transactions were assessed to be highly effective and the related net unrealised loss of RM1,472,959 (2019 - net unrealised loss of RM3,685,292) was included in other comprehensive income in respect of these contracts.

(b) Fair Value Through Profit or Loss

The Group uses forward currency contracts to manage some of the Group's sales denominated in United States Dollar and Euro. These forward currency contracts are not designated as cash flow hedge and are entered into for periods consistent with the currency transaction exposure.

During the financial year, the Group recognised a net loss of RM1,498,366 (2019 - RM293,800) arising from fair value changes of its forward currency contracts.

The basis applied in determining the fair value of these derivatives are disclosed in Note 41.5 to the financial statements.

16. LIQUID INVESTMENTS

The liquid investments are short-term money market funds, the withdrawal proceeds of which can be received on the following day after the notice of withdrawal.

The liquid investments bore a weighted effective interest rate of 3.40% (2019 - 3.83%) per annum at the end of the reporting period.

17. SHORT-TERM DEPOSITS WITH LICENSED BANKS

The short-term deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 3.00% to 5.50% (2019 - Nil) per annum. The short-term deposits have maturity periods ranging from 14 to 31 (2019 - Nil) days.

18. SHARE CAPITAL

	The Group/The Company			
	2020	2019	2020	2019
	Number of Shares		RM	RM
Issued and Fully Paid-Up				
Ordinary shares				
At 1 April/31 March	516,000,000	516,000,000	51,600,000	51,600,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

19. MERGER DEFICIT

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of the shares of a subsidiary upon consolidation under the merger accounting principles.

20. RESERVES

		The Group		The Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Non distributable:-					
Cash flow hedge reserve	(a)	(718,309)	754,650	-	-
Foreign exchange translation reserve	(b)	(3,226,005)	45,461	-	-
Defined benefit reserve	(c)	8,808	-	-	-
		(3,935,506)	800,111	-	-
Distributable:-					
Retained profits		186,527,650	173,593,084	42,038,110	37,210,488
		182,592,144	174,393,195	42,038,110	37,210,488

(a) Cash Flow Hedge Reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

	The Group	
	2020 RM	2019 RM
At 1 April	754,650	4,439,942
Loss on cash flow hedge	(1,472,959)	(3,685,292)
At 31 March	(718,309)	754,650

(b) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

20. RESERVES (CONT'D)

(c) Defined Benefit Reserve

The defined benefit reserve arose from the remeasurement of the defined benefit plans.

21. LEASE LIABILITIES

	The Group 2020 RM
At 1 April	
- As previously reported	-
- Initial application of MFRS 16	1,260,657
- As restated	1,260,657
Additions during the financial year	318,300
Interest expense recognised in profit or loss	61,718
Repayment of principal	(483,778)
Repayment of interest expense	(61,718)
At 31 March	1,095,179
Analysed by:-	
Current liabilities (Note 26)	331,023
Non-current liabilities	764,156
	1,095,179

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

Certain lease liabilities of the Group are secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 6 to the financial statements, with lease terms of 5 years and bear effective interest rates ranging from 4.52% to 6.20%.

22. HIRE PURCHASE PAYABLES

	The Group 2019 RM
Minimum hire purchase payments:	
- not later than one year	470,604
- later than one year but not later than five years	892,979
	1,363,583
Less: Future finance charges	(117,646)
Present value of hire purchase payables	1,245,937
Analysed by:-	
Current liabilities (Note 26)	416,998
Non-current liabilities	828,939
	1,245,937

22. HIRE PURCHASE PAYABLES (CONT'D)

(a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 21 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.

(b) In the previous financial year, the hire purchase payables of the Group were secured by the Group's motor vehicles under finance lease as disclosed in Note 6 to the financial statements.

(c) In the previous financial year, the hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 4.52% to 6.45%. The interest rates were fixed at the inception of the hire purchase arrangements.

23. TERM LOANS

	The Group	
	2020 RM	2019 RM
Current liabilities (Note 26)	428,220	415,738
Non-current liabilities	3,532,837	3,962,254
	3,961,057	4,377,992

The term loans bore interest rates ranging from 4.02% to 4.87% (2019 - 4.76% to 5.14%) per annum at the end of the reporting period and are secured by:-

(a) a legal charge over certain properties and investment properties of the Group as disclosed in Note 6 and Note 7 to the financial statements;
(b) a corporate guarantee by the Company; and
(c) a joint and several guarantee of certain directors of a subsidiary.

All the term loans of the Group are floating rate instruments.

24. EMPLOYEE BENEFIT

The Group provides benefits for its employees of the subsidiaries in Indonesia based on the provisions of Indonesia Labor Law. The employee benefits liability is unfunded.

The obligations under the defined benefit plans are determined by a professional qualified actuary based on actuarial assumptions using Projected Unit Credit method. Such determination is made based on the present value of expected cash flows of benefits to be paid in the future taking into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of service and other factors.

25. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2019 - 30 to 90) days.

26. SHORT-TERM BORROWINGS

	The Group	
	2020 RM	2019 RM
Bankers' acceptances	827,000	906,000
Revolving credits	1,500,000	1,500,000
Lease liabilities (Note 21)	331,023	-
Hire purchase payables (Note 22)	-	416,998
Term loans (Note 23)	428,220	415,738
	3,086,243	3,238,736

(a) Bankers' acceptances bore effective interest rates ranging from 3.71% to 4.36% (2019 - 4.89% to 5.02%) per annum at the end of the reporting period and are secured by:-

(i) a first legal charge over certain properties and investment properties of the Group as disclosed in Note 6 and Note 7 to the financial statements;
(ii) a corporate guarantee by the Company; and
(iii) a joint and several guarantee of certain directors of a subsidiary.

(b) Revolving credits bore an effective interest rate of 4.85% (2019 - 5.39%) per annum at the end of the reporting period and are secured by:-

(i) a first legal charge over certain properties and investment properties of the Group as disclosed in Note 6 and Note 7 to the financial statements;
(ii) a corporate guarantee by the Company; and
(iii) a joint and several guarantee of certain directors of a subsidiary.

27. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of the Group at the end of the reporting period of RM212,382,146 (2019 - RM204,183,197) divided by the number of ordinary shares at the end of the reporting period of 516,000,000 (2019 - 516,000,000).

28. REVENUE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from Contracts with Customers				
<u>Revenue recognised over time</u>				
Construction services	205,154,846	208,854,934	-	-
<u>Revenue recognised at a point in time</u>				
Sales of goods and services	24,992,123	25,955,037	-	-
	230,146,969	234,809,971	-	-
Revenue from Other Sources				
Dividend income	-	-	20,558,630	31,488,801
	230,146,969	234,809,971	20,558,630	31,488,801

The information on the disaggregation of revenue is disclosed in Note 37 to the financial statements.

29. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Impairment losses:				
- trade receivables	1,436,060	1,454,645	-	-
- amount owing by subsidiaries	-	-	2,270,000	-
	1,436,060	1,454,645	2,270,000	-

30. PROFIT BEFORE TAXATION

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- audit fees	214,615	199,255	58,000	53,000
- non-audit fees:				
- auditors of the Company	3,500	3,500	3,500	3,500
- other auditors	38,000	35,000	-	35,000
Bad debts written off	-	731,642	-	-
Depreciation of property, plant and equipment	3,906,978	4,252,461	150,144	150,144
Depreciation of investment property	131,106	131,108	-	-
Direct operating expenses on investment property	8,652	20,989	-	-
Directors' fees	527,711	511,414	491,711	475,414
Directors' non-fee emoluments	3,368,199	3,306,063	110,304	89,862
Property, plant and equipment written off	2,918	57,566	-	-
Interest expense on lease liabilities	61,718	-	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptances	25,315	44,449	-	-
- hire purchase	-	65,447	-	-
- revolving credits	116,100	81,250	37,479	-
- term loans	202,761	229,580	-	-
Inventories written down	583,732	468,266	-	-
Inventories written off	21,741	5,335	-	-
Loss/(Gain) on foreign exchange:				
- realised	878,932	235,912	-	-
- unrealised	(418,259)	(896,918)	2,268,986	-

30. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation is arrived at after charging/ (crediting) (Cont'd):-				
Lease expenses on:				
- factory	243,750	243,000	-	-
- premises	155,599	210,837	-	-
Rental expense on equipment	445,183	694,519	-	-
Staff costs:				
- short-term employee benefits	18,786,160	19,383,652	-	-
- defined contribution plan	2,094,100	2,013,317	-	-
- long-term employee benefits	220,361	-	-	-
Dividend income	-	-	(20,558,630)	(31,488,801)
Fair value loss on derivatives	1,498,366	293,800	-	-
Gain on disposal of property, plant and equipment	(223,909)	(123,242)	-	-
Interest income on:				
- financial assets measured at fair value through profit or loss mandatorily	(1,561,679)	(2,545,818)	(220,826)	(173,988)
- financial assets measured at amortised cost	(574,853)	(261,356)	(186,620)	(771)
Lease income:				
- Rental income from investment property	(298,650)	(332,900)	-	-
Reversal of inventories previously written down	-	(31,149)	-	-

31. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense	8,967,789	9,199,469	43,539	181
(Over)/Underprovision in the previous financial year	(3,119)	(80,513)	4	(4)
	8,964,670	9,118,956	43,543	177
Deferred tax (Note 8):				
- origination and reversal of temporary differences	(620,076)	(320,582)	-	-
- overprovision in the previous financial year	-	(9,689)	-	-
	(620,076)	(330,271)	-	-
	8,344,594	8,788,685	43,543	177

31. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to profit before taxation at the statutory tax rates to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation	32,426,386	36,614,732	15,191,165	30,564,997
Tax at the statutory tax rate of 24% (2019 - 24%)	7,782,333	8,787,535	3,645,880	7,335,599
Tax effects of:-				
Non-taxable income	(374,804)	(796,224)	(4,987,069)	(7,599,069)
Non-deductible expenses	771,917	776,265	1,384,728	263,651
Reversal of deferred tax liability arising from revaluation reserve	(35,790)	(35,790)	-	-
Reversal of deferred tax liability arising from fair value of the net identifiable assets from acquisition of a subsidiary	(27,819)	(27,817)	-	-
Deferred tax asset not recognised during the financial year	229,508	163,207	-	-
Differential in tax rates of foreign subsidiaries	2,368	11,711	-	-
Overprovision in the previous financial year:				
- current tax	(3,119)	(80,513)	4	(4)
- deferred tax	-	(9,689)	-	-
Income tax expense for the financial year	8,344,594	8,788,685	43,543	177

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

No deferred tax assets are recognised at the end of the reporting period in respect of the following items (stated at gross):-

	The Group	
	2020 RM	2019 RM
Unutilised tax losses	1,066,670	349,460
Unabsorbed capital allowances	600	200
Other temporary difference	2,251,300	2,149,235
	3,318,570	2,498,895

For subsidiaries in Malaysia, the unused tax losses are allowed to be utilised for 7 consecutive years of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

The use of tax losses of subsidiaries in other countries is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate.

32. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to owners of the Company of RM23,254,566 (2019 - RM26,575,543) by the number of ordinary shares in issue during the financial year of 516,000,000 (2019 - 516,000,000).

	The Group	
	2020	2019
Profit attributable to owners of the Company (RM)	23,254,566	26,575,543
Number of ordinary shares at 31 March	516,000,000	516,000,000
Basic earnings per share (sen)	4.51	5.15

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

33. DIVIDEND

	The Group/The Company	
	2020 RM	2019 RM
In respect of the financial year ended 31 March 2019:-		
Paid:		
- final single tier dividend of 2.00 sen per ordinary share	10,320,000	-
In respect of the financial year ended 31 March 2018:-		
Paid:		
- final single tier dividend of 1.75 sen per ordinary share	-	9,030,000

At the forthcoming Annual General Meeting, a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 March 2021.

34. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase and additions of property, plant and equipment is as follows:-

	The Group	
	2020 RM	2019 RM
Cost of property, plant and equipment purchased/additions	23,747,546	1,107,816
Less: Amount financed through hire purchase (Note (b) below)	-	(566,600)
Less: Addition of new lease liabilities (Note (b) below)	(318,300)	-
Cash disbursed for purchase of property, plant and equipment	23,429,246	541,216

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Hire Purchase Payables RM	Bankers' Acceptances RM	Revolving Credits RM	Lease Liabilities RM	Total RM
2020						
At 1 April, as previously reported	4,377,992	1,245,937	906,000	1,500,000	-	8,029,929
Effects on adoption of MFRS 16	-	(1,245,937)	-	-	1,260,657	14,720
	4,377,992	-	906,000	1,500,000	1,260,657	8,044,649
Changes in Financing Cash Flows						
Repayment of principal	(416,935)	-	(79,000)	-	(483,778)	(979,713)
Repayment of interests	(202,761)	-	(25,315)	(116,100)	(61,718)	(405,894)
	(619,696)	-	(104,315)	(116,100)	(545,496)	(1,385,607)
Non-cash Changes						
Acquisition of new leases (Note (a) above)	-	-	-	-	318,300	318,300
Interest expense recognised in profit or loss	202,761	-	25,315	116,100	61,718	405,894
	202,761	-	25,315	116,100	380,018	724,194
At 31 March	3,961,057	-	827,000	1,500,000	1,095,179	7,383,236

The Group	Term Loans RM	Hire Purchase Payables RM	Bankers' Acceptances RM	Revolving Credits RM	Total RM
2019					
At 1 April	4,786,114	1,110,729	657,000	1,500,000	8,053,843
Changes in Financing Cash Flows					
Repayment of principal	(408,122)	(431,392)	-	-	(839,514)
Repayment of interests	(229,580)	(65,447)	(44,449)	(81,250)	(420,726)
Net drawdown of borrowings	-	-	249,000	-	249,000
	(637,702)	(496,839)	204,551	(81,250)	(1,011,240)
Non-cash Changes					
New hire purchase (Note (a) above)	-	566,600	-	-	566,600
Interest expense recognised in profit or loss	229,580	65,447	44,449	81,250	420,726
	229,580	632,047	44,449	81,250	987,326
At 31 March	4,377,992	1,245,937	906,000	1,500,000	8,029,929

34. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group 2020 RM
Payment of short-term leases	399,349
Repayment of interest expense on lease liabilities	61,718
Repayment of principal on lease liabilities	483,778
	944,845

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

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Liquid investments	38,007,380	78,368,820	240,328	18,764,001
Short-term deposits with licensed banks	6,579,144	-	-	-
Cash and bank balances	14,098,097	18,906,576	54,610	23,325
	58,684,621	97,275,396	294,938	18,787,326

35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and of the subsidiaries.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of the Company				
Executive directors:				
- emoluments	2,887,953	2,846,686	-	-
- fees	36,000	36,000	-	-
- defined contribution plan	369,942	369,515	-	-
	3,293,895	3,252,201	-	-
Non-executive directors:				
- fees	491,711	475,414	491,711	475,414
- allowances	110,304	89,862	110,304	89,862
	602,015	565,276	602,015	565,276
	3,895,910	3,817,477	602,015	565,276
Directors of the Subsidiaries				
Executive directors:				
- emoluments	1,446,366	1,691,923	-	-
Total directors' remuneration	5,342,276	5,509,400	602,015	565,276

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was RM46,550 (2019 - RM62,800).

36. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, significant investors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial year:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Purchase of goods from a company in which a substantial shareholder is connected to a director of the Company	827,595	329,128	-	-
Purchase of goods from a company in which a substantial shareholder is a director of a subsidiary	-	683,476	-	-
Sales to companies in which a corporate shareholder of the Company has a substantial financial interest	(2,548,229)	(1,282,974)	-	-
Dividend income from subsidiaries	-	-	(20,558,630)	(31,488,801)

The significant outstanding balances of the related parties (including the allowance for impairment losses made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

No expense was recognised during the financial year for impairment losses in respect of the amounts owed by the related parties other than those disclosed in Note 12 to the financial statements.

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main business segments as follows:-

(i)	Bio-energy systems	Manufacturing, installation and repair of bio-energy systems (which involve the generation of energy from bio-based materials) and trading of related parts and accessories.
(ii)	Water treatment	General trader and contractor of water treatment chemicals and equipment.

37. OPERATING SEGMENTS (CONT'D)

(a) The management assesses the performance of the reportable segments based on their profit before taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

BUSINESS SEGMENTS

	Bio-Energy Systems RM	Water Treatment RM	The Group RM
2020			
Revenue			
External revenue	196,170,753	33,976,216	230,146,969
Inter-segment revenue	74,827	735,254	810,081
	196,245,580	34,711,470	230,957,050
Consolidation adjustments			(810,081)
Consolidated revenue			230,146,969
Represented by:-			
Revenue recognised at a point of time			
- Sales of goods and services	6,159,408	18,907,542	25,066,950
Revenue recognised over time			
- Construction services	190,086,172	15,803,928	205,890,100
	196,245,580	34,711,470	230,957,050
Consolidation adjustments			(810,081)
			230,146,969

37. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	The Group RM
2020			
Results			
Segment results	33,913,140	3,721,341	37,634,481
Interest income	1,954,544	181,988	2,136,532
Interest expense	(37,479)	(368,415)	(405,894)
Allowance for/(Written back of) impairment losses on trade receivables	(1,444,137)	8,077	(1,436,060)
Depreciation of property, plant and equipment	(3,093,980)	(812,998)	(3,906,978)
Depreciation of investment property	-	(131,106)	(131,106)
Equipment written off	(2,713)	(205)	(2,918)
Fair value loss on derivatives	(1,498,366)	-	(1,498,366)
Inventories written (down)/back	(586,435)	2,703	(583,732)
Inventories written off	(17,302)	(4,439)	(21,741)
Unrealised gain on foreign exchange	418,259	-	418,259
Gain on disposal of property, plant and equipment	150,987	72,922	223,909
	29,756,518	2,669,868	32,426,386
Income tax expense			(8,344,594)
Consolidated profit after taxation			24,081,792

37. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	The Group RM
2020			
Assets			
Segment assets	264,643,628	45,456,985	310,100,613
Unallocated assets:			
- deferred tax assets			957,690
- current tax assets			616,237
Consolidation adjustments			(413,208)
Consolidated total assets			311,261,332
Liabilities			
Segment liabilities	70,150,662	14,543,032	84,693,694
Unallocated liabilities:			
- deferred tax liabilities			1,366,583
- current tax liabilities			2,648,238
Consolidation adjustments			(413,208)
Consolidated total liabilities			88,295,307
Other Segments Items			
Additions to non-current assets other than financial instruments and deferred tax assets are:			
Property, plant and equipment	5,909,358	83,837	5,993,195
Right-of-use assets	17,402,000	352,351	17,754,351

37. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	The Group RM
2019			
Revenue			
External revenue	196,099,225	38,710,746	234,809,971
Inter-segment revenue	102,165	-	102,165
	196,201,390	38,710,746	234,912,136
Consolidation adjustments			(102,165)
Consolidated revenue			234,809,971
Represented by:-			
Revenue recognised at a point of time			
- Sales of goods and services	6,442,686	19,512,351	25,955,037
Revenue recognised over time			
- Construction services	189,758,704	19,198,395	208,957,099
	196,201,390	38,710,746	234,912,136
Consolidation adjustments			(102,165)
			234,809,971

37. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	The Group RM
2019			
Results			
Segment results	34,445,309	6,126,489	40,571,798
Interest income	2,714,867	92,307	2,807,174
Interest expense	-	(420,726)	(420,726)
Allowance for impairment losses on trade receivables	(1,240,848)	(213,797)	(1,454,645)
Bad debts written off	(731,642)	-	(731,642)
Depreciation of property, plant and equipment	(3,257,957)	(994,504)	(4,252,461)
Depreciation of investment property	-	(131,108)	(131,108)
Property, plant and equipment written off	(44,790)	(12,776)	(57,566)
Fair value loss on derivatives	(293,800)	-	(293,800)
Inventories written down	(424,154)	(44,112)	(468,266)
Inventories written off	(2,515)	(2,820)	(5,335)
Unrealised gain on foreign exchange	896,918	-	896,918
Gain on disposal of property, plant and equipment	28,000	95,242	123,242
Reversal of inventories previously written down	-	31,149	31,149
	32,089,388	4,525,344	36,614,732
Income tax expense			(8,788,685)
Consolidated profit after taxation			27,826,047

37. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy Systems RM	Water Treatment RM	The Group RM
2019			
Assets			
Segment assets	273,016,106	44,949,496	317,965,602
Unallocated assets:			
- deferred tax assets			416,822
- current tax assets			1,566,888
Consolidation adjustments			(131,967)
Consolidated total assets			319,817,345
Liabilities			
Segment liabilities	86,461,424	14,962,696	101,424,120
Unallocated liabilities:			
- deferred tax liabilities			1,437,383
- current tax liabilities			2,779,069
Consolidation adjustments			(131,967)
Consolidated total liabilities			105,508,605
Other Segments Items			
Additions to non-current assets other than financial instruments and deferred tax assets are:			
Property, plant and equipment	459,780	648,036	1,107,816

GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the entities within the Group are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

The Group	Revenue 2020 RM	Revenue 2019 RM	Non-current Assets 2020 RM	Non-current Assets 2019 RM
Malaysia	223,795,115	226,123,354	82,970,870	84,361,764
Indonesia	6,351,854	8,686,617	19,164,458	126,461
	230,146,969	234,809,971	102,135,328	84,488,225

37. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION (CONT'D)

The information on the disaggregation of revenue based on the country in which the customers are located is summarised below:-

	2020 RM	2019 RM
The Group		
Malaysia	113,013,749	99,001,394
Indonesia	100,866,656	114,124,497
Other countries	16,266,564	21,684,080
	230,146,969	234,809,971

MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

38. CAPITAL COMMITMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Investments in subsidiaries	-	-	-	90,000
Purchase of property, plant and equipment	600,000	-	-	-
	600,000	-	-	90,000

39. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:-

	The Group	
	2020 RM	2019 RM
United States Dollar	4.3130	4.0850
Indonesian Rupiah	0.0003	0.0003
Euro	4.7352	4.5875

40. OPERATING LEASE COMMITMENTS

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 'Leases':-

(a) Leases as Lessee

The Group leases an office premise under non-cancellable operating lease. The future minimum lease payments under the non-cancellable operating lease as at the end of the last reporting period are as follows:-

