YEARS OF LISTING

BOILERMECH

Boilermech Holdings Berhad

Registration No. 201001013463 (897694-T)

ACCELERATING SUSTAINABLE GROWTH

ANNUAL REPORT 2021

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

AT A GLANCE

NON-FINANCIAL HIGHLIGHTS

DURING THE FINANCIAL YEAR, BOILERMECH BECAME A SUBSIDIARY OF QL GREEN RESOURCES SDN. BHD. (A WHOLLY-OWNED SUBSIDIARY OF QL RESOURCES BERHAD) VIA A TAKE-OVER OFFER EXERCISE. CONSEQUENTLY, QL RESOURCES BERHAD BECAME THE ULTIMATE HOLDING COMPANY OF BOILERMECH.

FINANCIAL REVIEW

+3.1%

TOTAL REVENUE

has increased from RM230.1 million for FYE 2020 to

RM237.3 MILLION

for FYE 2021.

+4.0%

PROFIT BEFORE TAX (“PBT”)

achieved by the Group was

RM33.7 MILLION

for FYE 2021 as compared to RM32.4 million for FYE 2020.

+7.2%

NET TANGIBLE ASSETS

had increased from RM208.5 million for FYE 2020 to

RM223.6 MILLION

for FYE 2021.

1.75 SEN

FINAL SINGLE TIER DIVIDEND OF 1.75 SEN PER ORDINARY SHARE

The Board of Directors has on 25 May 2021 recommended a final single tier dividend of 1.75 sen per ordinary share amounting to RM9,030,000 in respect of FYE 31 March 2021 subject to approval from shareholders at the forthcoming 11th Annual General Meeting.

WHAT'S INSIDE

CORPORATE INFORMATION

PERFORMANCE REVIEW

SUSTAINABILITY STATEMENT

CORPORATE GOVERNANCE

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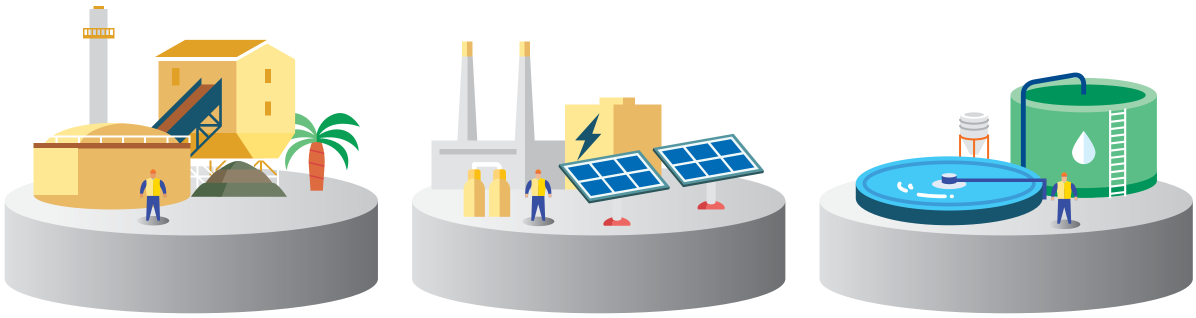
OTHER INFORMATION



WHO WE ARE

> THIS IS OUR 10TH YEAR IN THE BURSA LISTING AND IT HAS BEEN A REMARKABLE JOURNEY FOR EVERYONE IN BOILERMECH.

Our Group had progressed forward from a boiler design manufacturing company to an organisation that provides multiple solutions for renewable and sustainable energy, building on our underlying values and vision that has kept us on the right track and focus. This set our fundamentals in growing a diversified business model around our bio-energy, water treatment and solar energy solution, aligning our strategic direction in line with our mission to create and share value across communities, businesses and environment. With this positive change, we have transcended our customers' base from business and corporates to now include retail consumers. This complements the belief in our business commitment's alignment in social responsibilities by turning sustainable renewable energy into a reality.

We realised our well positioned businesses to leverage and contribute towards the growing importance of environmental, social and governance ("ESG"). In this aspect, we will continue to invest our effort and resources to establish more business breakthrough in this sector.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Leong Yew Cheong
Joint Managing Director

Chia Lik Khai
Joint Managing Director

Chia Seong Fatt
Alternate Director to Joint 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

Note:

* Deemed interest by virtue of being the holding company of QL Green Resources Sdn Bhd.

DIRECTORS' PROFILE

DR. CHIA SONG KUN

Non-Independent Non-Executive Chairman

Gender
Male

Age
71

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, in turn is the ultimate holding company of Boilermech, held through its wholly-owned subsidiary QL Green Resources Sdn Bhd. ("QLGR").

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

Dr. Chia Song Kun attended five (5) out of the seven (7) Board of Directors' meetings held during the financial year ended 31 March 2021 ("financial year").

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.

DIRECTORS' PROFILE

MR LEONG YEW CHEONG

Joint Managing Director

Gender
Male

Age
67

Nationality
Malaysian

Mr Leong Yew Cheong is the Joint Managing Director of the Group who collectively undertake the role and function of Managing Director with Mr Chia Lik Khai.

He was appointed to the Board on 26 October 2010 and acted as the Managing Director of the Group before re-designated as Joint Managing Director on 1 March 2021.

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, client relationship and management as well as jointly lead the executive and management team and day to day business operations.

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) out of the seven (7) 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.

DIRECTORS' PROFILE

MR CHIA LIK KHAI

Joint Managing Director

Gender
Male

Age
42

Nationality
Malaysian

Mr Chia Lik Khai is the Joint Managing Director of the Group who collectively undertake the role and function of Managing Director with Mr Leong Yew Cheong.

He was appointed to the Board on 26 October 2010 as an Executive Director and re-designated as Deputy Managing Director on 25 February 2015 before his current position held as Joint Managing Director since 1 March 2021.

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. He subsequently joined QL Resources Berhad as Group Corporate Development Director and was appointed as the Executive Director of a few subsidiaries of QL in 2009.

Mr Chia Lik Khai is instrumental in implementing and executing business strategies and plans of Boilermech Group towards a fully integrated sustainable environmental solution provider across all its business segments i.e., bio-energy, water treatment and solar energy solution as well as jointly lead the executive and management team and day to day business operations.

He is also an Alternate Director in QL Resources Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and a Director of QL Green Resources Sdn Bhd, being the ultimate and immediate holding company of Boilermech respectively.

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 five (5) out of the seven (7) Board of Directors' meetings held during the financial year.

Mr Chia Lik Khai 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 CHIA SEONG FATT

Alternate Director to Joint Managing Director, Mr Chia Lik Khai

Gender
Male

Age
65

Nationality
Malaysian

Mr Chia Seong Fatt is the Alternate Director to the Joint 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 Resources Berhad. In January 1996, he was appointed as an Executive Director of QL Feedingstuffs Sdn. Bhd. in charge of layer farm and Crude Palm Oil (CPO) milling operations and subsequently resigned as Director in view of the restructuring of the QL Group.

Mr Chia Seong Fatt is an Executive Director in QL Resources Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and a Director of QL Green Resources Sdn Bhd, being the ultimate and immediate holding company of Boilermech respectively.

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 five (5) out of the seven (7) Board of Directors' meetings held during the financial year.

Mr Chia Seong Fatt 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 GAN CHIH SOON

Executive Director

Gender
Male

Age
47

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 the seven (7) 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.

DIRECTORS' PROFILE

MR TEE SENG CHUN

Alternate Director to Executive Director, Mr Gan Chih Soon

Gender
Male

Age
57

Nationality
Malaysian

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 all the seven (7) 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
72

Nationality
Singaporean

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 the seven (7) 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.

DIRECTORS' PROFILE

MR ADRIAN CHAIR YONG HUANG

Independent Non-Executive Director

Gender
Male

Age
47

Nationality
Malaysian

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 the seven (7) 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
44

Nationality
Malaysian

Ms Rina Meileene Binti Adam is an Independent Non-Executive Director. 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.

Ms Rina Meileene Binti Adam attended all the seven (7) 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.

DIRECTORS' PROFILE

MR NG SWEE WENG

Independent Non-Executive Director

Gender
Male

Age
64

Nationality
Malaysian

Mr Ng Swee Weng is an Independent Non-Executive Director. 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.

On 2 March 2021, Mr Ng Swee Weng was appointed as the Board member and Audit Committee Chairman of SKB Shutters Corporation Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

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

Mr Ng Swee Weng attended all the seven (7) 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
Joint Managing Director of Boilermech Holdings Berhad

MR CHIA LIK KHAI
Joint 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 6 to 10 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	*Age*	*Nationality*
Male	**55**	**Malaysian**

Mr Yong Hua Kong obtained his Bachelor of Science in Chemistry from University of Malaya, Malaysia in 1991. He began his career as a product specialist in water testing equipment and later joined an American water treatment company as a water treatment engineer. He is also a registered wastewater specialist with the Department of Environment.

He started 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 solutions to the Malaysian and South East Asia markets. Mr. Yong Hua Kong has been instrumental in driving the business operation of TEK Group. Over the years, TEK Group has accomplished many achievements while continued to undertake the research and development activities in the water treatment industry.

He spearheaded his team in developing several patented treatment plants for various industrial applications, these include TEK MEMPLUS, a unique membrane based treatment process for palm oil effluent treatment and TEK WaterPak, specially designed packaged water treatment plant for rural community's clean water supply.

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.

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS,

IT IS OUR GREAT PLEASURE TO PRESENT TO YOU BOILERMECH HOLDINGS BERHAD'S ("BHB" OR THE "GROUP") 2021 ANNUAL REPORT.

10TH YEARS OF LISTING IN BURSA MALAYSIA

This is our 10th year in the Bursa listing and it has been a remarkable journey for everyone in Boilermech.

Our Group had progressed forward from a boiler design manufacturing company to an organisation that provides multiple solutions for renewable and sustainable energy, building on our underlying values and vision that has kept us on the right track and focus. This set our fundamentals in growing a diversified business model around our bio-energy, water treatment and solar energy solution, aligning our strategic direction in line with our mission to create and share value across communities, businesses and environment. With this positive change, we have transcended our customers' base from business and corporates to now include retail consumers. This complements the belief in our business commitment's alignment in social responsibilities by turning sustainable renewable energy into a reality.

We realised our well positioned businesses to leverage and contribute towards the growing importance of environmental, social and governance ("ESG"). In this aspect, we will continue to invest our effort and resources to establish more business breakthrough in this sector.

BUSINESS REVIEW

FY2021 has been a challenging year as the Covid-19 pandemic disrupted economies worldwide. Amid the challenging business landscape affected by the pandemic, the Group achieved RM237.3 million and RM33.7 million in full-year revenue and PBT respectively, an increase of RM7.2 million (3.1%) and RM1.3 million (4.0%) as compared to FY2020.

The positive momentum of Crude Palm Oil ("CPO") price recorded its best performance in the history of Malaysian palm oil when it surged to RM4,758 per tonne in early May 2021.

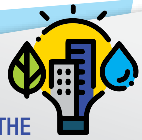
Amid the encouraging CPO price, the Bio-Energy segment had recorded RM175.8 million and RM24.4 million of revenue and profit before taxation respectively, despite affected by the interruptions to business operations due to movement control imposed by the Government.

The revenue and PBT for the current year under review had decreased by 10.4% (RM20.3 million) and 17.8% (RM5.3 million) respectively as compared to the preceding corresponding period. Notwithstanding the challenges faced in our operations, we had tried to mitigate the restrictions' effects by optimizing our workforce and machineries to meet the scheduled projects completion timeline.

As part of the business cost-control strategies, our Management had put in place various methods in managing the increasing cost of raw materials due to the logistics disruptions and a spike in demand for commodities.

FYE 2021, the water treatment business's revenue decreased by 13.8% (RM4.7 million) as compared to FYE 2020. The drop of revenue was largely caused by the lower project delivery impacted by the movement restriction. However, the current year's PBT recorded an improvement of 19.4% (RM0.5 million) as compared to the preceding financial year attributed to the operation cost efficiency and effective efforts taken by Management.

CHAIRMAN'S STATEMENT



> "WE'RE EMBRACING THE GREATER GROWTH IN THE CLEAN AND RENEWAL ENERGY ("RE") INDUSTRY LOCALLY."

With our proven track record in water treatment solutions ranging from membrane-based products, pure water system, tertiary water treatment system, and biogas plants, we are well positioned as one of the leading water specialists in Malaysia. While we build and explore new business opportunities in Southeast Asia, we will continue to focus making our presence in the Indonesia market by tapping on our existing network in the local palm oil industry.

On a positive note, our business strategy in capitalising the renewable energy, had further enhanced our entry into the solar energy business, leveraging on a sustainable business ecosystem while embracing the greater growth in the clean and renewal energy ("RE") industry locally.

Our solar energy business contributed the revenue and PBT of RM32.2 million and RM6.1 million respectively for the financial year under review, and outlined a potential growth in the coming years.

More details of our financial and operational performance are outlined in the Management Discussion and Analysis Section in this Annual Report.

PROSPECTS

The use of fossil fuels is expected to decline as Malaysia's Net Energy Metering scheme (NEM 3.0) and Self-Consumption ("SELCO") scheme reiterated to promise undeniable benefits, specifically for solar adopters. The attractive Green Investment Tax Allowance (GITA) by Malaysian Investment Development Authority and NEM 3.0 are put in place till 2023 with the objectives to provide business opportunities to local players and to stimulate the country's RE industry in the midst of the pandemic.

Our Group, being one of the leading pioneers in solar energy solutions is aligning with these initiatives while staying focused on the right direction to pursue cleaner and greener energy for a better Malaysia.

Sustainability agenda has become our key lesson from the pandemic in order to be more resilient to withstand uncertainties. With our continuous passion to always do better, the results of innovations enable us to anticipate how ecologically-driven growth and sustainability can transform our industry, to bring us closer to a climate-friendly future where business priorities can co-exist in harmony with the natural world.

In the past two years, we were striving to strengthen our presence in Indonesia through local fabrication and project management to mitigate potential import restrictions and improve cost competitiveness. Moreover, the localisation of our boiler manufacturing activities was seen to benefit the leading players of the local palm oil industry in growing their core business with energy cost efficiency. The prices and demand of palm oil in Indonesia will be accelerated by the Biodiesel policies as the levy cum tax policy imposed by local authority shall provide subsidies for usage of the biodiesel. Recently, Indonesia had announced a new regulation on its levy structure for palm oil exports by cutting its ceiling rate with the aim to drive higher demand.

We are confident, as we have grown steadily pre-pandemic, we believe we will do the same post-pandemic with our well-placed capital positions, strong liquidity conditions and prudent risk management practices.

CORPORATE NEWS & UPDATE

Over the years, Boilermech had implemented new strategic initiatives and diversification of the business including its foray into the solar renewal energy, biomass power and water treatment in palm oil and industrial sectors. Our continuous strategy in building a business that is resilient, responsive and future-proof, leading us to accelerate our growth in the ESG investment.

In tandem with its strategy to increase its exposure to businesses within the ESG sector, QL Resources Group had further increased its equity interest in Boilermech through a mandatory offer which was completed on 8 February 2021. Boilermech is presently a subsidiary of QL Resources Group.

On 1 March 2021, Mr Chia Lik Khai was redesignated from Deputy Managing Director to Joint Managing Director ("Joint MD") whilst Mr Leong Yew Cheong ("Mr Leong") was redesignated from Managing Director to Joint MD. Both of them are collectively undertaking the role and function of Managing Director of Boilermech Group. This transition is part of the Group's ongoing effort to strengthen management line-up and succession planning.

APPRECIATION

While our country is ramping up efforts in the vaccination program amid Covid surge with the lockdowns enforced nationwide, Management is ensuring strict adherence to the standard operating procedures issued by the Authority in order to minimize the risk of virus transmission at the workplace.