	The Group 2019 RM
Not more than 1 year	8,400
Later than 1 year and not later than 5 years	7,350
Total (Note 44)	15,750

(b) Leases as Lessor

The Group leases out its investment properties under non-cancellable operating leases. The future minimum lease payments under the non-cancellable operating leases as at the end of the last reporting period are as follows:-

	The Group 2019 RM
Not more than 1 year	220,650
Later than 1 year and not later than 5 years	28,200
	248,850

41. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

41.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR") and Indonesian Rupiah ("IDR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk as disclosed in Note 15 to the financial statements. The forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure

The Group	Indonesian Rupiah RM	United States Dollar RM	Euro RM	Others RM	Ringgit Malaysia RM	Total RM
2020						
Financial Assets						
Trade receivables	3,057,156	22,968,308	219,357	-	36,258,603	62,503,424
Other receivables and deposits	1,805,272	-	-	-	4,031,757	5,837,029
Liquid investments	-	-	-	-	38,007,380	38,007,380
Short-term deposits with licensed banks	6,579,144	-	-	-	-	6,579,144
Cash and bank balances	1,110,755	1,268,154	87,016	982	11,631,190	14,098,097
	12,552,327	24,236,462	306,373	982	89,928,930	127,025,074

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Indonesian Rupiah RM	United States Dollar RM	Euro RM	Others RM	Ringgit Malaysia RM	Total RM
2020						
Financial Liabilities						
Trade payables	584,324	567,983	-	6,523	22,215,944	23,374,774
Other payables and accruals	448,314	356,983	-	-	5,120,932	5,926,229
Term loans	-	-	-	-	3,961,057	3,961,057
Bankers' acceptances	-	-	-	-	827,000	827,000
Revolving credits	-	-	-	-	1,500,000	1,500,000
Derivative liabilities	-	-	-	-	2,277,181	2,277,181
	1,032,638	924,966	-	6,523	35,902,114	37,866,241
Net financial assets/(liabilities)	11,519,689	23,311,496	306,373	(5,541)	54,026,816	89,158,833
Less: Forward foreign currency contracts (contracted notional principal)	-	(23,298,789)	(224,598)	-	-	(23,523,387)
Less: Net financial assets denominated in the respective entities' functional currencies	(11,872,339)	-	-	-	(54,026,816)	(65,899,155)
Currency Exposure	(352,650)	12,707	81,775	(5,541)	-	(263,709)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Indonesian Rupiah RM	United States Dollar RM	Euro RM	Others RM	Ringgit Malaysia RM	Total RM
2019						
Financial Assets						
Trade receivables	1,681,863	23,584,102	1,489,210	385,018	42,879,846	70,020,039
Other receivables and deposits	347,591	-	-	-	4,493,105	4,840,696
Derivative assets	-	-	-	-	694,144	694,144
Liquid investments	-	-	-	-	78,368,820	78,368,820
Cash and bank balances	8,678,619	2,778,086	33,202	982	7,415,687	18,906,576
	10,708,073	26,362,188	1,522,412	386,000	133,851,602	172,830,275

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	Indonesian Rupiah RM	United States Dollar RM	Euro RM	Others RM	Ringgit Malaysia RM	Total RM
2019						
Financial Liabilities						
Trade payables	561,660	1,498,157	1,732,248	3,042	27,672,040	31,467,147
Other payables and accruals	5,199,862	587,125	-	-	4,151,823	9,938,810
Hire purchase payables	-	-	-	-	1,245,937	1,245,937
Term loans	-	-	-	-	4,377,992	4,377,992
Bankers' acceptances	-	-	-	-	906,000	906,000
Revolving credits	-	-	-	-	1,500,000	1,500,000
	5,761,522	2,085,282	1,732,248	3,042	39,853,792	49,435,886
Net financial assets/(liabilities)	4,946,551	24,276,906	(209,836)	382,958	93,997,810	123,394,389
Less: Forward foreign currency contracts (contracted notional principal)	-	(24,264,829)	-	(382,958)	-	(24,647,787)
Less: Net financial assets denominated in the respective entities' functional currencies	(5,498,383)	-	-	-	(93,997,810)	(99,496,193)
Currency Exposure	(551,832)	12,077	(209,836)	-	-	(749,591)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Company	Indonesian Rupiah RM	Ringgit Malaysia RM	Total RM
2020			
Financial Assets			
Other receivables and deposits	-	18,280	18,280
Amount owing by subsidiaries	18,647,079	654,377	19,301,456
Dividend receivable	-	15,000,000	15,000,000
Liquid investments	-	240,328	240,328
Cash and bank balances	-	54,610	54,610
	18,647,079	15,967,595	34,614,674
Financial Liabilities			
Other payables and accruals	-	140,098	140,098
Net financial assets	18,647,079	15,827,497	34,474,576
Less: Net financial assets denominated in the Company's functional currency	-	(15,827,497)	(15,827,497)
Currency Exposure	18,647,079	-	18,647,079

In the previous reporting period, the Company does not have any transactions or balances denominated in foreign currencies.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in foreign currencies at the end of the reporting period, with all other variables held constant:-

		The Group	
		2020 RM	**2019 RM**
Effects on Profit After Taxation			
IDR/RM	- strengthened by 10%	-26,801	-41,939
	- weakened by 10%	+26,801	+41,939
USD/RM	- strengthened by 10%	+966	+918
	- weakened by 10%	-966	-918
EUR/RM	- strengthened by 10%	+6,215	-15,948
	- weakened by 10%	-6,215	+15,948
Effects on Other Comprehensive Income			
IDR/RM	- strengthened by 10%	+1,187,234	+549,838
	- weakened by 10%	- 1,187,234	-549,838
USD/RM	- strengthened by 10%	-	-
	- weakened by 10%	-	-
EUR/RM	- strengthened by 10%	-	-
	- weakened by 10%	-	-

		The Company	
		2020 RM	**2019 RM**
Effects on Profit After Taxation			
IDR/RM	- strengthened by 10%	+1,417,178	-
	- weakened by 10%	-1,417,178	-
Effects on Other Comprehensive Income			
IDR/RM	- strengthened by 10%	-	-
	- weakened by 10%	-	-

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings and financial assets with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate short-term deposits and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period are disclosed in Note 16 and Note 23 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Effects on Profit After Taxation				
Increase of 25 basis points	+87,492	+187,604	+36,030	+46,910
Decrease of 25 basis points	-87,492	-187,604	-36,030	-46,910
Effects on Other Comprehensive Income				
Increase of 25 basis points	-	-	-	-
Decrease of 25 basis points	-	-	-	-

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including short-term deposits with licensed banks, cash and bank balances, liquid investments and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material as these financial guarantee contracts are considered to have low risk of default.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 1 year, are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 1 year from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2020				
Current (not past due)	13,067,509	-	-	13,067,509
1 to 30 days past due	18,060,304	-	(778,922)	17,281,382
More than 30 days past due	26,239,156	-	(1,114,284)	25,124,872
Credit impaired	15,372,582	(3,102,714)	(5,240,207)	7,029,661
Trade receivables	72,739,551	(3,102,714)	(7,133,413)	62,503,424
Contract assets	34,793,809	(277,958)	-	34,515,851
	107,533,360	(3,380,672)	(7,133,413)	97,019,275
2019				
Current (not past due)	24,201,409	-	-	24,201,409
1 to 30 days past due	8,384,297	-	(352,897)	8,031,400
More than 30 days past due	34,630,045	-	(1,464,950)	33,165,095
Credit impaired	11,618,822	(3,734,608)	(3,262,079)	4,622,135
Trade receivables	78,834,573	(3,734,608)	(5,079,926)	70,020,039
Contract assets	26,946,887	(277,958)	-	26,668,929
	105,781,460	(4,012,566)	(5,079,926)	96,688,968

The movements in the loss allowances in respect of contract assets and trade receivables are disclosed in Note 11 and Note 12 to the financial statements respectively.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables. Under this approach, the Group assesses whether there is a significant increase in credit risk on the receivables by comparing their risk of default as at the reporting date with the risk of default as at the date of initial recognition based on available reasonable and supportable forward-looking information. A significant increase in credit risk is presumed if a receivable is more than 60 days past due in making a contractual payment.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables (Cont'd)

The Group considers a receivable is credit impaired when the receivable is in significant financial difficulty, for instances, the receivable is in breach of financial covenants or insolvent. Receivables that are credit impaired are assessed individually while other receivables are assessed on a collective basis.

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Short-term Deposits with Licensed Banks, Liquid Investments and Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated for amount owing by subsidiaries are summarised below:-

The Company	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2020				
Low credit risk	18,691,456	-	-	18,691,456
Significant increase in credit risk	-	-	-	-
Credit impaired	2,880,000	(2,270,000)	-	610,000
	21,571,456	(2,270,000)	-	19,301,456

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries (Cont'd)

The Company	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2019				
Low credit risk	2,610,000	-	-	2,610,000
Significant increase in credit risk	-	-	-	-
Credit impaired	-	-	-	-
	2,610,000	-	-	2,610,000

The movements in the loss allowances are disclosed in Note 14 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2020						
Non-derivative Financial Liabilities						
Trade payables	-	23,374,774	23,374,774	23,374,774	-	-
Other payables and accruals	-	5,926,229	5,926,229	5,926,229	-	-
Term loans	4.02 - 4.87	3,961,057	4,805,140	604,230	2,277,523	1,923,387
Bankers' acceptances	3.71 - 4.36	827,000	834,152	834,152	-	-
Revolving credits	4.85	1,500,000	1,536,275	1,536,275	-	-
Derivative Financial Liabilities						
Forward currency contracts (gross settled):						
- gross payments	-	2,277,181	102,313,876	102,313,876	-	-
- gross receipts	-	-	(100,036,695)	(100,036,695)	-	-
Others						
Lease liabilities	4.52 - 6.20	1,095,179	1,189,226	377,720	811,506	-
		38,961,420	39,942,977	34,930,561	3,089,029	1,923,387

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2019						
Non-derivative Financial Liabilities						
Trade payables	-	31,467,147	31,467,147	31,467,147	-	-
Other payables and accruals	-	9,938,810	9,938,810	9,938,810	-	-
Hire purchase payables	2.38 - 3.45	1,245,937	1,363,583	470,604	892,979	-
Term loans	4.76 - 5.14	4,377,992	5,511,013	628,607	2,364,255	2,518,151
Bankers' acceptances	4.89 - 5.02	906,000	919,370	919,370	-	-
Revolving credits	5.39	1,500,000	1,540,314	1,540,314	-	-
Derivative Financial Liabilities						
Forward currency contracts (gross settled):						
- gross payments		-	99,595,972	99,595,972	-	-
- gross receipts		(694,144)	(100,290,116)	(100,290,116)	-	-
		48,741,742	50,046,093	44,270,708	3,257,234	2,518,151

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2020						
Non-derivative Financial Liabilities						
Other payables and accruals	-	140,098	140,098	140,098	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	9,409,313	9,409,313	-	-
		140,098	9,549,411	9,549,411	-	-
2019						
Non-derivative Financial Liabilities						
Other payables and accruals	-	79,780	79,780	79,780	-	-
Amount owing to a subsidiary	-	1,802	1,802	1,802	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	21,775,011	21,775,011	-	-
		81,582	21,856,593	21,856,593	-	-

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material as these financial guarantee contracts are considered to have low risk of default.

41.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the Company and non-controlling interests.

As the Group has insignificant external borrowings, the debt-to-equity ratio is not presented as it does not provide a meaningful indicator of the risk of borrowings.

There was no change in the Group's approach to capital management during the financial year.

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial Assets				
Mandatorily at Fair Value Through Profit or Loss				
Liquid investments	38,007,380	78,368,820	240,328	18,764,001
Fair Value Through Profit or Loss – Cash Flow Hedge				
Derivative assets	-	754,650	-	-
Amortised Cost				
Trade receivables	62,503,424	70,020,039	-	-
Other receivables and deposits	5,837,029	4,840,696	18,280	33,739
Amount owing by subsidiaries	-	-	19,301,456	2,610,000
Dividend receivable	-	-	15,000,000	16,000,000
Short-term deposits with licensed banks	6,579,144	-	-	-
Cash and bank balances	14,098,097	18,906,576	54,610	23,325
	89,017,694	93,767,311	34,374,346	18,667,064

41. FINANCIAL INSTRUMENTS (CONT'D)

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial Liabilities				
Fair Value Through Profit or Loss – Cash Flow Hedge				
Derivative liabilities	718,309	-	-	-
Amortised Cost				
Trade payables	23,374,774	31,467,147	-	-
Other payables and accruals	5,926,229	9,938,810	140,098	79,780
Amount owing to a subsidiary	-	-	-	1,802
Hire purchase payables	-	1,245,937	-	-
Term loans	3,961,057	4,377,992	-	-
Bankers' acceptances	827,000	906,000	-	-
Revolving credits	1,500,000	1,500,000	-	-
	35,589,060	49,435,886	140,098	81,582
Mandatorily at Fair Value Through Profit or Loss				
Derivative liabilities	1,558,872	60,506	-	-

41.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial Assets				
Fair Value Through Profit or Loss				
Net income recognised in profit or loss by:				
- mandatorily required by accounting standard	1,561,679	2,545,818	220,826	173,988
Amortised Cost				
Net (expenses)/income recognised in profit or loss	(861,207)	(1,924,931)	(2,083,380)	771
Financial Liabilities				
Fair Value Through Profit or Loss				
Net expenses recognised in profit or loss by:				
- mandatorily required by accounting standard	(1,498,366)	(293,800)	-	-
Amortised Cost				
Net expenses recognised in profit or loss	(405,894)	(420,726)	(37,469)	-

41. FINANCIAL INSTRUMENTS (CONT'D)

41.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value Of Financial Instruments Carried at Fair Value			Fair Value Of Financial Instruments Not Carried at Fair Value				
The Group	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
2020								
Financial Assets								
Liquid investments	-	38,007,380	-	-	-	-	38,007,380	38,007,380
Financial Liabilities								
Term loans	-	-	-	-	3,961,057	-	3,961,057	3,961,057
Derivative liabilities	-	2,277,181	-	-	-	-	2,277,181	2,277,181
2019								
Financial Assets								
Liquid investments	-	78,368,820	-	-	-	-	78,368,820	78,368,820
Derivative assets	-	694,144	-	-	-	-	694,144	694,144
Financial Liabilities								
Hire purchase payables	-	-	-	-	1,245,937	-	1,242,608	1,245,937
Term loans	-	-	-	-	4,377,992	-	4,377,992	4,377,992

41. FINANCIAL INSTRUMENTS (CONT'D)

41.5 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value Of Financial Instruments Carried at Fair Value			Fair Value Of Financial Instruments Not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM	RM	RM
2020								
Financial Assets								
Amount owing by subsidiaries (non-current)	-	-	-	-	18,647,079	-	18,647,079	18,647,079
Liquid investments	-	240,328	-	-	-	-	240,328	240,328
2019								
Financial Assets								
Liquid investments	-	18,764,001	-	-	-	-	18,764,001	18,764,001

41. FINANCIAL INSTRUMENTS (CONT'D)

41.5 FAIR VALUE INFORMATION (CONT'D)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values above have been determined using the following basis:-

(aa) The fair value of liquid investments (money market fund) are determined by reference to statements provided by the respective financial institutions, with which the investments were entered into.