Over the past year, our employees have demonstrated their resilience, perseverance and agility to preserve through this turbulent time. Their dedication is the engine that powers the Group's tenacity, allowing us to maximize the inherent strengths of our business to unlock the long-term value.

As we celebrate our 10th year in Bursa Listing, I would like to express my sincere appreciation to all shareholders, partners and stakeholders who had contributed to our successful and meaningful journey. Here, 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 2021 for shareholders' approval at the Company's forthcoming 11th Annual General Meeting.

Last but not least, I wish to express my sincere appreciation to my fellow Board members for their strong support in promoting vigorous growth to steer towards our success in an unchartered landscape.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

Boilermech Holdings Berhad ("Boilermech" / "Company") Group started as a biomass boiler design and manufacturing company in year 2005. In year 2011, the Company was listed on Bursa Malaysia and this year marks the 10th anniversary of its listing. Over the past 10 years, Boilermech has grown and diversified as a renewable energy and clean water system provider. 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, Boilermech ventured into the water treatment business by acquiring Teknologi Enviro-Kimia (M) Sdn Bhd ("TEK").

In year 2020, Boilermech has also embarked into the solar energy sector through the acquisition of Tera VA Sdn Bhd, a growing solar photovoltaic company. With the acquisition, the Group is able to participate in the high growth solar sector as well as to offer a wider range of clean energy solutions to our customers. With the high growth of the solar energy demand, solar segment is poised to be a growth pillar of the Group.

In FY 2021, Boilermech achieved a few significant milestones. With the acquisition of the boiler manufacturing plant and licence in Surabaya, Indonesia, the Group successfully localised its boiler manufacturing and project execution in Indonesia. The commencement of Indonesia plant operation strengthens our local presence and enables more local business opportunities.

During the year, Boilermech became a subsidiary of QL Resources Berhad ("QL"). The Group is expected to gain from the QL's experience and resources in charting its future growth.

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.

OUR PRINCIPAL ACTIVITIES

Our three (3) core businesses of Bio-Energy, Water Treatment and Solar Energy provide the following products and services:

BIO-ENERGY ("BE")	WATER TREATMENT ("WT")	SOLAR ENERGY ("SE")
Engineering, Procurement & Construction ("EPC")		
• Palm Oil Mill Boilers • Industrial Biomass Boilers • Industrial Oil & Gas Boilers • Heat Recovery Steam Generators • Independent Power Plant ("IPP")	• Industrial Effluent Treatment system • Palm Oil Mill Effluent Treatment & Biogas Capture system • Membrane system for process water and tertiary treatment	• Solar Photovoltaic ("PV") system for Commercial & Industrial • Solar PV system for Residential • Solar PV system for IPP
Trading & Repair Services		
• Major repairs services • Parts & accessories	• Water treatment chemical supplies • Repairs & maintenance • Parts & accessories	• Repairs & maintenance • Parts & accessories

MANAGEMENT DISCUSSION AND ANALYSIS

BIO-ENERGY SEGMENT ("BE")

The Bio-Energy segment which is our core business contributor, is principally involved in the engineering, procuring, manufacturing and installation of bio-energy systems for palm oil mills, power plants and other agriculture-based industries such as sugar processing, food processing and rubber-based manufacturing industries. It also provides repairs services and trading of related parts and accessories.

Our 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, which caters to their energy needs as well as efficient management of their agricultural waste.

The Group's bio-energy products offer sustainable solutions which enable our customers to achieve energy cost efficiencies and lower carbon and environment footprint.

The Group's corporate head office is located in Taman Perindustrian Subang, Selangor, where it also houses the Sales & Marketing, Research & Design and Manufacturing functions.

Besides Malaysia, the Group's Bio-Energy business is also supported by its operations in Indonesia, which consist of a sales office in Jakarta and a boiler manufacturing plant in Surabaya. The plant has commenced its operation after the licences obtained in March 2021. The office and manufacturing plant in Indonesia enables the Group to serve and respond effectively to the needs of its Indonesian customer.

The Group continues to focus on the growth and expansion of Indonesia biomass boiler and power generation market.

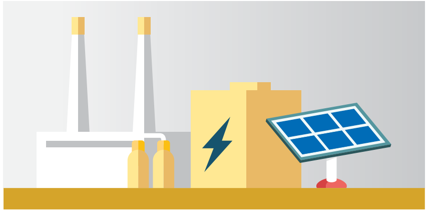
WATER TREATMENT SEGMENT ("WT")

Our water treatment segment is principally involved in the engineering, procuring and construction of industrial and palm oil mill wastewater treatment plants including Palm Oil Mill Effluent ("POME") biogas plants. It is also involved in the supplies of water treatment chemical, repairs & maintenance services and trading of parts & accessories.

Teknologi Enviro-Kimia group of companies ("TEK") spearheads the Water Treatment segment and operates in 6 locations in Malaysia, ie. Kuching, Bintulu, Miri, Sandakan, Johor and Klang Valley. TEK is one of the leading membrane and biogas water treatment companies in Malaysia offering total water management solutions. TEK's membrane based products, such as pure water systems and tertiary treatment systems, and biogas plants cater to the growing demand for clean and waste water treatment services in the industrial applications.

The Group continues to focus on the growth of palm oil industry water treatment and biogas plant in Malaysia and developing the Indonesia market.

SOLAR ENERGY SEGMENT ("SE")



In line with our vision to provide sustainable environmental solutions, the Group ventured into the solar energy sector via the acquisition of Tera VA Sdn Bhd ("TERA") on 22 May 2020. TERA is in the solar power industry and the acquisition enables the Group to participate in the fast-growing renewable energy sector.

TERA designs and constructs Solar Photovoltaic ("PV") systems to industrial, commercial and residential customers. The system enables customers to enjoy energy cost savings and lower their carbon footprint.

Our solar business focuses on growing its market share and EPC capability in delivering large scale projects.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE STRUCTURE AND CHANGES DURING THE FINANCIAL YEAR

On 8 February 2021, Boilermech became a subsidiary of QL Green Resources Sdn Bhd (a wholly owned subsidiary of QL Resources Bhd) via a mandatory general offer exercise. Subsequent to the event, QL Resources Bhd is now the controlling shareholder of Boilermech.

During the year under review, the Group had on 22 May 2020 entered into a Share Acquisition Agreement to acquire 60% shares of Tera VA Sdn Bhd, a home-grown Solar PV System EPC company to further strengthen the Group's overall business strategy to be a sustainable environmental solutions provider.

ANALYSIS OF FINANCIAL RESULTS

The Group registered a 3.1% increase in revenue to RM237.3 million for the financial year under review. The Profit Before Tax for the financial year under review also increased by 4.0% compared to the preceding financial year.

The financial year results of its Bio-Energy System and Water treatment businesses were impacted by the Covid 19 pandemic ("Pandemic") and the various Movement Control Orders ("MCOs") imposed by the Government, which affected demand for the businesses' products and services and delayed project deliveries. However, their lower results were mitigated by the positive contributions in revenue and profitability from the newly acquired solar energy business.

This has allowed the Group to achieve marginal improvement in overall results compared to the previous financial year.

	FYE 31 March 2021 RM Million	FYE 31 March 2020 RM Million	Variance RM Million	Variance (%)
Revenue	237.3	230.1	7.2	3.1%
Profit before taxation	33.7	32.4	1.3	4.0%

As at 31 March 2021, the Group's financial position remained healthy and strong with a net tangible assets improvement to RM223.6 million as compared to the preceding financial year of RM208.5 million. The better generation of cashflow from operations and prudent spending in investing activities improved the cash and cash equivalents substantially to RM89.9 million as compared to RM58.7 million at the end of the preceding financial year. As at financial year end, the Group's borrowings stood at RM5.2 million.

The Group's past 5 years performance and financial position are shown on page 23 of this annual report.

Segmental Reporting

	FYE 31 March 2021		FYE 31 March 2020	
Revenue	**RM Million**	**Contribution percentage (%)**	**RM Million**	**Contribution percentage (%)**
Bio-Energy Segment	175.8	74.1	196.1	85.2
Water Treatment Segment	29.3	12.3	34.0	14.8
Solar Energy Segment	32.2	13.6	-	-
Total	237.3	100.0	230.1	100.0
Profit Before Tax	**RM Million**	**Contribution percentage (%)**	**RM Million**	**Contribution percentage (%)**
Bio-Energy Segment	24.4	72.4	29.7	91.7
Water Treatment Segment	3.2	9.5	2.7	8.3
Solar Energy Segment	6.1	18.1	-	-
Total	33.7	100.0	32.4	100.0
Profit Margin (%)	**%**		**%**	
Bio-Energy Segment	13.9		15.2	
Water Treatment Segment	10.9		7.9	
Solar Energy Segment	18.9		-	
Overall	14.2		14.1	

MANAGEMENT DISCUSSION AND ANALYSIS

BIO-ENERGY SEGMENT 1

The Bio-Energy segment's revenue for the financial year under review was at RM175.8 million, 10.4% lower compared to the previous financial year revenue of RM196.1 million. The revenue was affected by the Pandemic and MCOs which affected demand and deliveries of its products and services. The segment's lower profit margin of 13.9% for the financial year (FYE 2020: 15.2%) was due to lower contribution resulted from lower project delivery activities, revenue and project margin mix.

The Bio-Energy segment remains the biggest contributor to the Group's revenue and profit before tax at 74.1% and 72.4% respectively.

WATER TREATMENT SEGMENT 2

The Water Treatment segment's revenue for the financial year under review was at RM29.3 million, 13.8% lower compared to the previous financial year revenue of RM34.0 million as a result of the Pandemic. The profit before tax of RM3.2 million and its profit margin percentage is higher compared to the previous financial year mainly due to the reversal of doubtful debts and lower administrative expenses in the current financial year.

For the current financial year, this segment contributed 12.3% and 9.5% to the Group's revenue and profit before tax respectively.

SOLAR ENERGY SEGMENT 3

The Solar Energy segment was consolidated as part of the Group's results upon the completion of the acquisition on 22 May 2020. This promising segment had contributed positively to the Group's revenue and profit before tax for the year under review.

The segment contributed RM32.2 million and RM6.1 million to the Group's revenue and profit before tax for the current financial year.

For the financial year under review, this new segment contributed 13.6 % and 18.1% to the Group's revenue and profit before tax respectively.

Geographical Presence

Businesses in the market of Malaysia and Indonesia continued to account for 94.1% of the 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.

Our revenue contribution by regions are as follows:

	FYE 31 March 2021		FYE 31 March 2020	
	RM Million	Contribution (%)	RM Million	Contribution (%)
Malaysia	157.6	66.4%	113.0	49.1%
Indonesia	65.7	27.7%	100.8	43.8%
Others	14.0	5.9%	16.3	7.1%
Total	237.3	100.0%	230.1	100.0%

There was a drop of revenue in the Indonesian market, primarily due to the manufacturing and installation delays caused by the pandemic and MCOs. The project activities in Indonesia are expected to recover as the pandemic condition improves.

SIGNIFICANT RISK TO THE GROUP

The Group manage its enterprise and operational risks under the guidance of the Group's Enterprise Risk Management ("ERM") Framework. The ERM framework identifies, manages, monitors and mitigates the risks in the businesses and further ensure that the risk appetite and tolerance is appropriate for the Group's business model and strategies. The Group recognise that management and constant monitoring of those identified risks are essential to the successful business operations and execution of the Group's strategies.

Through its ERM framework, the Group continue to identify the following risks which it deemed as important key business risks:

Heavy reliance on a single industry

While the products and services of Bio-Energy segment and Water Treatment segment have been expanded to go beyond palm oil industry (such as for industrial oil and gas boilers as well as independent power plant), the bulk of the customers for the Bio-Energy segment and Water Treatment segment are still from the palm oil industry. This is therefore a significant risk for the Group as Bio-Energy segment and Water Treatment segment contributed a combined total of 86.4% of the Group's revenue for the financial year under review.

The palm oil industry faces many challenges such as the volatile crude prices, negative European Union sentiment towards palm-based products 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.

MANAGEMENT DISCUSSION AND ANALYSIS

> OUR INFORMATION TECHNOLOGY TEAM PERIODICALLY REVIEWS AND IMPLEMENTS MEASURES TO MITIGATE CYBERSECURITY RISK.

The Group recognise the risk and is mitigating it by its continuous efforts to diversify the customer base of its Bio-Energy and Water Treatment segments. New markets and industries, both domestic and globally, are being sought and explored for the usage of the Group's products and services.

Through its newly acquired business of solar energy, the Group believe it will further diversify out more significantly its revenue base beyond Bio-Energy and Water Treatment businesses.

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

Pandemic risk remains a significant risk for the Group. A prolonged pandemic will create direct and indirect impact on the Group's businesses and financials as demands slow down and project delivery activities are delayed due to movement control measures.

The Group remain vigilant of this risk and over the past year had developed business continuity measures, adapted its business operations (set up operation across multiple geographical location) to cope with the disruptions and new norms. Prudent financial and operational management practices are emphasised to ensure the long terms business continuity.

Attracting and retaining talent

A key success factor of the Group in meeting its strategic business objectives is its talents at various positions, especially those in the field of engineering, within the Group.

In order to mitigate the potential loss of talent, the Group has introduced talent management programmes focusing on talent retention & development. Talent retention focus on compensation and benefit scheme and improving employees' engagement across different levels of the organisation. Talent development focus on training and development structure to upskill employees and build talent pipeline to succeed critical positions.

Cybersecurity

With the increasing cyber-attack incidences globally such as ransomware, malware, phishing and hacking, the Group is increasing its management attention to mitigate this risk and threat.

The Group has increased its budget allocation and also the emphasis to address cybersecurity risk. Our Information Technology team periodically reviews and implements measures to mitigate this risk. The measures include upgrading the infrastructure and anti-virus protection, raising awareness of our employees, enhancing network and device monitoring against attack and routine stress testing of network security. Furthermore, offsite back-up is performed periodically to mitigate against the impact arising from cybersecurity.

DIVIDEND

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 2021, subject to approval of shareholders at the forthcoming 11th Annual General Meeting of the Company.

The Company's dividend trend is as reflected in the table below.

Dividend Table	2017	2018	2019	2020	2021
Net Dividend (RM Million)	7.74	9.03	10.32	9.03	9.03
Net Dividend per share (sen)	1.50	1.75	2.00	1.75	1.75

The Group's annual dividend payment may vary and is subject to, amongst others, the Group's level of cash, indebtedness, retained earnings, business operations, financial performance, prospects, capital commitments and such other matters that the Board may deem relevant from time to time.

PROSPECTS

The Pandemic had changed the way society behaves and how the business operates. One of the major trends emerging from the pandemic is the increase of awareness in Environment, Social and Governance ("ESG") among businesses and investment community. Some view the Pandemic as tipping point for ESG and sustainability in the long term. We believe this is a positive development in accelerating clean technology including clean energy and clean water. Over the past year, the Group is repositioning its resources and poised to capture the growth in clean technology development beyond the pandemic.

In the short term, the prolonged impact of the pandemic and movement controls will inevitably continue to slow down the economy and business environment. However, the Group believes that the post Pandemic recovery in the medium term coupled with the Company's competitive advantage supported by the Group's established product, customer network, human talent and financial strength, the Group should be able to deliver a year of satisfactory growth barring any unforeseen events.