(ab) The fair value of forward currency contracts is determined using forward exchange rates at the end of the reporting period with the resulting value discounted back to present value.

(ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The carrying amounts of the term loans and amount owing by subsidiaries (non-current) approximated their fair values as these are floating rate instruments that are repriced to market interest rates on or near the reporting date.

(ii) The fair value of hire purchase payables that carry fixed interest rates equal their carrying amount as the impact of discounting is not material. At the end of the previous reporting period, the fair values were determined on cash flows discounted using the current market borrowing rate of 2.49%.

42. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The outbreak of Coronavirus Disease 2019 ("COVID-19") in early 2020 has affected the business and economic environments of the Group. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted businesses, our customers and the Group's operations directly or indirectly. Given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, it is challenging to determine the duration of the impact on the business and to measure the potential impact on the financial statements of the Group. The Group continues to closely monitor the situation.

43. SIGNIFICANT EVENT OCCURING AFTER THE REPORTING PERIOD

In May 2020, the Company acquired 60% equity interest in Tera VA Sdn. Bhd. which is principally engaged in the business of installation of solar green power energy products and electrical machineries products for a total cash consideration of RM2,500,000. The acquisition is expected to enhance the Group's revenue and profitability given the outlook for the renewable energy industry in Malaysia.

The provisionally determined fair value of the identifiable assets acquired and liabilities assumed are as follows:-

	The Group RM
Property, plant and equipment	4,584,162
Inventories	798,610
Trade and other receivables	6,483,252
Cash and bank balances	144,808
Contract liabilities	(283,047)
Trade and other payables	(5,254,499)
Borrowings	(5,277,390)
Current tax liabilities and deferred tax liabilities	(28,146)
Net identifiable assets acquired	1,167,750
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable assets	(467,100)
Add: Goodwill on acquisition of a subsidiary	1,799,350
Net assets acquired	2,500,000

The goodwill is attributable to the new subsidiary's strong position in the green power energy products, manpower and technical know-how in place and the synergies expected to arise after the acquisition. The goodwill is not deductible for tax purposes.

At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the acquisition of Tera VA Sdn. Bhd.

44. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 April 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2019.

(a) Lessee Accounting

At 1 April 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at that date of 4.76%. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

44. INITIAL APPLICATION OF MFRS 16 (CONT'D)

(a) Lessee Accounting (Cont'd)

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 April 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 April 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

The following table explains the differences between operating lease commitments disclosed in the last financial year (determined under MFRS 117) and the lease liabilities recognised at 1 April 2019:-

	The Group RM
Operating lease commitments as at 31 March 2019 as disclosed in the last financial year	15,750
Discounted using the incremental borrowing rate as at 1 April 2019	14,720
Add: Finance lease liabilities recognised as at 31 March 2019	1,245,937
Lease liabilities recognised as at 1 April 2019	1,260,657

(b) Lessor Accounting

The Group did not make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

There were no financial impacts to the Group's and the Company's retained earnings as at 1 April 2019.

(c) Financial Impacts

The main impacts resulting from the adoption of MFRS 16 at 1 April 2019 are summarised below:-

	← 1 April 2019	→	
The Group	As Previously Reported RM	MFRS 16 Adjustments RM	As Restated RM
Statements of Financial Position			
Property, plant and equipment	74,366,771	14,720	74,381,491
Lease liabilities:			
- non-current liabilities	-	828,939	828,939
- current liabilities	-	431,718	431,718
Hire purchase payables:			
- non-current liabilities	828,939	(828,939)	-
- current liabilities	416,998	(416,998)	-

45. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	The Group		The Company	
	As Previously Reported RM	As Restated RM	As Previously Reported RM	As Restated RM
Consolidated Statements of Financial Position (Extract):-				
Cash flow hedge reserve	754,650	-	-	-
Foreign exchange translation reserve	45,461	-	-	-
Retained profits	173,593,084	-	37,210,488	-
Reserves	-	174,393,195	-	37,210,488

LIST OF PROPERTIES
AS AT 31 MARCH 2020

Owner Company	Location	Tenure of lease	Land area or built up area	Existing use	Approximate age of buildings	Net Book Value 31 March 2020 RM'000	Date of last revaluation
Boilermech Sdn Bhd	Lot 875, Jalan Subang 8, Taman Perindustrian Subang, 47620 Subang Jaya, Selangor.	99 years, expiring on 2 September 2068	Land area: 20,407 square meter Built up area: 10,004 square meter	Corporate and administrative office & factory	23 years	17,731	30 August 2010
Boilermech Sdn Bhd	Lot 873, Jalan Subang 8, Taman Perindustrian Subang, 47620 Subang Jaya, Selangor.	99 years, expiring on 12 October 2061	Land area: 14,163 square meter Built up area: 9,304 square meter	Factory & warehouse	23 years	17,313	6 September 2012
Boilermech Sdn Bhd	Lot 169438 held under Mukim Klang, Klang, Selangor.	99 years, expiring on 24 February 2097	Land area: 44,517 square meter	Vacant Industrial Land	N/A	11,549	9 June 2014
Boilermech Holdings Berhad	Lot 169438 held under Mukim Klang, Klang, Selangor.	99 years, expiring on 24 February 2097	Land area: 44,517 square meter	Vacant Industrial Land	N/A	11,549	9 June 2014
Teknologi Enviro-Kimia (M) Sdn Bhd	Lot 1508, Jalan Taman Hui Sing, 93350 Kuching, Sarawak.	60 years, expiring on 27 March 2072	Land area: 1,590 square meter Built up area: 1,221 square meter	Office	9 years	5,539	6 January 2016
Teknologi Enviro-Kimia (M) Sdn Bhd	Lot 3681, Block 32, Kemena Land District, Jalan Sungai Nyigu, 97000 Bintulu, Sarawak.	60 years, expiring on 19 October 2059	Land area: 1,077 square meter Built up area: 489 square meter	Warehouse	20 years	860	5 January 2016
Teknologi Enviro-Kimia (M) Sdn Bhd	Lot 2359, Block 32, Kemena Land District, Jalan Sungai Nyigu, 97000 Bintulu, Sarawak.	60 years, expiring on 7 April 2057	Land area: 7,809 square meter	Vacant Industrial Land	N/A	2,251	5 January 2016