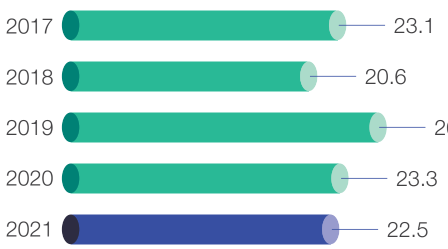
FINANCIAL HIGHLIGHTS

	2017 RM Mil	2018 RM Mil	2019 RM Mil	2020 RM Mil	2021 RM Mil
Revenue	237.2	225.9	234.8	230.1	**237.3**
Profit before Taxation	32.4	30.2	36.6	32.4	**33.7**
Profit after Taxation after Minority Interest	23.1	20.6	26.6	23.3	**22.5**
Total Assets	273.1	308.4	319.8	311.3	**361.3**
Net Tangible Assets	165.1	186.4	200.3	208.5	**223.6**

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)

SUSTAINABILITY STATEMENT

INTRODUCTION

Boilermech Holdings Berhad ("Boilermech" or "Company") understands that sustainability is a key for the Company to remain profitable, competitive and relevant, now and into the future. With its Mission "to create and share value with our stakeholders through the offering of innovative, sustainable, and high-quality renewable energy solutions" and its Vision "to be the regional leader in renewable energy and sustainable environmental solutions provider", the Group (Boilermech and its subsidiaries) takes full cognizance of its responsibility of operating its business in a sustainable and responsible manner, whilst pursuing its growth and expansion plans.

The Board of Directors ("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") arising from the Group's operations, where the performance and management efforts of each MSM are detailed in pages 27 to 38 of this Annual Report.

REPORTING FRAMEWORK

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.

SUSTAINABILITY STATEMENT

SCOPE

This Statement encompasses the operations and activities of key subsidiaries (i.e. major contributors to the Group's revenue and operations) from the Group's business segments of Bio-Energy, Water Treatment, and Solar Energy, covering Boilermech and the following subsidiaries for the reporting period between 1 April 2020 and 31 March 2021:

Segment	Subsidiaries covered in this Statement	Staff strength	Operating locations
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)	• Boilermech Sdn Bhd	• 195	• Subang Jaya • Jakarta • Surabaya • Medan
Water Treatment (principally in activities of EPC for water treatment system and supply of water treatment chemicals)	• Teknologi Enviro-Kimia (M) Sdn Bhd • TEK Biotechnology Sdn Bhd	• 90	• Kuching • Bintulu • Miri • Sandakan • Johor Bahru • Subang Jaya
Solar Energy (principally in activities of EPC for solar photovoltaic system)	• Tera VA Sdn Bhd	• 35	• Petaling Jaya

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. Subject to the assessment, additional segments and / or subsidiaries will be included in the future sustainability statements as and when it becomes material to the Group.

GOVERNANCE STRUCTURE

To embed sustainability in our corporate culture and business practices, the Board and the Management Team [consisting of the Executive Committee ("EXCO") and Heads of Business Units/ Departments] works hand-in-hand to manage sustainability risks and opportunities of the Group, with clear delineation of roles and responsibilities as follows:

BOARD

- Ultimately responsible for overseeing sustainability practices and performances
- Sets business strategies incorporating sustainability considerations
- Sets policies, priorities and targets in relation to sustainability

EXCO

Consists of all Executive Directors and selected Senior Management team, responsible for strategic management of sustainability matters, including:

- 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 perform and implement sustainability-related tasks and initiatives on a day-to-day basis, covering:

- Identify, assess, monitor, manage and report sustainability matters to the EXCO
- Continuously engage with key stakeholders identified to understand concerns in relation to the company's sustainability risks and opportunities

SUSTAINABILITY STATEMENT

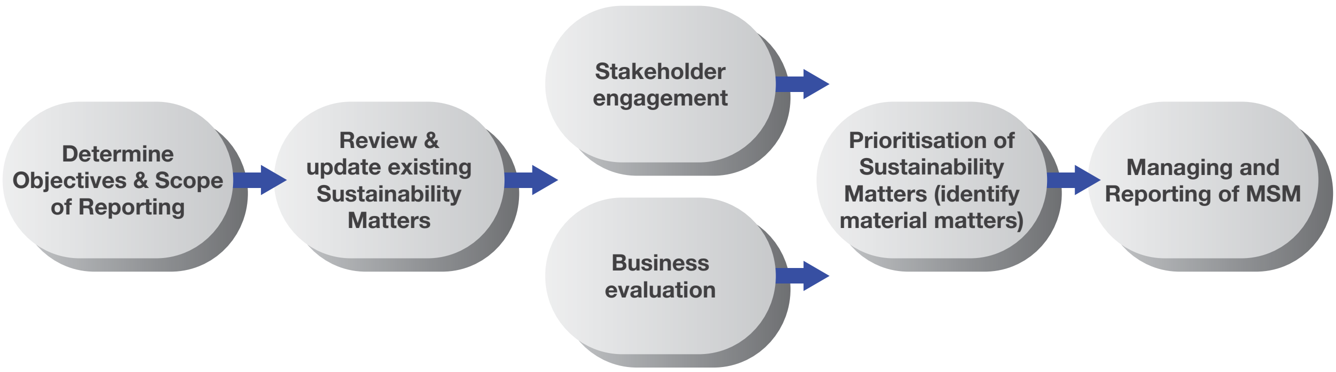
MATERIALITY ASSESSMENT

As there were no major changes to the operating environment, the Group has undertaken a limited review in the financial year to reaffirm that the Group's MSM remain material and relevant, including assessing updates to the existing MSM, such as the performances of the MSM and its action plans. 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.

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 understands and appreciates the importance of our stakeholders to our long-term business success. In engaging our stakeholders, we can better understand how our business activities impact the economy, environment and society, and such insights are instrumental in guiding our business strategy and shaping our disclosures.

Guided by the Sustainability Reporting Guide, we have conducted a structured stakeholder prioritisation exercise, identifying stakeholders key to the Group through influence and dependency of these stakeholders on the Group. As each stakeholder group is unique, we have adopted various customised communication channels 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

SUSTAINABILITY STATEMENT

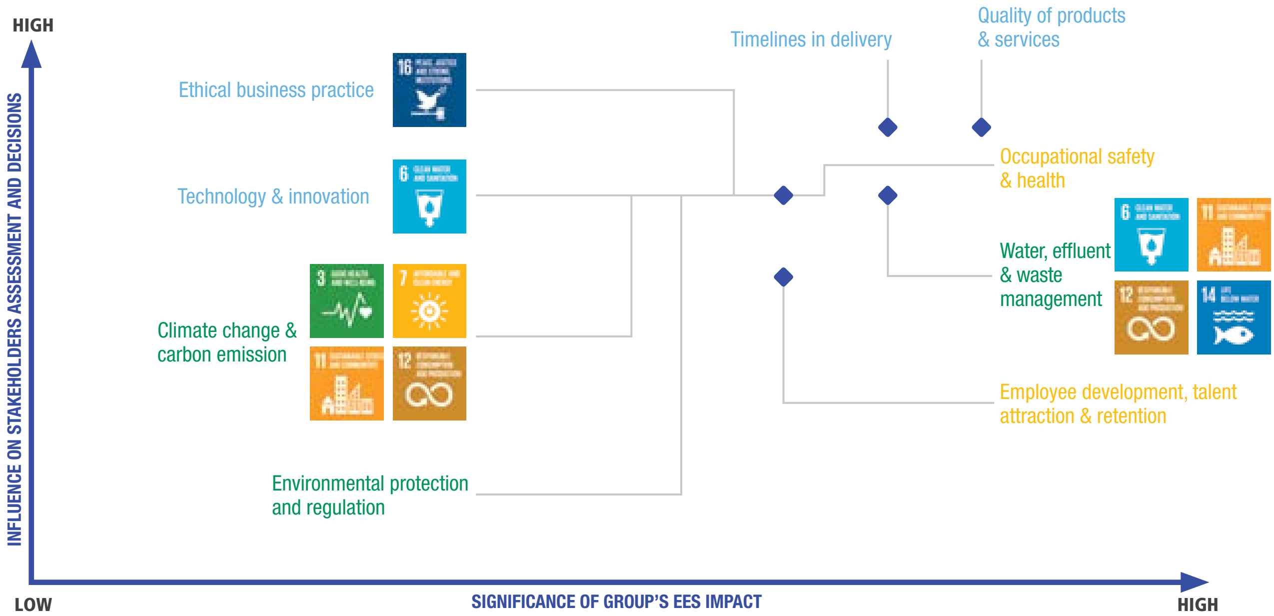
Stakeholders	Mode of engagement	Frequency of engagement	Relevant material sustainability matters
Suppliers	• Supplier appraisal and evaluation • Site visit/ interview • Face-to-face interaction	• Annually • As needed	• Timeliness in delivery • Product and service quality • Price competitiveness • Awareness 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

Note: Face-to-face interaction includes through virtual platforms, especially during the Covid-19 period

MATERIAL SUSTAINABILITY MATTERS

With due considerations given to the outcome of the aforesaid stakeholder engagements as well as the limited review undertaken by the Group, the MSM under the scopes of EES for Boilermech remained unchanged, with its relative importance of each MSM depicted below:

Materiality Assessment Results



SUSTAINABILITY STATEMENT

ECONOMIC

Quality of products and services and timeliness in delivery

Why is it important

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.

What we're doing

To ensure the Group delivers quality products and services timely, the Group practices the following:

Internal guiding documents

Policies and procedures were established to ensure production and delivery are made in accordance with the standards and specifications as well as the terms of contractual agreements entered into.

Certifications

Committed to delivering quality products and services, all major 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.

Further to the above, we have renewed our ASME 'S', 'U' and NB 'R' Stamp for our plant, a hallmark that the design, fabrication, inspection and testing of our pressure vessels conforms to the worldwide accepted ASME's guidelines and requirements. An ASME certification signifies that the company is committed to public safety and quality of boiler and pressure vessel. Boilermech has been holding certificates of authorisation to apply the code stamp products since year 2014, and certification renewal at 3 years interval with updated code rules and publication always keep us abreast with the latest practice in the industry.

Quality assurance

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 understand 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 2021
89% RESPONDED
92%
MEETING/EXCEEDING EXPECTATIONS

FYE 2020
93% RESPONDED
87%
MEETING/EXCEEDING EXPECTATIONS

FYE 2019
78% RESPONDED
75%
MEETING/EXCEEDING EXPECTATIONS

SUSTAINABILITY STATEMENT

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 has set 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. Due to the Large-Scale Social Restrictions imposed by the Indonesian Government, the licenses required to commence operations was only obtained in March 2021. The staff size of this operations is approximately 50 personnel.

Technology and innovation

Why is it important

The Group considers product innovation, and keeping up with and usage of the latest technology in its products as a key differentiating factor between Boilermech and its competitors.

What we're doing

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 also provided with regular training to keep them abreast of the latest development and technology in the related fields and to elevate our capabilities. 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. Key learnings from training and knowledge sharing sessions will then be incorporated into our products to continuously enhance and create value to our customers.

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 2021	22
31 March 2020	7
31 March 2019	5

During the financial year, technical training on welding procedure and welder qualification as per ASME IX code were provided to engineers in the Design, Production, Quality Assurance and Quality Control Departments. This has enabled 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.

Further to the above, the Group is also in the midst of broadening the application of RO membrane in desalination, with the objective of converting sea water into drinkable water or industrial purpose application. We have completed the installation of one (1) Sea Water RO System with the capacity of 20m3/hr. This system is set to treat sea water into 158 ton of potable water per year. The system is currently in the end of performance testing stage and shall be completed within the financial year 2022. 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.

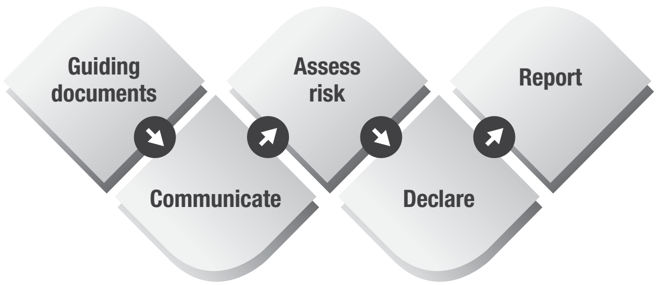
Ethical business practice

Why is it important

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.

What we're doing

To cultivate a culture of integrity and exercise high ethical standards in our business activities throughout our value chain, we practiced the following:



SUSTAINABILITY STATEMENT

i. **Guiding documents**

The Group has established its 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.

Code of Ethics were formulated to establish standards of ethical behaviour for Directors, Senior Management and employee of the Group.

ii. **Communicate**

The Group periodically communicates the Code of Ethics and the Anti-Bribery and Anti-Corruption Policy together with relevant Policies and Procedures through various methods to Directors, Employees and key third-parties in order to convey the ethical standards expected by the Group.

iii. **Assess risk**

Our initial anti-bribery and anti-corruption risk assessment was conducted in year 2020, to enable the Group to understand the bribery and corruption risks faced in its business activities. Internal controls were established and/ or enhanced to address the bribery and corruption risks identified. This risk assessment also forms the cornerstone when we established the Anti-Bribery and Anti-Corruption Framework, together with relevant Policies and Procedures.

iv. **Declare**

The relevant personnel were required to periodically declare their understanding and compliance towards the Group's Anti-Bribery and Anti-Corruption Policy, Policies and Procedures, Code of Ethics, etc.

This declaration shall first be made by Directors and Employees on the first day onboarding of the Company, or prior to any formal engagements with third-parties, and subsequently on a periodic basis throughout the engagement period with these stakeholders. The frequency and comprehensiveness of the declaration were based on the risk levels of each stakeholder in relation to bribery and corruption to the Group.

> **THERE WERE NO WHISTLEBLOWING CASES BEING REPORTED OR RECORDED FOR THE FINANCIAL YEARS ENDED 31 MARCH 2021, 2020 AND 2019.**

v. **Report**

All Anti-Bribery and Anti-Corruption related matters, such as controls in place, instances of non-compliances, significant risks, etc. will be reported to the Board directly or through the relevant Board or Management Committees, according to their scope of work.

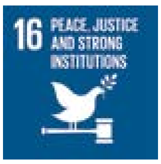
Further to the above, the Group has also established a whistleblowing channel, where any persons (including external parties) are able to report any actual or suspected malpractices, including unethical behaviour to the Joint Group Managing Directors or the Audit Committee Chairman, who is an Independent Non-Executive Director.

There were no whistleblowing cases being reported or recorded for the financial years ended 31 March 2021, 2020 and 2019, including in relation to bribery and corruption.

In addition to the above, 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.

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.



SUSTAINABILITY STATEMENT

ENVIRONMENTAL

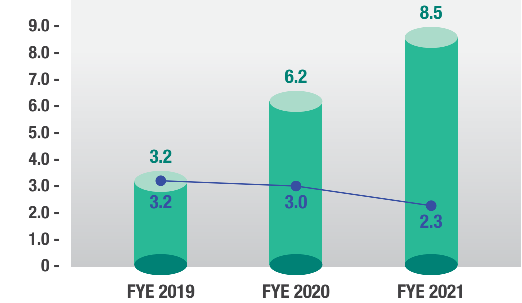
Why is it important

In order to preserve the environment for us and our future generations, at Boilermech, we strive to minimise the environmental footprint of our operations, products and overall business. 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.

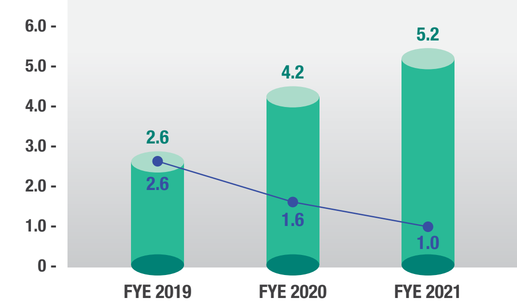
As the environmental impact arising directly from the Group's business is minimal, the focus of this "Environmental" section will be on our products and how our products assist our customers in reducing their environmental impacts.