LIST OF PROPERTIES
AS AT 31 MARCH 2020

Owner Company	Location	Tenure of lease	Land area or built up area	Existing use	Approximate age of buildings	Net Book Value 31 March 2020 RM'000	Date of last revaluation
T.E.K. Water Sdn Bhd	No 66, Jalan Mutiara Emas 7/5, Taman Mount Austin, 81100 Johor Bahru, Johor.	Freehold	Land area: 362 square meter Built up area: 312 square meter	Office and warehouse	27 years	915	8 January 2016
T.E.K. Water Sdn Bhd	No 68, Jalan Mutiara Emas 7/5, Taman Mount Austin, 81100 Johor Bahru, Johor.	Freehold	Land area: 362 square meter Built up area: 312 square meter	Office and warehouse	27 years	956	8 January 2016
T.E.K. Water Sdn Bhd	No 27, Jalan Austin Perdana 2/25, Taman Austin Perdana, 81100 Johor Bahru, Johor.	Freehold	Land area: 123 square meter Built up area: 117 square meter	Office	11 years	863	8 January 2016
T.E.K. Water Sdn Bhd	No 29, Jalan Austin Perdana 2/25, Taman Austin Perdana, 81100 Johor Bahru, Johor.	Freehold	Land area: 123 square meter Built up area: 117 square meter	Office	11 years	863	8 January 2016
PT Boilermech Manufacturing Indonesia	No.43, Jalan Siwalanpanji, Siwalanpanji, Buduran, Sidoarjo, 61252 Jawa Timur, Indonesia.	Expiring on 24 September 2048	Land area: 11,929 square meter Built up area: 8,395 square meter	Office, factory & warehouse	8 years	5,780	25 July 2017
PT Boilermech Manufacturing Indonesia	Jalan Beta III, Kawasan Industri Maspion, Manyarsidomukti, Manyar, Gresik, 61151, Jawa Timur, Indonesia.	Expiring on 24 September 2044 Expiring on 26 March 2049	Land area: 15,555 square meter Land area: 10,324 square meter	Vacant Industrial Land	N/A	13,062	14 August 2018

SHAREHOLDERS' ANALYSIS REPORT
AS AT 30 JULY 2020

Issued and paid-up capital	:	RM51,600,000 divided into 516,000,000 ordinary shares
Types of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share

SHAREHOLDERS BY SIZE OF HOLDINGS

Holdings	No. of Holders	Total Holdings	%
Less than 100	15	122	0.00
100 – 1,000	272	162,662	0.03
1,001 – 10,000	1,391	8,367,900	1.62
10,001 – 100,000	1,271	45,811,900	8.88
100,001 to less than 5% of issued shares	309	178,924,656	34.68
5% and above of issued shares	3	282,732,760	54.79
	3,261	516,000,000	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	%	Indirect	%
Dr. Chia Song Kun	400,000	0.08	227,826,936 (1)	44.15
Leong Yew Cheong	54,905,824	10.64	2,000,000 (2)	0.39
Chia Lik Khai	500,000	0.10	-	-
Gan Chih Soon	20,674,140	4.01	-	-
Chia Seong Fatt	200,000	0.04	227,826,936 (3)	44.15
Tee Seng Chun	15,641,640	3.03	4,020,000 (4)	0.78
Ng Swee Weng	-	-	-	-
Ho Cheok Yuen	-	-	-	-
Adrian Chair Yong Huang	-	-	-	-
Rina Meileene Binti Adam	-	-	-	-

Notes:

(1) *Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd ("QLGR") via his and his spouse's interest in CBG (L) Foundation, the holding company of CBG (L) Pte Ltd, which is a substantial shareholder of QL Resources Berhad ("QL"), the holding company of QLGR.*

(2) *Deemed interest via his daughter's shareholdings in the Company.*

(3) *Deemed interest by virtue of shares held by QLGR via his and his spouse's shareholdings in Farsathy Holdings Sdn Bhd, which is a substantial shareholder of QL, the holding company of QLGR.*

(4) *Deemed interest via his spouse's shareholdings in the Company.*

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct	%	Indirect	%
QL Green Resources Sdn Bhd	227,826,936	44.15	-	-
Leong Yew Cheong	54,905,824	10.64	2,000,000 (1)	0.39
Dr. Chia Song Kun	400,000	0.08	227,826,936 (2)	44.15
Chia Seong Fatt	200,000	0.04	227,826,936 (3)	44.15
Chia Seong Pow	-	-	227,826,936 (3)	44.15
QL Resources Berhad	-	-	227,826,936 (4)	44.15
CBG (L) Pte Ltd	-	-	227,826,936 (5)	44.15
CBG (L) Foundation	-	-	227,826,936 (6)	44.15
Farsathy Holdings Sdn Bhd	-	-	227,826,936 (5)	44.15

Notes:

(1) *Deemed interest via his daughter's shareholdings in the Company.*

(2) *Deemed interest by virtue of shares held by QL Green Resources Sdn Bhd ("QLGR") via his and his spouse's interest in CBG (L) Foundation, the holding company of CBG (L) Pte Ltd, which is a substantial shareholder of QL Resources Berhad ("QL"), the holding company of QLGR.*

(3) *Deemed interest by virtue of shares held by QLGR via his and his spouse's shareholdings in Farsathy Holdings Sdn Bhd, which is a substantial shareholder of QL, the holding company of QLGR.*

(4) *Deemed interest by virtue of its wholly-owned subsidiary, QLGR, pursuant to Section 8 of the Companies Act 2016.*

(5) *Deemed interest by virtue of its substantial shareholdings in QL, the holding company of QLGR, pursuant to Section 8 of the Companies Act 2016.*

(6) *Deemed interest by virtue of being the holding company of CBG (L) Pte Ltd, which is a substantial shareholder of QL, the holding company of QLGR.*

TOP THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	Shareholdings	%
1.	QL Green Resources Sdn Bhd	180,763,636	35.03
2.	Leong Yew Cheong	54,905,824	10.64
3.	QL Green Resources Sdn Bhd	47,063,300	9.12
4.	Gan Chih Soon	20,674,140	4.01
5.	Tee Seng Chun	15,641,640	3.03
6.	Wong Poon Han	6,000,372	1.16
7.	Law Chee Wong	5,878,200	1.14
8.	Lai Yee Kein	4,854,230	0.94
9.	Wong Wee Voo	4,250,670	0.82
10.	Hong Yuet Ngan	4,000,000	0.78
11.	Liu Fui Moy	3,286,000	0.64
12.	Len Tze Jian	3,276,228	0.63
13.	Liu & Chia Holdings Sdn Bhd	3,216,300	0.62
14.	Loh Foo	3,210,004	0.62
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim See Pek (MY2305))	2,700,100	0.52
16.	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chee Sai Mun)	2,100,800	0.41
17.	Lim See Pek	2,040,000	0.40
18.	Laura Lorraine Leong Pei-Pei	2,000,000	0.39
19.	Tay Puat Keng @ Tee Puat Keng	1,429,000	0.28
20.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Suan Hooi (E-TWU))	1,414,700	0.27
21.	Yong Yew San	1,410,000	0.27
22.	Hoe Wei Ying	1,360,000	0.26
23.	Chia Song Kuang	1,327,400	0.26
24.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yoong Kah Yin (MY2443))	1,321,700	0.26
25.	Maybank Nominees (Tempatan) Sdn Bhd Lai Yee Kein	1,270,000	0.25
26.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Yeo Kiah Yoo (E-TSA/UTM))	1,220,600	0.24
27.	Sen Up Huat Seafood Trading Sdn. Bhd.	1,149,000	0.22
28.	Yong Hua Kong	1,142,100	0.22
29.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Siang Eng) (E-TWU))	1,142,000	0.22
30.	Len Tze Kang	1,101,300	0.21
		381,149,244	73.86

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting of the Company will be held at Zamrud Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25 September 2020 at 10.00 a.m.