The summary of potential environmental impact estimated using capacity installed by the Group are:

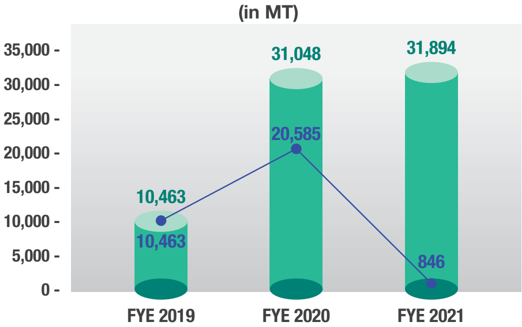
Reduction in Biomass Waste
(in Million MT)



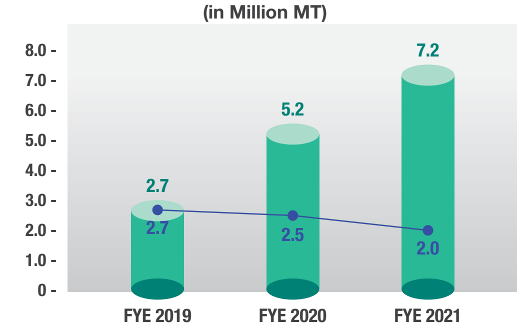
Raw & Waste Water Treated
(in Million M^3)



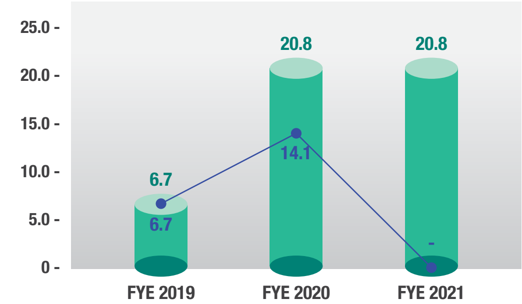
Reduction in Biochemical Oxygen Demand (BOD) in wastewater
(in MT)



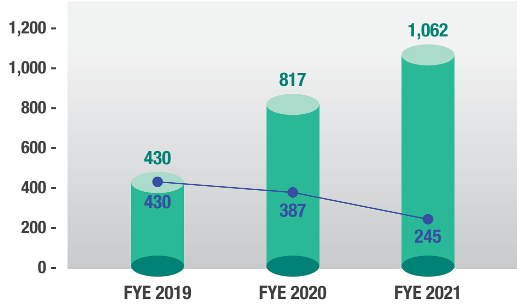
Reduction in Carbon Dioxide (CO_2) Emission
(in Million MT)



Reduction in Methane (CH_4) Emission
(in Million MT)



Reduction in Dust Emission
(in MT)



Note:

Impact based on cumulative capacity installed, computed from year 2019

Impact based on capacity installed for the year

SUSTAINABILITY STATEMENT

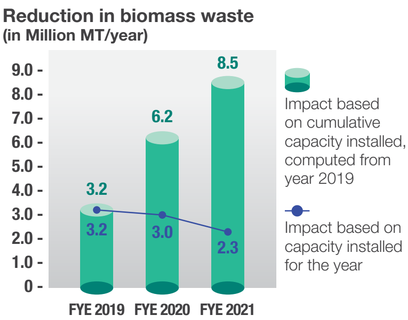
Water, effluent and waste management

What we're doing

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 and in comparison with the two (2) preceding financial years, we have installed biomass boilers for our clients, with the estimated reduction in biomass waste as follows:

Financial year	Biomass boilers installed	Reduction in biomass waste[1]
31 March 2021	**1,170** MT/hour capacity	
31 March 2020	**1,490** MT/hour capacity	
31 March 2019	**1,580** MT/hour capacity	



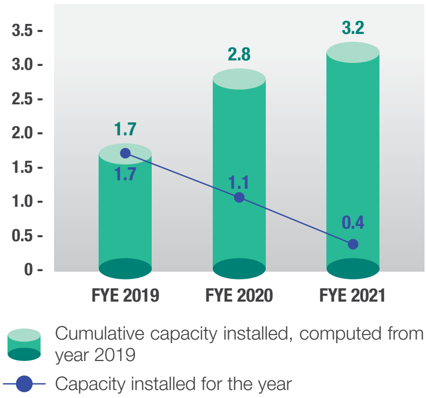
Note:

[1] *Assuming 6,000 hours of operation per year*

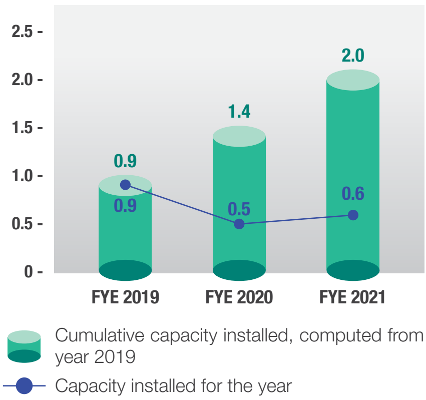
The reduction of wastes generated supports Goals 11 and 12 of SDG, "*sustainable cities and communities*" and "*responsible consumption and production*", where it supports the reduction of adverse per capita environmental impact on cities and communities through effective waste management; and substantially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

Our subsidiary from the Water Treatment Segment, TEK, also provides wastewater treatment solutions for industrial use. TEK supplied and installed the following wastewater and raw water treatment in the financial years 2019, 2020 and 2021:

Wastewater Treatment (Capacity) [2]
(in Million M³/year)



Raw Water Treatment (Capacity) [2]
(in Million M³/year)



Note:

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

SUSTAINABILITY STATEMENT

Our tertiary treatment plants and biogas plants enable palm oil mills to reduce the Biochemical Oxygen Demand ("BOD") of their discharge or effluent into the watercourse. The government imposed a strict condition under the Malaysian Environmental Quality (Industrial Effluent) Regulation 2009 - Environmental Quality Act 1974 whereby the final discharge of effluents into the watercourse must not exceed the BOD limit of 20 parts per million (''ppm") in selected sensitive areas. The Group, through its proprietary technology, is one of the few in the country to be able to achieve this target consistently and give assurance to customers in this respect.

Further to the above, we have also designed and built Industrial Effluent Treatment Systems ("IETS")in other industries for treatment of industrial wastewater before they are safely discharged into the environment. Treatments on wastewater are done by removal of organic and inorganic matter that will affect the receiving environment.

We have in the past three (3) financial years, delivered biogas plants and tertiary treatment plants that are expected to further reduce BOD as follows:

	FYE 2021	FYE 2020	FYE 2019
Reduction in BOD *(by capacity installed)*	**846** MT BOD/year	**20,585** MT BOD/year	**10,463** MT BOD/year
Reduction in BOD *(by cumulative capacity installed since year 2019)*	**31,894** MT BOD	**31,048** MT BOD	**10,463** MT BOD

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

Why is it important

The acceleration of climate change and its effects such as global warming has driven us to increase our focus on environmental sustainability.

What we're doing

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, the steam generation using our biomass boilers installed is able to reduce CO_2 as follow:

	FYE 2021[(3)]	FYE 2020[(3)]	FYE 2019[(3)]
Reduction in CO_2	**2.0** Million MT/year	**2.5** Million MT/year	**2.7** Million MT/year
Reduction in CO_2 *(cumulative since year 2019)*	**7.2** Million MT	**5.2** Million MT	**2.7** Million MT

Note:

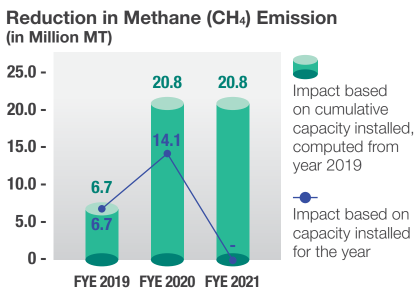
(3) *Assuming 6,000 hours of operation per year*

SUSTAINABILITY STATEMENT

BOILERMECH SDN BHD HAD INSTALLED A TOTAL CAPACITY OF 416 KWP SOLAR APPLICATION IN ITS SUBANG JAYA PLANT DURING THE LAST FINANCIAL YEAR. THIS SYSTEM GENERATES APPROXIMATELY 531MWH OF ELECTRICITY AND REDUCE CO_2 EMISSION BY 370 TONS EACH YEAR.

The Group also treats palm oil mill effluent ("POME") by capturing biogas from POME to reduce the methane[4] emitted to the atmosphere. The captured biogas offers several downstream utilizations including electricity generation, as boiler fuel, and others.

We have installed POME treatment and biogas methane capturing plant in the past three (3) financial years, and the expected reduction in methane in relation to these capturing plants are as follows:

Financial year	Biogas methane capturing plant installed (capacity)	Expected reduction in methane[5]
31 March 2021	-	
31 March 2020	**120 m³ per hour**	
31 March 2019	**60 m³ per hour**	

Note:

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

[5] *Assuming 6,000 hours of operation per year*

Our Solar Energy Segment, operated through Tera VA Sdn Bhd, 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, Tera VA Sdn Bhd installed a total capacity of 12.5MWp solar application for its customers in Malaysia. Those systems are expected to generate a combined 15,975MWh of electricity and reduce CO_2 emission by 11,087 Tons [6] per year.

Boilermech Sdn Bhd had installed a total capacity of 416 kWp solar application in its Subang Jaya plant during the last financial year. This system generates approximately 531MWh of electricity and reduce CO_2 emission by 370 Tons [6] each year.

Note:

[6] *According to the study by Malaysian Green Technology and Climate Change Centre ("MGTC"), the CO_2 emission under the calculation of Energy Production (MWh) baseline for Peninsular Malaysia is taken to be 0.694 tCO2e/MWh.*

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.

SUSTAINABILITY STATEMENT

Environmental protection and regulation

What we're doing

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.

In the past three (3) financial years, we have delivered air pollution control systems to our customers, where it is expected to further reduce dust emission into the atmosphere as follows:

	FYE 2021	FYE 2020	FYE 2019
Reduction in dust emission	**245** MT/year	**387** MT/year	**430** MT/year
Reduction in dust emission *(cumulative since year 2019)*	**1,062** MT	**817** MT	**430** MT

In addition to the above, the Group also provides 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 individual standard.

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.

SUSTAINABILITY STATEMENT

SOCIAL

Why is it important

On the social front, the Group places employees and workers at the forefront and considers them our most important asset.

What we're doing

The Group places strong emphasis 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

What we're doing

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 for timely corrective actions to be taken.

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

	Number of incidences		
Description	**FYE 2021**	**FYE 2020**	**FYE 2019**
Fatality	-	-	-
Lost Time Injury	5	1	-

Arising from the 5 incidences of accidents, the Group has implemented amongst others, the following measures, to avoid a repeat of the accidents:

- conduct additional refresher safety briefings; and
- review and enhance relevant Standard Operating Procedures/ guidelines.

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

SUSTAINABILITY STATEMENT

Similar to the previous financial year, the health and safety related programmes held 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

Similar to businesses around the world, the outbreak of the Covid-19 coronavirus has affected the way we work. To ensure safety and wellbeing of our employees and to reduce its impact on business continuity, our Management has developed stringent safety and health contingency measures and business continuity plans to ensure the sustainability of our businesses amidst this COVID-19 outbreak.

Our approach towards working during Covid-19 can be categorised into the following sections:

Avoid contact

Where possible, work from home

- Sales and business activities are performed through web-based video conferencing tool and mobile applications, including with internal and external parties (e.g. clients/ customers, contractors, suppliers)

Reduce contact

In unavoidable circumstances, when work is required to be performed in our office or factory, we ensure adherence to the following:

- Alternate work arrangements, where minimal number of employees are permitted at any one time in office or factory, and employees work alternatively between office and home;
- Facemask are worn at all times;
- Checking of body temperature before being granted access to office/ factory;
- Social distancing at all times, including limiting the number of employees present at a single location (e.g. for meeting/ discussions);
- Periodically disinfect factory and office compound; and
- Remind employees to practice and have good personal hygiene, including frequently wash and sanitise hands.

To ensure that our employees are working in a safe environment, we have during the financial year, arranged our employees for Covid-19 Polymerase Chain Reaction ("PCR") test, sanitise our office and factory premises and procure and provide personal protective equipment for our employees.

Further to the above, in order to protect our employees against Covid-19, the Group has in June 2021 registered for the Selangor Vaccination program (SelVAX), the Selangor State's efforts to complement the Program Imunisasi Covid-19 Kebangsaan ("PICK") to achieve the target of herd immunity, for those who have not received their vaccination appointment. As of the date of this Statement, most of those registered under the SelVAX have completed both doses of the vaccine.

SUSTAINABILITY STATEMENT

Employee development, talent attraction and retention

Why is it important

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.

What we're doing

To facilitate a high-performance culture and to unlock the potential of our people, we have a comprehensive suite of tailored training and development initiatives, through the following process:

Performance evaluation

Performance evaluations are carried out annually, to engage with employees and workers to understand their concerns, assess their performances and provide feedback to employees.

Identify areas for improvement

In comparing the preset standards/ key performance indicators against the actual performance, the Superior will identify areas for the employees/ workers improvement.

Train and develop

Working together with Human Resource Department, the Superior will identify training required and the recommended training to be attended by the employee/ worker. The Group considers trainers and training both internally or external to the Group, and either sends employee for training or organises in-house training. The Group also encourages its employees and workers to take a proactive approach to identify training to be attended.

The percentage of training attended by employees in comparison with training programs as identified from their training needs analysis for the past three (3) financial years ended are as follows:

	FYE 2021	FYE 2020	FYE 2019
Training attended as per training needs analysis	81% Actual attendance Target: 80%	82% Actual attendance Target: 80%	84% Actual attendance Target: 80%

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. To ensure that working parents are able to balance between work and parenting, the Group has introduced flexi-hours for working parents.

Other employees' welfare incentives are also provided such as annual and monthly employees' engagement activities, medical benefits, group insurance, etc., with no reduction to any of these welfare incentives despite Covid-19.

TOWARDS A SUSTAINABLE FUTURE

As we strive to build and maintain a sustainable business, 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.

Moving forward, we will remain committed to continuously progress along our sustainability journey and communicating the progress and outcomes to our stakeholders.

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 mindful in making its business decisions with key considerations in 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 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 which 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:

Board

Responsible for the overall business direction and conduct of the Group's business.

Board Chairman

Responsible for leadership of the Board, by ensuring effective conduct of the Board and effective communication with shareholders and stakeholders.

Audit Committee ("AC")	Nomination Committee ("NC")	Remuneration Committee ("RC")
Oversees matters relating to financial reporting, external audit, internal audit, related party transactions, conflict of interest situations and risk management.	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.	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.

Managing Director

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is led by Dr. Chia Song Kun, a Non-Independent Non-Executive Director, whereas the Joint Managing Director position is held by Mr Leong Yew Cheong and Mr Chia Lik Khai. Both Joint Managing Directors shall collectively undertake the role and function of Managing Director of Boilermech Group. There is a clear separation 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:-

		Meeting Attendance			
Directors	**Designation**	**Board**	**AC**	**NC**	**RC**
Dr. Chia Song Kun	Non-Independent Non-Executive Chairman	5/7*	4/4	3/3	3/3
Leong Yew Cheong	Joint Managing Director	5/7*	-	-	-
Chia Lik Khai	Joint Managing Director	5/7*	-	-	-
Chia Seong Fatt	Alternate Director to Chia Lik Khai	5/7*	-	-	-
Gan Chih Soon	Executive Director	7/7	-	-	-
Tee Seng Chun	Alternate Director to Gan Chih Soon	7/7	-	-	-
Ho Cheok Yuen	Independent Non-Executive Director	7/7	4/4	3/3	3/3
Adrian Chair Yong Huang	Independent Non-Executive Director	7/7	4/4	3/3	3/3
Rina Meileene Binti Adam	Independent Non-Executive Director	7/7	4/4	3/3	-
Ng Swee Weng	Independent Non-Executive Director	7/7	4/4	3/3	3/3

Note:

* *Dr. Chia Song Kun, Mr Leong Yew Cheong, Mr Chia Lik Khai and Mr Chia Seong Fatt, being the Interest Directors had excused themselves from attending the Special Board of Directors' Meetings held on 7 December 2020 and 21 December 2020, in deliberation of the Appointment of Independent Adviser; and Independent Advice Circular to the holders of the offer shares in relation to the Conditional Mandatory Take-Over Offer by QL Green Resources Sdn Bhd through UOB Kay Hian Securities (M) Sdn Bhd dated 4 January 2021.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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	• Malaysian Institute of Accountants (MIA) Webinar Series: Introduction to Integrated Reporting.
Leong Yew Cheong	• Securities Industry Development Corporation (SIDC): Business Foresight Forum (BFF) 2020: Evolutionary Change to Revolutionary Impact.
Chia Lik Khai	• Securities Industry Development Corporation (SIDC): Business Foresight Forum (BFF) 2020: Evolutionary Change to Revolutionary Impact. • Bursa Malaysia Berhad - PwC Consulting Services (M) Sdn Bhd: Fraud Risk Management.
Chia Seong Fatt	• Asia School of Business (ASB): Understanding Board Decision Making Process.
Gan Chih Soon	• Securities Industry Development Corporation (SIDC): Business Foresight Forum (BFF) 2020: Evolutionary Change to Revolutionary Impact. • Malaysia Institute of Accountants (MIA): Audit Committee Conference 2021 (Agility, Empathy and Resilience: How the Audit Committee will thrive in the New Normal).
Tee Seng Chun	• Securities Industry Development Corporation (SIDC): Business Foresight Forum (BFF) 2020: Evolutionary Change to Revolutionary Impact.
Ho Cheok Yuen	• Singapore Institute of Directors (SID): – Board and Director Fundamentals.
Adrian Chair Yong Huang	• Malaysia Institute of Accountants (MIA): Audit Committee Conference 2021 (Agility, Empathy and Resilience: How the Audit Committee will thrive in the New Normal). • Malaysian Institute of Corporate Governance (MICG): Rethinking Corporate Risk to Manage Market Uncertainty.
Rina Meileene Binti Adam	• The Iclif Executive Education Center: Raising Defences – Section 17A, MACC Act. • Tech & Data at TfL: Covid-19 and Beyond with Simon Reed. • CGS-CIMB Thoughts Leadership Series: What It Means to be Progressive in this Age Featuring by Prof Dr Jomo Kwame Sundaram. • 2nd Symposium on Railway Infrastructure and Engineering.
Ng Swee Weng	• TTCS Virtual Tax Conference 2021 – Tackling Practical Problems Faced by Taxpayers. • Malaysia Institute of Accountants (MIA): Audit Committee Conference 2021 (Agility, Empathy and Resilience: How the Audit Committee will thrive in the New Normal).

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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;
- Reviewed the performance of the AC and its 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 Board's approval. The criteria for determining the appropriate level of remuneration for Executive Directors and Senior Management includes the complexity of the Group's business, and the individual's performances and responsibilities. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The aggregate remuneration of Directors received from the Company and on Group basis for the financial year ended 31 March 2021 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	-	-	12,000	-	120,000
Ng Swee Weng	96,000	-	-	16,000	-	112,000
Ho Cheok Yuen	104,882[1]	-	-	44,393[1]	-	149,275[1]
Adrian Chair Yong Huang	84,000	-	-	16,000	-	100,000
Rina Meileene Binti Adam	84,000	-	-	16,000	-	100,000
Executive Director[2]						
Leong Yew Cheong	-	743,500	187,282	121,595	15,500	1,067,877
Chia Lik Khai	-	316,880	85,211	53,203	-	455,294
Gan Chih Soon	-	483,552	133,866	86,966	11,775	716,159
Tee Seng Chun	-	476,700	131,729	80,946	9,900	699,275
Chia Seong Fatt	36,000[3]	-	-	-	-	36,000
Company			(in RM)			
Non-Executive Director						
Dr. Chia Song Kun	108,000	-	-	12,000	-	120,000
Ng Swee Weng	96,000	-	-	16,000	-	112,000
Ho Cheok Yuen	104,882[1]	-	-	44,393[1]	-	149,275[1]
Adrian Chair Yong Huang	84,000	-	-	16,000	-	100,000
Rina Meileene Binti Adam	84,000	-	-	16,000	-	100,000

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.*

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 2021 which is provided herewith in bands of RM50,000 falls within the range of RM500,001 to RM550,000.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board has established an AC 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 its 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 2021, the Board was satisfied with the performance of the AC and its 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 25 September 2020, all the Directors together with the Managing Director, Chief Financial Officer and Management were present to respond 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 22 July 2021.

OTHER DISCLOSURE REQUIREMENTS

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 2021 ("financial year") are as follows:

	Group (RM)	Company (RM)
Audit fees	247,103	68,000
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 25 August 2020 during the Company's Annual General Meeting held on 25 September 2020.

The Company had announced on 22 July 2021 that the Company is seeking its shareholders' approval for the Proposed Renewal of Shareholders' Mandate for existing RRPT Mandate and Proposed New Shareholders' Mandate for additional RRPT of a revenue or trading nature at the Company's forthcoming 11th 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 16 August 2021 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 the ultimate holding company of Boilermech	Provision of engineering solutions and materials in relation to bio-energy systems and water treatment activities; and provision of photovoltaic system (solar power system) to QL group of companies	22,326
EITA Resources Berhad ("EITA") Group and Boilermech Group(2)	A substantial shareholder of EITA is connected to directors of Boilermech Group	Purchase of boiler electronic equipment from EITA Group	1,540
Primem Group and Boilermech Group(3)	A substantial shareholder of Primem Pte Ltd ("Primem") is a director of a subsidiary of Boilermech	Purchase of materials from Primem Group	824

Notes:

(1) Dr. Chia Song Kun and Chia Seong Fatt are deemed as "Interested Directors" and "Interested Major Shareholders" by virtue of their respective substantial shareholdings in QL Resources Berhad ("QL"), which held through CBG (L) Pte Ltd via CBG (L) Foundation and Farsathy Holdings Sdn Bhd respectively. QL is the ultimate holding company of Boilermech, held through its wholly-owned subsidiary QL Green Resources Sdn Bhd. ("QLGR"). In addition, Chia Lik Khai is deemed as an "Interested Director" by virtue of his directorship in Boilermech, QLGR and QL.

(2) Dr. Chia Song Kun is deemed interested in EITA, held through Ruby Technique Sdn Bhd via. his and his spouse's interest in CBG Holdings Sdn Bhd. Mr Chia Seong Fatt is deemed interested in EITA, held through Ruby Technique Sdn Bhd via. his and his spouse's beneficial interest in 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 Primem Pte Ltd.

AUDIT COMMITTEE REPORT

The Audit Committee comprises the following members:

Name	Designation	Directorship
Mr Ng Swee Weng	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	Member	Independent Non-Executive Director

The Secretary to the Committee is the Company Secretary.

ATTENDANCE AT MEETINGS

During the financial year ended 31 March 2021 ("financial year"), the Audit Committee had convened four (4) meetings, attended by the members as follows:-

Name	Meeting Attendance
Mr Ng Swee Weng	4/4
Dr. Chia Song Kun	4/4
Mr Ho Cheok Yuen	4/4
Mr Adrian Chair Yong Huang	4/4
Ms Rina Meileene Binti Adam	4/4

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. Tera Va Sdn Bhd and 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.

AUDIT COMMITTEE REPORT

7. Reviewed any matters concerning the appointment and reappointment and any questions of resignation of the External Auditors and Internal Auditors.

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

9. 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.

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 Anti-Bribery and Corruption Policy and revised the Whistleblower Policy and Procedures by assessing the Group's existing governance, risk management, internal control systems and practices on prevention of corruption before recommendation to the Board for approval.

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

13. 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 2021, the Audit Committee had reviewed the proposal received from the ultimate holding company, QL Resources Berhad on the change of auditors before recommendation to the Board for deliberation.

The Audit Committee Report for the financial year ended 31 March 2021 was prepared and presented by the Audit Committee to the Board for approval on 22 July 2021.

INTERNAL AUDIT FUNCTION

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 2021, the Internal Auditors had focused on the following processes of Boilermech Sdn Bhd and had reviewed and assessed the adequacy of the internal controls systems on the said processes:-

- Project management; and
- Sales and Marketing management.

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 2021.

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Joint Managing Directors 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 2021 amounted to approximately RM38,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 2021, 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 2021 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 22 July 2021.

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 2021 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
- 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 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 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	25,417,442	25,824,114
Attributable to:-		
Owners of the Company	22,459,421	25,824,114
Non-controlling interests	2,958,021	-
	25,417,442	25,824,114

DIVIDENDS

Dividends paid or declared by the Company since 31 March 2020 are as follows:-

	RM
In respect of the financial year 31 March 2020	
A final single tier dividend of 1.75 sen per ordinary share, approved by the shareholders at the Annual General Meeting held on 25 September 2020, paid on 16 October 2020	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 2022.

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.

DIRECTORS' REPORT

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 all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further 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.

DIRECTORS' REPORT

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
Ng Swee Weng
Adrian Chair Yong Huang
Ho Cheok Yuen
Rina Meileene Binti Adam
Chia Seong Fatt (Alternate to Chia Lik Khai)
Tee Seng Chun (Alternate to Gan Chih Soon)

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
Law Chee Wong
Leong Jit Min
Yong Hua Kong
Chia Khek Ping (Appointed on 4.9.2020)
Ling Pick Wuong (Resigned on 13.7.2020)

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares of the Company and of its related companies (other than wholly-owned subsidiaries) of those who were directors at financial year end (including the interests of the spouse and children of the directors who themselves are not directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:-

	Number of Ordinary Shares			
	At 1.4.2020	**Bought**	**Sold**	**At 31.3.2021**
The Company				
Direct Interests				
Dr. Chia Song Kun	400,000	-	-	400,000
Leong Yew Cheong	54,905,824	-	(20,640,000)	34,265,824
Chia Lik Khai	500,000	-	-	500,000
Gan Chih Soon	20,674,140	-	-	20,674,140
Adrian Chair Yong Huang	-	40,500	-	40,500
Chia Seong Fatt (Alternate to Chia Lik Khai)	200,000	-	-	200,000
Tee Seng Chun (Alternate to Gan Chih Soon)	15,641,640	-	(2,008,500)	13,633,140

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

	Number of Ordinary Shares			
	At 1.4.2020	Bought	Sold	At 31.3.2021
The Company				
Indirect Interests				
Dr. Chia Song Kun	227,826,936	32,923,270	-	260,750,206
Leong Yew Cheong	2,000,000	-	-	2,000,000
Tee Seng Chun (Alternate to Gan Chih Soon)	4,020,000	-	(500,000)	3,520,000

	Number of Ordinary Shares				
	At 1.4.2020	Bought	Bonus Issue	Sold	At 31.3.2021
The Ultimate Holding Company, QL Resources Berhad ("QL")					
Direct Interests					
Dr. Chia Song Kun	877,500	-	438,750	-	1,316,250
Leong Yew Cheong	45,500	-	22,750	-	68,250
Chia Lik Khai	1,750,900	83,550	875,450	-	2,709,900
Chia Seong Fatt	631,800	-	130,000	(371,800)	390,000
Indirect Interests					
Dr. Chia Song Kun	678,993,648	264,350	333,276,573	(12,947,800)	999,586,771
Chia Lik Khai	190,320	-	95,160	-	285,480
Gan Chih Soon	21,840	-	10,920	-	32,760
Chia Seong Fatt	194,256,353	331,750	95,568,176	(3,707,300)	286,448,979

By virtue of his shareholdings in the Company, Dr. Chia Song Kun is 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 39 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' REPORT

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 38 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 amounted to approximately RM16,000. No indemnity given to or professional indemnity insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

HOLDING COMPANIES

The immediate and ultimate holding companies are QL Green Resources Sdn. Bhd. and QL Resources Berhad, respectively. Both the aforesaid holding companies are incorporated in Malaysia.

AUDITORS

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

Signed in accordance with a resolution of the directors dated 22 July 2021

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 65 to 138 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 2021 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 22 July 2021

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 65 to 138 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 22 July 2021

Chan Van Chee

Before me

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOILERMECH HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 201001013463 (897694-T)

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 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 138.

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 2021, 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.

<table>
<tr><td colspan="2">Revenue recognition and contract assets/(liabilities)
Refer to Notes 30 and 14 in the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>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.

We focus on this area as the determination of the construction progress requires the management to exercise significant judgement in estimating the total costs to complete the contracts.</td><td>Our procedures included, amongst others:-
• Read key contracts to gain an understanding of the terms to assess whether revenue was appropriately recognised.
• 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 and the corresponding costs for the contracts during the financial year.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOILERMECH HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 201001013463 (897694-T)

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 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 significant amount of trade receivables and the adequacy of the impairment loss for trade receivables involved the use of judgement.	Our audit procedures included, amongst others:-
	• 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 11 to the financial statements	
Key Audit Matter	**How our audit addressed the Key Audit Matter**
We focused on this area because 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOILERMECH HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 201001013463 (897694-T)

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.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BOILERMECH HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 201001013463 (897694-T)

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

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 6 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
02901/10/2022 J
Chartered Accountant

Kuala Lumpur

22 July 2021

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2021

	Note	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	6	-	-	70,781,071	66,092,967
Property, plant and equipment	7	95,581,420	92,144,980	11,398,445	11,548,589
Investment property	8	5,950,710	6,058,970	-	-
Trade receivables	9	2,668,500	-	-	-
Deferred tax assets	10	1,018,179	957,690	-	-
Goodwill	11	5,831,378	3,931,378	-	-
		111,050,187	103,093,018	82,179,516	77,641,556
CURRENT ASSETS					
Inventories	12	41,236,115	35,571,794	-	-
Contract cost assets	13	3,295,900	-	-	-
Contract assets	14	25,468,415	34,515,851	-	-
Trade receivables	9	72,429,157	62,503,424	-	-
Other receivables, deposits and prepayments	15	17,250,432	16,276,387	47,881	98,023
Amount owing by subsidiaries	16	-	-	10,581,341	654,377
Current tax assets		566,612	616,237	181,729	89,314
Dividend receivable		-	-	15,000,000	15,000,000
Liquid investments	17	65,018,113	38,007,380	2,501,258	240,328
Short-term deposits with licensed banks	18	5,962,418	6,579,144	-	-
Cash and bank balances		19,064,390	14,098,097	19,148	54,610
		250,291,552	208,168,314	28,331,357	16,136,652
TOTAL ASSETS		361,341,739	311,261,332	110,510,873	93,778,208

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

STATEMENTS OF FINANCIAL POSITION

AT 31 MARCH 2021

	Note	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	51,600,000	51,600,000	51,600,000	51,600,000
Merger deficit	20	(21,809,998)	(21,809,998)	-	-
Reserves	21	199,626,258	182,592,144	58,832,224	42,038,110
Equity attributable to owners of the Company		229,416,260	212,382,146	110,432,224	93,638,110
Non-controlling interests		13,679,066	10,583,879	-	-
TOTAL EQUITY		243,095,326	222,966,025	110,432,224	93,638,110
NON-CURRENT LIABILITIES					
Lease liabilities	22	903,313	764,156	-	-
Term loans	23	3,289,948	3,532,837	-	-
Employee benefit	24	253,091	220,361	-	-
Deferred tax liabilities	10	1,336,886	1,366,583	-	-
		5,783,238	5,883,937	-	-
CURRENT LIABILITIES					
Contract liabilities	14	66,342,774	45,098,705	-	-
Trade payables	25	32,535,509	23,374,774	-	-
Other payables and accruals	26	10,812,092	5,926,229	78,506	140,098
Amount owing to a subsidiary	16	-	-	143	-
Short-term borrowings	27	985,656	3,086,243	-	-
Current tax liabilities		844,336	2,648,238	-	-
Derivative liabilities	28	942,808	2,277,181	-	-
		112,463,175	82,411,370	78,649	140,098
TOTAL LIABILITIES		118,246,413	88,295,307	78,649	140,098
TOTAL EQUITY AND LIABILITIES		361,341,739	311,261,332	110,510,873	93,778,208
NET ASSETS PER ORDINARY SHARE (RM)	29	0.44	0.41		