AGENDA

As Ordinary Business

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon. **Refer to Explanatory Note 1**

2. To approve the payment of Directors' fees and benefits (comprising meeting allowances) to the Non-Executive Directors ("NED") of the Company for the period commencing from the conclusion of the 10th Annual General Meeting ("AGM") until the next AGM of the Company:- **Refer to Explanatory Note 2**

   (a) Directors' fees amounting to RM32,000 and SGD2,500 per month. **Resolution 1**

   (b) Meeting allowance of RM2,000 per Malaysian NED and SGD1,800 per Singaporean NED per meeting day. **Resolution 2**

3. To re-elect the following Directors who retire pursuant to the Company's Constitution and being eligible offer themselves for re-election:-

   (a) Mr Adrian Chair Yong Huang [Clause 76(3)] **Resolution 3**

   (b) Mr Gan Chih Soon [Clause 76(3)] **Resolution 4**

   (c) Mr Ng Swee Weng [Clause 78] **Resolution 5**

   (d) Ms Rina Meileene Binti Adam [Clause 78] **Resolution 6**

4. To approve the payment of a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 for the financial year ended 31 March 2020. **Resolution 7**

5. To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 8**

As Special Business:

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

6. **Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016** **Resolution 9** **Refer to Explanatory Note 3**

   "THAT, subject to the Companies Act 2016, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of the issued shares (excluding treasury shares) for the time being AND THAT the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

7. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 10 Refer to Explanatory Note 4**

"THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiary(ies) to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.2 of the Circular to the Shareholders dated 25 August 2020 ("the Circular"), subject further to the following:

(i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;

(ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:

(a) the type of Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of Recurrent Related Party Transactions made and their relationship with the Company;

(iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

AND THAT, the estimates given of the Recurrent Related Party Transactions specified in Section 2.2 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.4 of the Circular."

8. To transact any other business for which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of Members at the 10th Annual General Meeting of the Company to be held on 25 September 2020, a final single tier dividend of 1.75 sen per ordinary share for the financial year ended 31 March 2020, will be paid on 16 October 2020 to Depositors whose names appear in the Record of Depositors of the Company on 30 September 2020.

A Depositor shall qualify for entitlement only in respect of:

(a) Securities transferred into the Depositor's securities account before 4:30 p.m. on 30 September 2020 in respect of ordinary transfers; and

(b) Securities bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TAN BEE HWEE (SSM PC No. 202008001497/MAICSA 7021024)
WONG WAI FOONG (SSM PC No. 202008001472/MAICSA 7001358)
Company Secretaries

Date: 25 August 2020

NOTES:-

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 10th Annual General Meeting ("AGM") of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 18 September 2020. Only a member whose name appears on the Record of Depositors as at 18 September 2020 shall be entitled to attend the meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.

2. A member entitled to attend and vote at the 10th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.

3. A member of the Company who is entitled to attend and vote at the 10th AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the 10th AGM.

4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy form, this proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) By electronic form

   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Notes on the procedures for electronic lodgement of proxy form via TIIH Online.

9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

11. Last date and time for lodging this proxy form is **Wednesday, 23 September 2020 at 10.00 a.m.**

12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:

    a. Identity card (NRIC) (Malaysian), or
    b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
    c. Passport (Foreigner).

13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's Share Registrar office earlier.

Explanatory Notes on Ordinary Business/Special Business:

1. Item 1 of the Agenda
To receive the Statutory Financial Statements for the Financial Year Ended 31 March 2020

This Agenda item is meant for discussion only as the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Statutory Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 2 of the Agenda
Payment of Directors' Fees and Benefits

In compliance with Section 230(1) of the Companies Act 2016, the Ordinary Resolutions 1 and 2 are proposed to seek shareholders' approval for the payment of Directors' fees and benefits for the period commencing from the conclusion of the 10th AGM until the next AGM of the Company (estimated period is 12 months) to the Non-Executive Directors ("NED") of the Company.

The amounts of Directors' fees tabled for approval is based on the current composition of the Board which currently has 5 NED, comprising 4 Malaysian NED and 1 Singaporean NED. The total amount of Directors' fees for the estimated period is RM384,000 and SGD30,000. There has been no revision to the Directors' fees previously approved by the shareholders at the 9th AGM of the Company held on 19 August 2019.

The benefits comprise of meeting allowance to the NED for their attendance at Board and Board Committee meeting(s) per meeting day. The total amount of meeting allowance based on the estimated meetings scheduled for the estimated period is RM64,000 and SGD14,400.

3. **Item 6 of the Agenda**
Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 9 is proposed to seek for a renewal of the general mandate for the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016. If passed, it will empower the Directors of the Company from the date of the 10th AGM until the next AGM to allot and issue shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

The Company has not issued any new shares under the general mandate for the issuance of new ordinary shares which was approved at the 9th AGM of the Company held on 19 August 2019 (hence, no proceeds were raised therefrom) and which will lapse at the conclusion of the 10th AGM.

The above renewal of the general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to further placing of shares for purpose of funding investment(s), working capital and/or acquisitions, at any time to such persons in their absolute discretion without convening a general meeting as it would be both costs and time-consuming to organise a general meeting.

4. **Item 7 of the Agenda**
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 10 is proposed and if passed, will enable the Company and/or its subsidiary company(ies) to enter into recurrent transactions involving the interest of Related Parties, which are necessary for the Group's day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

PROXY FORM

BOILERMECH

Boilermech Holdings Berhad
Registration No. 201001013463 (897694-T)
(Incorporated in Malaysia)

CDS Account No.

No. of shares held

I/We ____ Tel: ______________________________
(Full name in block, NRIC/Passport/Company No.)

of ____

being member(s) of **BOILERMECH HOLDINGS BERHAD**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairperson of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the General Meeting of the Company to be held at Zamrud Room, The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25 September 2020 at 10.00 a.m. or any adjournment thereof, and to vote as indicated below:

Item	Agenda			
1.	To receive the Statutory Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and Auditors thereon.			
	Ordinary Resolutions	**Resolution**	**For**	**Against**
2.	To approve the payment of Directors' fees and benefits (comprising meeting allowances) to the Non-Executive Directors ("NED") of the Company for the period commencing from the conclusion of the 10th Annual General Meeting ("AGM") until the next AGM of the Company:-			
	(a) Directors' fees amounting to RM32,000 and SGD2,500 per month.	1		
	(b) Meeting allowance of RM2,000 per Malaysian NED and SGD1,800 per Singaporean NED per meeting day.	2		
3.	To re-elect the following Directors who retire pursuant to the Company's Constitution and being eligible offer themselves for re-election:-			
	(a) Mr Adrian Chair Yong Huang	3		
	(b) Mr Gan Chih Soon	4		
	(c) Mr Ng Swee Weng	5		
	(d) Ms Rina Meileene Binti Adam	6		
4.	To approve the payment of a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 for the financial year ended 31 March 2020.	7		
5.	To re-appoint Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	8		
6.	Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.	9		
7.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	10		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this day of

Signature*
Member

* Manner of execution:
(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
(i) at least two (2) authorised officers, of whom one shall be a director; or
(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. For the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 10th Annual General Meeting ("AGM") of the Company, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 18 September 2020. Only a member whose name appears on the Record of Depositors as at 18 September 2020 shall be entitled to attend the meeting or appoint a proxy to attend, speak and vote on his/her/its behalf.
2. A member entitled to attend and vote at the 10th AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
3. A member of the Company who is entitled to attend and vote at the 10th AGM of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the 10th AGM.
4. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
5. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form

   In the case of an appointment made in hard copy form, this proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) By electronic form

   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Administrative Notes on the procedures for electronic lodgement of proxy form via TIIH Online.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging this proxy form is **Wednesday, 23 September 2020 at 10.00 a.m.**
12. Please bring an **ORIGINAL** of the following identification papers (where applicable) and present it to the registration staff for verification:
    a. Identity card (NRIC) (Malaysian), or
    b. Police report (for loss of NRIC) / Temporary NRIC (Malaysian), or
    c. Passport (Foreigner).
13. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please bring the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's Share Registrar office earlier.

BOILERMECH HOLDINGS BERHAD
Registration No. 201001013463 (897694-T)

Lot 875, Jalan Subang 8, Taman Perindustrian Subang, 47620 Subang Jaya, Selangor Darul Ehsan

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