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 2021

	Note	The Group 2021 RM	The Group 2020 RM	The Company 2021 RM	The Company 2020 RM
REVENUE	30	237,327,714	230,146,969	25,398,024	20,558,630
COST OF SALES		(180,140,860)	(172,727,991)	-	-
GROSS PROFIT		57,186,854	57,418,978	25,398,024	20,558,630
OTHER INCOME		3,506,384	3,347,610	3,161,118	407,446
		60,693,238	60,766,588	28,559,142	20,966,076
SELLING AND MARKETING EXPENSES		(2,402,953)	(3,037,013)	-	-
ADMINISTRATIVE EXPENSES		(20,663,939)	(17,435,532)	(1,253,738)	(1,048,302)
OTHER EXPENSES		(5,485,380)	(6,025,703)	(650,144)	(2,419,130)
FINANCE COSTS		(309,022)	(405,894)	-	(37,479)
NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL ASSETS AND CONTRACT ASSETS	31	1,913,794	(1,436,060)	(780,000)	(2,270,000)
PROFIT BEFORE TAXATION	32	33,745,738	32,426,386	25,875,260	15,191,165
INCOME TAX EXPENSE	33	(8,328,296)	(8,344,594)	(51,146)	(43,543)
PROFIT AFTER TAXATION		25,417,442	24,081,792	25,824,114	15,147,622
OTHER COMPREHENSIVE INCOME/(EXPENSES)					
Items that Will Not be Reclassified Subsequently to Profit or Loss					
Remeasurement of defined benefit plans, net of tax		5,881	8,808	-	-
Items that Will be Reclassified Subsequently to Profit or Loss					
Cash flow hedge		1,391,905	(1,472,959)	-	-
Foreign currency translation differences		2,206,907	(3,271,466)	-	-
		3,598,812	(4,744,425)	-	-
TOTAL OTHER COMPREHENSIVE EXPENSES		3,604,693	(4,735,617)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		29,022,135	19,346,175	25,824,114	15,147,622
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		22,459,421	23,254,566	25,824,114	15,147,622
Non-controlling interests		2,958,021	827,226	-	-
		25,417,442	24,081,792	25,824,114	15,147,622
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		26,064,114	18,518,949	25,824,114	15,147,622
Non-controlling interests		2,958,021	827,226	-	-
		29,022,135	19,346,175	25,824,114	15,147,622
EARNINGS PER SHARE (SEN)					
- Basic	34	4.35	4.51		
- Diluted	34	4.35	4.51		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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	35	-	-	-	-	-	(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 2021

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 1.4.2020		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
Profit after taxation for the financial year		-	-	-	-	-	22,459,421	22,459,421	2,958,021	25,417,442
Other comprehensive income for the financial year:										
- cash flow hedge		-	-	1,391,905	-	-	-	1,391,905	-	1,391,905
- foreign currency translation differences		-	-	-	2,206,179	728	-	2,206,907	-	2,206,907
- remeasurement of defined benefit plans, net of tax		-	-	-	-	5,881	-	5,881	-	5,881
Total comprehensive income for the financial year		-	-	1,391,905	2,206,179	6,609	22,459,421	26,064,114	2,958,021	29,022,135
Contributions by and distributions to owners of the Company:										
- dividend by the Company	35	-	-	-	-	-	(9,030,000)	(9,030,000)	-	(9,030,000)
- dividend by a subsidiary to non-controlling interests		-	-	-	-	-	-	-	(262,834)	(262,834)
- acquisition of a subsidiary	36	-	-	-	-	-	-	-	400,000	400,000
Total transactions with owners		-	-	-	-	-	(9,030,000)	(9,030,000)	137,166	(8,892,834)
Balance at 31.3.2021		51,600,000	(21,809,998)	673,596	(1,019,826)	15,417	199,957,071	229,416,260	13,679,066	243,095,326

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

The Company	Note	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 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	35	-	(10,320,000)	(10,320,000)
Balance at 31.3.2020/1.4.2020		51,600,000	42,038,110	93,638,110
Profit after taxation/Total comprehensive income for the financial year		-	25,824,114	25,824,114
Contributions by and distributions to owners of the Company:				
- dividend	35	-	(9,030,000)	(9,030,000)
Balance at 31.3.2021		51,600,000	58,832,224	110,432,224

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

		The Group		The Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		33,745,738	32,426,386	25,875,260	15,191,165
Adjustments for:-					
Net impairment (gains)/losses on:					
- trade receivables		(2,541,023)	1,436,060	-	-
- contract assets		627,229	-	-	-
- amount owing by subsidiaries		-	-	780,000	2,270,000
- investment in subsidiaries		-	-	500,000	-
Bad debts written off		506,598	-	-	-
Depreciation of property, plant and equipment		4,963,256	3,906,978	150,144	150,144
Depreciation of investment property		108,260	131,106	-	-
Property, plant and equipment written off		113,741	2,918	-	-
Fair value loss on derivatives		57,532	1,498,366	-	-
Interest expense		309,022	405,894	-	37,479
Inventories written down		406,746	583,732	-	-
Inventories written off		38,539	21,741	-	-
Unrealised loss/(gain) on foreign exchange		402,291	(418,259)	(1,543,239)	2,268,986
Dividend income		-	-	(25,398,024)	(20,558,630)
Gain on disposal of property, plant and equipment		(78,767)	(223,909)	-	-
Interest income		(1,369,904)	(2,136,532)	(1,467,879)	(407,446)
Operating profit/(loss) before working capital changes		37,289,258	37,634,481	(1,103,738)	(1,048,302)
Increase in inventories		(5,385,363)	(7,373,001)	-	-
Increase in contract cost assets		(892,373)	-	-	-
Decrease/(Increase) in contract assets		8,442,992	(7,858,127)	-	-
(Increase)/Decrease in trade and other receivables		(10,367,870)	(11,875)	50,142	(14,623)
Increase in employee benefit		24,457	220,361	-	-
Increase/(Decrease) in contract liabilities		21,091,888	(6,625,362)	-	-
Increase/(Decrease) in trade and other payables		11,381,768	(12,664,173)	(61,592)	60,318
CASH FROM/(FOR) OPERATIONS		61,584,757	3,322,304	(1,115,188)	(1,002,607)
Interest paid		(309,022)	(405,894)	-	(37,479)
Income tax paid		(10,571,484)	(8,158,725)	(143,561)	(119,802)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		50,704,251	(5,242,315)	(1,258,749)	(1,159,888)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

		The Group		The Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of a subsidiary, net of cash and cash equivalents acquired	36	(2,455,526)	-	(2,500,000)	-
Additional investments in existing subsidiaries		-	-	-	(7,746,332)
Advances to subsidiaries		-	-	(10,455,624)	(21,044,376)
Proceeds from disposal of property, plant and equipment		81,200	254,050	-	-
Purchase of property, plant and equipment	37(a)	(5,980,279)	(23,429,246)	-	-
Dividends received		-	-	25,398,024	21,558,630
Interest received		1,367,371	2,136,532	71,674	221,380
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(6,987,234)	(21,038,664)	12,514,074	(7,010,698)
CASH FLOWS FOR FINANCING ACTIVITIES					
Repayment of term loans	37(b)	(483,193)	(416,935)	-	-
Net repayment of bankers' acceptances	37(b)	(1,490,855)	(79,000)	-	-
Net repayment of revolving credit	37(b)	(1,500,000)	-	-	-
Repayment of lease liabilities	37(b)	(432,748)	(483,778)	-	-
Advance from/(Repayment to) a subsidiary		-	-	143	(1,802)
Dividends paid		(9,292,834)	(10,688,890)	(9,030,000)	(10,320,000)
NET CASH FOR FINANCING ACTIVITIES		(13,199,630)	(11,668,603)	(9,029,857)	(10,321,802)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		30,517,387	(37,949,582)	2,225,468	(18,492,388)
Effect of foreign exchange in cash and cash equivalents		740,046	(641,193)	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		58,684,621	97,275,396	294,938	18,787,326
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(d)	89,942,054	58,684,621	2,520,406	294,938

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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 22 July 2021.

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 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. HOLDING COMPANIES

The immediate and ultimate holding companies are QL Green Resources Sdn. Bhd. and QL Resources Berhad, respectively. Both the aforesaid holding companies are incorporated in Malaysia.

4. 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.

4.1 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)
Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

4. BASIS OF PREPARATION (CONT'D)

4.2 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 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting 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.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 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 7 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 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 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 7 and Note 8 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 10 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 12 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 trade receivables and contract assets as at the reporting date are disclosed in Note 9 and Note 14 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. It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date.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 15 and Note 16 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 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 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 RM566,612 (2020 - RM616,237) and RM181,729 (2020 - RM89,314), respectively. The carrying amount of the Group's current tax liabilities as at reporting date is RM844,336 (2020 - RM2,648,238).

(j) Purchase Price Allocation

Purchase prices related to business combinations are allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value required the Group to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amount assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets (including goodwill) and liabilities, future net earnings due to the impact on future impairment tests. The fair values of the assets acquired and liabilities assumed under the business combinations made during the current financial year are disclosed in Note 36 to the financial statements.

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:-

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.

5.2 BASIS OF CONSOLIDATION

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

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

(a) Business Combinations

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 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.

5.3 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.

5.4 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 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.

5.5 FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(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.

5.6 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.

5.7 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.

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:-

Buildings	Over 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%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

5.8 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, if any.

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.

5.9 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 LEASES (CONT'D)

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.

5.10 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. In the case of work-in-progress and certain finished goods, cost comprises materials and other direct charges.

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

5.11 CONTRACT COST ASSETS

Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract cost assets are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost assets exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost assets does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

5.12 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 CASH AND CASH EQUIVALENTS

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

5.14 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).

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.15 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.

5.16 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 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.

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.

5.18 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.

5.19 EARNINGS PER ORDINARY SHARE

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

5.20 BORROWING COSTS

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.21 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.

5.22 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.22 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(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.

5.23 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.

6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Unquoted shares in Malaysia, at cost	41,374,000	38,874,000
Unquoted shares outside Malaysia, at cost	8,571,888	8,571,888
	49,945,888	47,445,888
Accumulated impairment losses	(500,000)	-
	49,445,888	47,445,888
Amount owing by a subsidiary	21,335,183	18,647,079
	70,781,071	66,092,967

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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 the Company 2021 %	2020 %	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, repairing and servicing of 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.
Tera VA Sdn. Bhd. ("Tera") ^	Malaysia	60.00	-	Engaged in the business of dealing and installation of green solar power energy products.
Indirect subsidiary held through PTBM				
PT Boilermech Manufacturing Indonesia ("PTBMI") #	Indonesia	100.00	100.00	Engaged in the business of manufacturing, repairing and servicing of boilers.
Indirect subsidiaries held through TEK				
T.E.K. Greencare Sdn. Bhd.	Malaysia	60.23	60.23	Inactive.
T.E.K. Water Sdn. Bhd.	Malaysia	60.23	60.23	Supplier of water treatment chemical and related accessories.
TEK Biotechnology Sdn. Bhd.	Malaysia	48.18	48.18	Management services, technical consultancy service, project management, laboratory testing, trading and engineering works.

* *1% held by a subsidiary, BSB.*
\# *This subsidiary was audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.*
^ *This subsidiary was audited by other firm of chartered accountants.*

(a) During the current financial year, the Company has acquired 60% equity interests in Tera. The details of the acquisition of equity interest in Tera are disclosed in Note 36 to the financial statements.

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

	Effective Equity Interest 2021 %	2020 %	The Group 2021 RM	2020 RM
TEK	39.77	39.77	11,339,829	10,583,879
Tera	40.00	-	2,339,237	-
			13,679,066	10,583,879

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) 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	
	2021 RM	2020 RM
At 31 March		
Non-current assets	13,632,542	13,991,873
Current assets	26,422,623	27,824,102
Non-current liabilities	(5,271,491)	(5,663,578)
Current liabilities	(7,118,861)	(10,246,040)
Net assets	27,664,813	25,906,357
Financial Year Ended 31 March		
Revenue	29,299,584	34,711,470
Profit after taxation for the financial year	2,419,313	2,060,092
Total comprehensive income	2,419,313	2,060,092
Total comprehensive income attributable to non-controlling interests	1,018,784	827,226
Dividend paid to non-controlling interests	262,834	368,890
Net cash flows from operating activities	3,826,464	6,503,404
Net cash flows from investing activities	38,576	164,099
Net cash flows for financing activities	(3,590,805)	(1,907,233)

	Tera 2021 RM
At 31 March	
Non-current assets	1,057,171
Current assets	19,412,896
Non-current liabilities	(221,077)
Current liabilities	(14,400,898)
Net assets	5,848,092
10-Month Financial Period Ended 31 March	
Revenue	32,196,490
Profit after taxation for the financial year	4,848,092
Total comprehensive income	4,848,092
Total comprehensive income attributable to non-controlling interests	1,939,237
Net cash flows from operating activities	3,162,527
Net cash flows for investing activities	(389,419)
Net cash flows for financing activities	(975,341)

The comparative information is not presented as the Group acquired the subsidiary during the financial year.

(d) The amount owing by a subsidiary is subject to an interest rate of 5.50% (2020 - 5.50%) per annum and the repayment is not likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

7. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.4.2020 RM	Acquisition of A Subsidiary (Note 36) RM	Additions RM	Disposals RM	Written Off RM	Reassessment of Lease Liabilities (Note 22) RM	Depreciation Charges RM	Translation Differences RM	At 31.3.2021 RM
2021									
Carrying Amount									
Freehold land	830,000	-	-	-	-	-	-	-	830,000
Buildings	21,512,147	-	-	-	-	-	(761,956)	259,672	21,009,863
Factory building extension	76,778	-	-	-	-	-	(21,937)	-	54,841
Computers	368,351	11,738	394,516	-	(4,604)	-	(178,702)	1,883	593,182
Furniture, fittings and office equipment	2,535,929	60,929	291,031	(2,433)	(99)	-	(427,400)	3,744	2,461,701
Signboard	3,420	-	-	-	-	-	(1,386)	-	2,034
Machinery	3,279,321	-	4,204,484	-	-	-	(1,327,678)	5,059	6,161,186
Motor vehicles	1,020,121	-	756,570	-	-	-	(382,472)	17,488	1,411,707
Renovation	666,760	54,622	333,678	-	-	-	(198,196)	(117)	856,747
Capital work-in-progress	109,038	-	-	-	(109,038)	-	-	-	-
	30,401,865	127,289	5,980,279	(2,433)	(113,741)	-	(3,299,727)	287,729	33,381,261
Right-of-use assets									
Leasehold land	60,829,580	-	-	-	-	-	(1,172,579)	1,310,967	60,967,968
Motor vehicles	906,658	194,373	-	-	-	-	(405,692)	-	695,339
Premises	6,877	-	599,932	-	-	15,301	(85,258)	-	536,852
	92,144,980	321,662	6,580,211	(2,433)	(113,741)	15,301	(4,963,256)	1,598,696	95,581,420

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

The Group	At 1.4.2019 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)	-	-	-
Freehold land	-	-	-	-	830,000	-	-	830,000
Buildings	-	3,446,780	-	-	19,105,400	(708,453)	(331,580)	21,512,147
Leasehold land and buildings	18,022,451	-	-	-	(18,022,451)	-	-	-
Factory building extension	98,715	-	-	-	-	(21,937)	-	76,778
Computers	489,038	96,541	-	(184)	-	(214,834)	(2,210)	368,351
Furniture, fittings and office equipment	1,597,335	1,259,066	(3,063)	(2,174)	-	(311,071)	(4,164)	2,535,929
Signboard	5,584	-	-	-	-	(2,164)	-	3,420
Machinery	3,500,089	563,041	-	(560)	-	(772,081)	(11,168)	3,279,321
Motor vehicles	844,616	627,767	(27,078)	-	104,178	(508,439)	(20,923)	1,020,121
Renovation	847,284	-	-	-	-	(180,524)	-	666,760
Capital work-in-progress	109,038	-	-	-	-	-	-	109,038
	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	17,402,000	-	-	-	(806,333)	(1,673,975)	60,829,580
Motor vehicles	1,031,784	352,351	-	-	(104,178)	(373,299)	-	906,658
Premises	14,720	-	-	-	-	(7,843)	-	6,877
	74,381,491	23,747,546	(30,141)	(2,918)	-	(3,906,978)	(2,044,020)	92,144,980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

The Group	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2021			
Freehold land	830,000	-	830,000
Buildings	26,805,778	(5,795,915)	21,009,863
Factory building extension	178,566	(123,725)	54,841
Computers	2,749,104	(2,155,922)	593,182
Furniture, fittings and office equipment	4,883,088	(2,421,387)	2,461,701
Signboard	25,284	(23,250)	2,034
Machinery	14,847,258	(8,686,072)	6,161,186
Motor vehicles	7,900,477	(6,488,770)	1,411,707
Renovation	2,108,395	(1,251,648)	856,747
	60,327,950	(26,946,689)	33,381,261
Right-of-use assets			
Leasehold land	67,499,716	(6,531,748)	60,967,968
Motor vehicles	1,942,583	(1,247,244)	695,339
Premises	629,953	(93,101)	536,852
	130,400,202	(34,818,782)	95,581,420
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
Premises	14,720	(7,843)	6,877
	122,429,751	(30,284,771)	92,144,980

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

The Company	At 1.4.2020 RM	Depreciation Charge RM	At 31.3.2021 RM
2021			
Carrying Amount			
Right-of-use assets			
Leasehold land	11,548,589	(150,144)	11,398,445

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

The Company	At Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2021			
Carrying Amount			
Right-of-use assets			
Leasehold land	12,299,309	(900,864)	11,398,445
2020			
Right-of-use assets			
Leasehold land	12,299,309	(750,720)	11,548,589

(a) Right-of-use 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, office premise and staff hostel used in its operations. Their lease terms are as below:

	The Group		The Company	
	2021	2020	2021	2020
Leasehold land	45 - 82 years	45 - 82 years	82 years	82 years
Motor vehicles	5 years	5 years	-	-
Premises	2 - 7 years	2 years	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

(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 27 to the financial statements are as follows:-

	The Group	
	2021 RM	2020 RM
Freehold land	830,000	830,000
Buildings	2,389,626	2,449,569
	3,219,626	3,279,569
Right-of-use assets		
Leasehold land	644,214	656,873
	3,863,840	3,936,442

8. INVESTMENT PROPERTY

The Group	At 1.4.2020 RM	Depreciation Charge RM	At 31.3.2021 RM
2021			
Carrying Amount			
Land and buildings	6,058,970	(108,260)	5,950,710

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 Cost RM	Accumulated Depreciation RM	Carrying Amount RM
2021			
Land and buildings	6,941,327	(990,617)	5,950,710
2020			
Land and buildings	6,941,327	(882,357)	6,058,970

	The Group	
	2021 RM	2020 RM
Fair value	6,303,000	6,662,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

8. INVESTMENT PROPERTY (CONT'D)

(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 27 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, based on valuation performed by independent firm of professional valuers.

(c) The investment properties of the Group are leased to third parties under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods ranging from 1 year to 5 years (2020 - 2 years) and an option that is exercisable by the lessees to extend their leases for an average of 1.5 years (2020 - 1.5 years).

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

	The Group	
	2021 RM	2020 RM
Not more than 1 year	188,220	37,700
Later than 1 year and not later than 5 years	615,980	1,800
	804,200	39,500

9. TRADE RECEIVABLES

	The Group	
	2021 RM	2020 RM
Non-current		
Trade receivables - a third party	2,668,500	-
Current		
Trade receivables - Third parties	73,563,792	68,495,983
Trade receivables - Related companies	3,338,984	1,373,151
Retention receivables - Third parties	2,878,142	2,870,417
Retention receivables - Related companies	818,412	-
	80,599,330	72,739,551
Allowance for impairment losses	(8,170,173)	(10,236,127)
	72,429,157	62,503,424
	75,097,657	62,503,424

	The Group	
	2021 RM	2020 RM
Allowance for impairment losses:-		
At 1 April	(10,236,127)	(8,814,534)
Acquisition of a subsidiary	(463,189)	-
Net reversal/(addition) during the financial year	2,541,023	(1,436,060)
Translation difference	(11,880)	14,467
At 31 March	(8,170,173)	(10,236,127)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

9. TRADE RECEIVABLES (CONT'D)

(a) The Group's normal trade credit terms range from 30 to 90 (2020 - 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 (2020 - 6 to 12 months).

(c) Included in allowance for impairment losses is an amount of RM918,611 (2020 - RM921,057) which relates to amount owing by related company.

10. DEFERRED TAX ASSETS/(LIABILITIES)

The Group	At 1.4.2020 RM	Acquisition of A Subsidiary (Note 36) RM	Recognised in Profit or Loss (Note 33) RM	Recognised in Other Comprehensive Income RM	Exchange Differences RM	At 31.3.2021 RM
2021						
Property, plant and equipment	(2,326,280)	(15,400)	50,839	-	-	(2,290,841)
Fair value adjustment on properties through acquisition of a subsidiary	(1,358,769)	-	29,697	-	-	(1,329,072)
Trade receivables	1,455,847	-	(376,869)	-	-	1,078,978
Others	1,820,309	(387,189)	787,040	(1,961)	4,029	2,222,228
	(408,893)	(402,589)	490,707	(1,961)	4,029	(318,707)

The Group	At 1.4.2019 RM	Recognised in Profit or Loss (Note 33) 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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

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

	The Group	
	2021 RM	2020 RM
Deferred Tax Assets		
Accelerated capital allowances over depreciation	(1,106,036)	(1,105,685)
Revaluation of property	(1,176,991)	(1,212,781)
Trade receivables	1,078,978	1,455,847
Other temporary differences	2,222,228	1,820,309
	1,018,179	957,690
Deferred Tax Liabilities		
Accelerated capital allowances over depreciation	(7,814)	(7,814)
Fair value adjustment on properties through acquisition of a subsidiary	(1,329,072)	(1,358,769)
	(1,336,886)	(1,366,583)

11. GOODWILL

	The Group	
	2021 RM	2020 RM
Cost:-		
At 1 April	3,931,378	3,931,378
Acquisition of a subsidiary (Note 36)	1,900,000	-
At 31 March	5,831,378	3,931,378

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2021 RM	2020 RM
Water treatment segment	3,931,378	3,931,378
Solar energy segment	1,900,000	-
	5,831,378	3,931,378

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each 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:-

	Growth Rate		Discount Rate	
Segment	2021 %	2020 %	2021 %	2020 %
Water treatment	12.0	12.0	14.7	12.5
Solar energy	25.0	-	14.7	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

11. GOODWILL (CONT'D)

(b) The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each 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 (Cont'd):-

(i)	Growth rate	Based on the expected projection of the relevant cash-generating unit.
(ii)	Discount rate (pre-tax)	Reflects specific risks relating to the relevant cash-generating unit.

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

(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.

12. INVENTORIES

	The Group	
	2021 RM	2020 RM
At cost:-		
Raw materials	31,670,630	28,286,639
Work-in-progress	530,591	535,812
Goods in transit	2,721,264	354,706
Finished goods	3,481,551	3,208,224
	38,404,036	32,385,381
At net realisable value:-		
Raw materials	2,308,836	2,455,170
Finished goods	523,243	731,243
	2,832,079	3,186,413
	41,236,115	35,571,794
Recognised in profit or loss:-		
Inventories recognised as cost of sales	87,231,587	70,910,313
Inventories written down	406,746	583,732
Inventories written off	38,539	21,741

13. CONTRACT COST ASSETS

	The Group	
	2021 RM	2020 RM
Costs to fulfill contracts	3,295,900	-

The contract cost assets represent costs incurred in construction and installation contracts that are used to fulfil the contracts in future. The costs are to be recognised to profit or loss over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

14. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2021 RM	2020 RM
Contract Assets		
Contract assets relating to construction contracts	26,373,602	34,793,809
Allowance for impairment losses	(905,187)	(277,958)
	25,468,415	34,515,851
Allowance for impairment losses:-		
At 1 April	(277,958)	(277,958)
Addition during the financial year	(627,229)	-
At 31 March	(905,187)	(277,958)
Contract Liabilities		
Contract liabilities relating to construction contracts	(66,342,774)	(45,098,705)

(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 (2020 - 12 months).

(b) The contract liabilities primarily relate to advance billings made to customers for construction work of which the revenue will be recognised over the remaining contract term of the specific contract it relates to, within 12 months (2020 - 12 months).

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

	The Group	
	2021 RM	2020 RM
At 1 April	(10,582,854)	(25,187,338)
Revenue recognised in profit or loss during the financial year	181,533,840	205,154,846
Billings to customers during the financial year	(211,068,721)	(189,699,344)
Others	(756,624)	(851,018)
At 31 March	(40,874,359)	(10,582,854)

(d) As at the end of the reporting period, the transaction prices allocated to the unsatisfied or partially unsatisfied performance obligations of long-term contracts is RM289,403,909 (2020 - RM244,479,873) and expected to be recognised within the next 12 to 24 months.

	The Group	
	2021 RM	2020 RM
Within 1 year	202,348,138	150,110,501
More than 1 year	87,055,771	94,369,372
	289,403,909	244,479,873

The amounts disclosed does not include any variable considerations which are constrained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	3,517,418	5,254,487	-	17,280
Deposits	674,371	582,542	1,000	1,000
	4,191,789	5,837,029	1,000	18,200
Prepayments	13,058,643	10,439,358	46,881	79,743
	17,250,432	16,276,387	47,881	98,023

Included in prepayments of the Group are amounts paid in advance to suppliers for purchase of materials and, acquisition of plant and equipment amounting to approximately RM12,352,000 and RM109,000 (2020 - RM6,851,000 and RM3,187,000) respectively.

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2021 RM	2020 RM
Amount owing by subsidiaries		
Interest bearing	10,251,341	-
Interest-free	3,380,000	2,924,377
	13,631,341	2,924,377
Allowance for impairment losses	(3,050,000)	(2,270,000)
	10,581,341	654,377
Allowance for impairment losses:-		
At 1 April	(2,270,000)	-
Addition during the financial year	(780,000)	(2,270,000)
At 31 March	(3,050,000)	(2,270,000)
Amount owing to a subsidiary		
Interest-free	(143)	-

The interest-free balances are non-trade in nature, unsecured and repayable on demand.

The interest bearing balance is subject to an interest rate of 4.00% (2020 - Nil) per annum.

The amounts owing are to be settled in cash.

17. LIQUID INVESTMENTS

The liquid investments are short-term money market unit trust funds, held at fair value. The redemption proceeds from this investment are receivable on the following day after serving notice of redemption.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

18. SHORT-TERM DEPOSITS WITH LICENSED BANKS

(a) The short-term deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.65% to 3.50% (2020 - 3.00% to 5.50%) per annum. The short-term deposits have maturity periods ranging from 14 to 365 (2020 - 14 to 31) days.

(b) Included in the short-term deposits with licensed banks of the Group at the end of the reporting period was an amount of RM102,867 (2020 - Nil) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

19. SHARE CAPITAL

	The Group/The Company			
	2021	2020	2021	2020
	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.

20. 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.

21. RESERVES

		The Group		The Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Non distributable:-					
Cash flow hedge reserve	(a)	673,596	(718,309)	-	-
Foreign exchange translation reserve	(b)	(1,019,826)	(3,226,005)	-	-
Defined benefit reserve	(c)	15,417	8,808	-	-
		(330,813)	(3,935,506)	-	-
Distributable:-					
Retained profits		199,957,071	186,527,650	58,832,224	42,038,110
		199,626,258	182,592,144	58,832,224	42,038,110

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

21. RESERVES (CONT'D)

(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	
	2021 RM	2020 RM
At 1 April	(718,309)	754,650
Gain/(Loss) on cash flow hedge	1,391,905	(1,472,959)
At 31 March	673,596	(718,309)

(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.

(c) Defined Benefit Reserve

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

22. LEASE LIABILITIES

	The Group	
	2021 RM	2020 RM
At 1 April	1,095,179	1,260,657
Acquisition of a subsidiary	176,285	-
Additions during the financial year	599,932	318,300
Reassessment of lease term (Note 7)	15,301	-
Interest expense recognised in profit or loss	63,940	61,718
Repayment of principal	(432,748)	(483,778)
Repayment of interest expense	(63,940)	(61,718)
At 31 March	1,453,949	1,095,179
Analysed by:-		
Current liabilities (Note 27)	550,636	331,023
Non-current liabilities	903,313	764,156
	1,453,949	1,095,179

Certain lease liabilities of the Group are secured by the Group's motor vehicles under hire purchase arrangements as disclosed in Note 7 to the financial statements, with lease terms of 5 years (2020 - 5 years) and bear effective interest rates ranging from 4.52% to 6.20% (2020 - 4.52% to 6.20%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

23. TERM LOANS

	The Group	
	2021 RM	2020 RM
Current liabilities (Note 27)	435,020	428,220
Non-current liabilities	3,289,948	3,532,837
	3,724,968	3,961,057

The term loans bore interest rates ranging from 3.27% to 4.65% (2020 - 4.02% to 4.87%) 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 7 and Note 8 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 120 (2020 - 30 to 90) days.

26. OTHER PAYABLES AND ACCRUALS

Included in other payables of the Group are advance billings made to customers amounting to approximately RM1,884,000 (2020 - RM250,000).

27. SHORT-TERM BORROWINGS

	The Group	
	2021 RM	2020 RM
Bankers' acceptances	-	827,000
Revolving credits	-	1,500,000
Lease liabilities (Note 22)	550,636	331,023
Term loans (Note 23)	435,020	428,220
	985,656	3,086,243

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

27. SHORT-TERM BORROWINGS (CONT'D)

At the end of the previous reporting period,

(a) bankers' acceptances bore effective interest rates ranging from 3.71% to 4.36% per annum and were secured by:-

(i) a first legal charge over certain properties and investment properties of the Group as disclosed in Note 7 and Note 8 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% per annum and were secured by:-

(i) a first legal charge over certain properties and investment properties of the Group as disclosed in Note 7 and Note 8 to the financial statements;
(ii) a corporate guarantee by the Company; and
(iii) a joint and several guarantee of certain directors of a subsidiary.

28. DERIVATIVE LIABILITIES

	The Group			
	Contract/Notional Amount		Liabilities/(Assets)	
	2021 RM	2020 RM	2021 RM	2020 RM
Forward foreign currency contracts:-				
Cash flow hedge	29,997,407	51,537,440	(673,596)	718,309
Fair value through profit or loss	22,167,395	48,499,255	1,616,404	1,558,872
	52,164,802	100,036,695	942,808	2,277,181

(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, Euro and Thai Baht 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 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 gain of RM1,391,905 (2020 - net unrealised loss of RM1,472,959) 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 RM57,532 (2020 - RM1,498,366) 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 42.5 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

29. 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 RM229,416,260 (2020 - RM212,382,146) divided by the number of ordinary shares at the end of the reporting period of 516,000,000 (2020 - 516,000,000).

30. REVENUE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from Contracts with Customers				
Recognised over time				
Construction services	181,533,840	205,154,846	-	-
Recognised at a point in time				
Sales of goods and services	55,793,874	24,992,123	-	-
	237,327,714	230,146,969	-	-
Revenue from Other Sources				
Dividend income	-	-	25,398,024	20,558,630
	237,327,714	230,146,969	25,398,024	20,558,630

The information on the disaggregation of revenue is disclosed in Note 40 to the financial statements.

31. NET IMPAIRMENT GAINS/(LOSSES) ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Impairment losses:				
- trade receivables	-	(1,436,060)	-	-
- contract assets	(627,229)	-	-	-
- amount owing by subsidiaries	-	-	(780,000)	(2,270,000)
Net reversal of impairment losses:				
- trade receivables	2,541,023	-	-	-
	1,913,794	(1,436,060)	(780,000)	(2,270,000)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

32. PROFIT BEFORE TAXATION

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- audit fees	247,103	214,615	68,000	58,000
- non-audit fees:				
- auditors of the Company	3,500	3,500	3,500	3,500
- other auditors	38,000	38,000	38,000	-
Bad debts written off	506,598	-	-	-
Depreciation of property, plant and equipment	4,963,256	3,906,978	150,144	150,144
Depreciation of investment property	108,260	131,106	-	-
Direct operating expenses on investment property	56,100	8,652	-	-
Directors' fees	512,882	527,711	476,882	491,711
Directors' non-fee emoluments	3,005,823	3,368,199	104,393	110,304
Property, plant and equipment written off	113,741	2,918	-	-
Fair value loss on derivatives	57,532	1,498,366	-	-
Impairment loss on investments in subsidiaries	-	-	500,000	-
Interest expense on lease liabilities	63,940	61,718	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptances	25,822	25,315	-	-
- revolving credits	55,229	116,100	-	37,479
- term loans	164,031	202,761	-	-
Inventories written down	406,746	583,732	-	-
Inventories written off	38,539	21,741	-	-
(Gain)/Loss on foreign exchange:				
- realised	(1,632,350)	878,932	-	-
- unrealised	402,291	(418,259)	(1,543,239)	2,268,986
Lease expenses on:				
- low value assets	27,721	-	-	-
- premises	300,752	399,349	-	-
Rental expense on equipment	149,893	445,183	-	-
Staff costs:				
- short-term employee benefits	21,598,742	18,786,160	-	-
- defined contribution plan	2,397,786	2,094,100	-	-
- long-term employee benefits	59,315	220,361	-	-
Dividend income	-	-	(25,398,024)	(20,558,630)
Gain on disposal of property, plant and equipment	(78,767)	(223,909)	-	-
Interest income on:				
- financial assets measured at fair value through profit or loss mandatorily	(951,657)	(1,561,679)	(69,930)	(220,826)
- financial assets measured at amortised cost	(418,247)	(574,853)	(1,397,949)	(186,620)
Lease income:				
- rental income from investment property	(68,940)	(298,650)	-	-

A Government grant of RM745,800 was received in the financial year under the wage subsidy programme introduced in Malaysia in response to the Covid-19 coronavirus pandemic. The grant has reduced the overall wages and salaries recognised in profit of loss for the financial year. There is no outstanding grant receivable or any of the grant recognised as deferred income as at 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

33. INCOME TAX EXPENSE

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax expense	9,280,154	8,967,789	94,556	43,539
(Over)/Underprovision in the previous financial year	(461,151)	(3,119)	(43,410)	4
	8,819,003	8,964,670	51,146	43,543
Deferred tax (Note 10):				
- origination and reversal of temporary differences	(490,707)	(620,076)	-	-
	8,328,296	8,344,594	51,146	43,543

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation	33,745,738	32,426,386	25,875,260	15,191,165
Tax at the statutory tax rate of 24% (2020 - 24%)	8,098,977	7,782,333	6,210,062	3,645,880
Tax effects of:-				
Non-taxable income	(548,088)	(374,804)	(6,757,454)	(4,987,069)
Non-deductible expenses	744,612	744,098	641,948	1,384,728
Reversal of deferred tax liability arising from revaluation reserve	(35,790)	(35,790)	-	-
Deferred tax asset not recognised during the financial year	741,788	229,508	-	-
Utilisation of deferred tax asset not previously recognised	(186,441)	-	-	-
Differential in tax rates of foreign subsidiaries	(25,611)	2,368	-	-
(Over)/Underprovision of current tax in the previous financial year	(461,151)	(3,119)	(43,410)	4
Income tax expense for the financial year	8,328,296	8,344,594	51,146	43,543

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020 - 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	
	2021 RM	2020 RM
Unutilised tax losses	3,496,600	1,392,400
Unabsorbed capital allowances	200	700
Other temporary difference	2,749,500	2,497,200
	6,246,300	3,890,300

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

33. INCOME TAX EXPENSE (CONT'D)

For subsidiaries in Malaysia, the unused tax losses amounting to approximately RM735,600 (2020 - RM1,056,400) 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.

34. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to owners of the Company of RM22,459,421 (2020 - RM23,254,566) by the number of ordinary shares in issue during the financial year of 516,000,000 (2020 - 516,000,000).

	The Group	
	2021	2020
Profit attributable to owners of the Company (RM)	22,459,421	23,254,566
Number of ordinary shares at 31 March	516,000,000	516,000,000
Basic earnings per share (sen)	4.35	4.51

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.

35. DIVIDEND

	The Group/The Company	
	2021 RM	2020 RM
In respect of the financial year ended 31 March 2020:-		
Final single tier dividend of 1.75 sen per ordinary share	9,030,000	-
In respect of the financial year ended 31 March 2019:-		
Final single tier dividend of 2.00 sen per ordinary share	-	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 2022.

36. ACQUISITION OF A SUBSIDIARY

In May 2020, the Company acquired 60% equity interest in Tera VA Sdn. Bhd. for a total cash consideration of RM2,500,000. The acquisition is to enhance the Group's revenue and profitability given the outlook for the renewable energy industry in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

36. ACQUISITION OF A SUBSIDIARY (CONT'D)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2021 RM
Equipment (Note 7)	321,662
Inventories	701,501
Contract cost assets	2,403,527
Trade and other receivables	1,508,165
Short-term deposits with licensed banks	100,334
Cash and bank balances	44,474
Trade and other payables	(2,577,084)
Borrowings	(1,087,244)
Current tax liabilities	(12,746)
Deferred tax liabilities (Note 10)	(402,589)
Net identifiable assets acquired	1,000,000
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable assets	(400,000)
Add: Goodwill on acquisition (Note 11)	1,900,000
Total purchase consideration, settled by cash	2,500,000
Less: Cash and bank balances of a subsidiary acquired	(44,474)
Net cash outflow from the acquisition of a subsidiary	2,455,526

	The Company 2021 RM
Total purchase consideration, settled by cash/Net cash outflow from the acquisition of a subsidiary	2,500,000

(a) The goodwill is attributable mainly to the control premium paid for the new subsidiary's position in the green power energy products, manpower and technical know-how in place and the synergies expected to arise after the acquisition. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The goodwill is not deductible for tax purposes.

(b) The subsidiary has contributed revenue of approximately RM32,196,000 and profit after taxation of approximately RM4,848,000 to the Group since the date of acquisition. If the acquisition was effective at the beginning of the current financial year, the Group's revenue and profit after taxation for the current financial year would have been approximately RM237,316,000 and RM24,724,000 respectively.

There was no acquisition of new subsidiary in the previous financial year.

37. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase and additions of property, plant and equipment is as follows:-

	The Group 2021 RM	The Group 2020 RM
Cost of property, plant and equipment purchased/additions	6,580,211	23,747,546
Less: Addition of new lease liabilities (Note (b) below)	(599,932)	(318,300)
Cash disbursed for purchase of property, plant and equipment	5,980,279	23,429,246

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Term Loans RM	Bankers' Acceptances RM	Revolving Credits RM	Lease Liabilities RM	Total RM
2021					
At 1 April	3,961,057	827,000	1,500,000	1,095,179	7,383,236
Changes in Financing Cash Flows					
Repayment of principal	(483,193)	(1,490,855)	(1,500,000)	(432,748)	(3,906,796)
Repayment of interests	(164,031)	(25,822)	(55,229)	(63,940)	(309,022)
	(647,224)	(1,516,677)	(1,555,229)	(496,688)	(4,215,818)
Non-cash Changes					
Acquisition of a subsidiary	247,104	663,855	-	176,285	1,087,244
Addition of new leases (Note (a) above)	-	-	-	599,932	599,932
Reassessment of lease term	-	-	-	15,301	15,301
Interest expense recognised in profit or loss	164,031	25,822	55,229	63,940	309,022
	411,135	689,677	55,229	855,458	2,011,499
At 31 March	3,724,968	-	-	1,453,949	5,178,917

The Group	Term Loans RM	Bankers' Acceptances RM	Revolving Credits RM	Lease Liabilities RM	Total RM
2020					
At 1 April	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					
Addition 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

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group 2021 RM	The Group 2020 RM
Payment of short-term leases	300,752	399,349
Payment of low-value assets	27,721	-
Repayment of interest expense on lease liabilities	63,940	61,718
Repayment of principal on lease liabilities	432,748	483,778
	825,161	944,845

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FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

37. CASH FLOW INFORMATION (CONT'D)

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Liquid investments	65,018,113	38,007,380	2,501,258	240,328
Short-term deposits with licensed banks	5,962,418	6,579,144	-	-
Cash and bank balances	19,064,390	14,098,097	19,148	54,610
	90,044,921	58,684,621	2,520,406	294,938
Less: Short-term deposits pledged to a licensed bank and having tenure of more than 3 months (Note 18(b))	(102,867)	-	-	-
	89,942,054	58,684,621	2,520,406	294,938

38. 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company				
Executive directors:				
- emoluments	2,573,995	2,887,953	-	-
- fees	36,000	36,000	-	-
- defined contribution plan	327,435	369,942	-	-
	2,937,430	3,293,895	-	-
Non-executive directors:				
- fees	476,882	491,711	476,882	491,711
- allowances	104,393	110,304	104,393	110,304
	581,275	602,015	581,275	602,015
	3,518,705	3,895,910	581,275	602,015
Directors of the Subsidiaries				
Executive directors:				
- emoluments	1,538,771	1,446,366	-	-
Total directors' remuneration	5,057,476	5,342,276	581,275	602,015

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company was RM37,175 (2020 - RM46,550).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

39. 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, holding companies, corporate shareholders, 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Purchases from companies in which their substantial shareholder is connected to directors of the Company	1,009,057	827,595	-	-
Purchases from companies in which their substantial shareholder is a director of a subsidiary	812,064	-	-	-
Progress billings to companies in which their substantial shareholders are connected to directors of the Company	(164,310)	-	-	-
Progress billings to subsidiaries of a corporate shareholder of the Company	(4,687,168)	(1,918,030)	-	-
Sales to subsidiaries of a corporate shareholder of the Company	(1,855,682)	(630,199)	-	-
Progress billings to related companies	(2,263,957)	-	-	-
Sales to related companies	(196,542)	-	-	-
Dividend income from subsidiaries	-	-	(25,398,024)	(20,558,630)
Interest income from subsidiaries	-	-	(1,396,205)	(186,066)
Management fee from a subsidiary	-	-	(150,000)	-

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 companies other than those disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

40. 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 3 main business segments as follows:-

(i) Bio-energy — 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.

(iii) Solar energy — Installation of solar photovoltaic systems and trading of related parts and accessories.

(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 RM	Water Treatment RM	Solar Energy RM	The Group RM
2021				
Revenue				
External revenue	175,839,140	29,292,084	32,196,490	237,327,714
Inter-segment revenue	462,241	7,500	-	469,741
	176,301,381	29,299,584	32,196,490	237,797,455
Consolidation adjustments				(469,741)
Consolidated revenue				237,327,714
Represented by:-				
Revenue recognised over time				
- Construction services	169,974,379	11,623,678	-	181,598,057
Revenue recognised at a point of time				
- Sales of goods and services	6,327,002	17,675,906	32,196,490	56,199,398
	176,301,381	29,299,584	32,196,490	237,797,455
Consolidation adjustments				(469,741)
				237,327,714

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

40. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy RM	Water Treatment RM	Solar Energy RM	The Group RM
2021				
Results				
Segment results	27,279,239	3,543,762	6,466,257	37,289,258
Interest income	1,163,567	199,308	7,029	1,369,904
Interest expense	(192)	(282,827)	(26,003)	(309,022)
Net impairment gains/(losses) on trade receivables	2,178,521	580,232	(217,730)	2,541,023
Net impairment losses on contract assets	(627,229)	-	-	(627,229)
Bad debts written off	(506,598)	-	-	(506,598)
Depreciation of property, plant and equipment	(4,062,128)	(757,777)	(143,351)	(4,963,256)
Depreciation of investment property	-	(108,260)	-	(108,260)
Property, plant and equipment written off	(109,125)	(4,616)	-	(113,741)
Fair value loss on derivatives	(57,532)	-	-	(57,532)
Inventories written (down)/back	(413,037)	6,291	-	(406,746)
Inventories written off	(38,539)	-	-	(38,539)
Unrealised loss on foreign exchange	(402,291)	-	-	(402,291)
Gain on disposal of property, plant and equipment	67,767	11,000	-	78,767
	24,472,423	3,187,113	6,086,202	33,745,738
Income tax expense				(8,328,296)
Consolidated profit after taxation				25,417,442

	Bio-Energy RM	Water Treatment RM	Solar Energy RM	The Group RM
2021				
Assets				
Segment assets	304,258,433	43,845,052	22,103,184	370,206,669
Unallocated assets:				
- deferred tax assets				1,018,179
- current tax assets				566,612
Consolidation adjustments				(10,449,721)
Consolidated total assets				361,341,739
Liabilities				
Segment liabilities	101,238,768	14,222,678	11,053,466	126,514,912
Unallocated liabilities:				
- deferred tax liabilities				1,336,886
- current tax liabilities				844,336
Consolidation adjustments				(10,449,721)
Consolidated total liabilities				118,246,413
Other Segments Items				
Additions to non-current assets other than financial instruments and deferred tax assets are:				
Property, plant and equipment	5,414,633	171,731	393,915	5,980,279
Right-of-use assets	57,580	339,592	218,061	615,233
Goodwill	-	-	1,900,000	1,900,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

40. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy 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 over time			
- Construction services	190,086,172	15,803,928	205,890,100
Revenue recognised at a point of time			
- Sales of goods and services	6,159,408	18,907,542	25,066,950
	196,245,580	34,711,470	230,957,050
Consolidation adjustments			(810,081)
			230,146,969

	Bio-Energy 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)
Net impairment (losses)/gains 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)
Property, plant and 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

40. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Bio-Energy 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

The comparative information of solar energy segment is not presented as the Group acquired the business through acquisition of a subsidiary during the financial year.

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.

	Revenue		Non-current Assets	
The Group	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Malaysia	226,937,904	223,795,115	83,330,942	82,970,870
Indonesia	10,389,810	6,351,854	24,032,566	19,164,458
	237,327,714	230,146,969	107,363,508	102,135,328

NOTES TO THE FINANCIAL STATEMENTS

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40. 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:-

	The Group	
	2021 RM	2020 RM
Malaysia	157,592,564	113,013,749
Indonesia	65,727,136	100,866,656
Other countries	14,008,014	16,266,564
	237,327,714	230,146,969

MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

41. 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	
	2021 RM	2020 RM
United States Dollar	4.1480	4.3130
Indonesian Rupiah	0.0003	0.0003
Euro	4.8731	4.7352

42. 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.

42.1 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 28 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	Indonesian Rupiah RM	United States Dollar RM	Euro RM	Others RM	Ringgit Malaysia RM	Total RM
2021						
Financial Assets						
Trade receivables	4,713,874	10,139,707	2,356,688	-	57,887,388	75,097,657
Other receivables and deposits (Note 15)	1,062,465	-	-	-	3,129,324	4,191,789
Liquid investments	-	-	-	-	65,018,113	65,018,113
Short-term deposits with licensed banks	5,859,551	-	-	-	102,867	5,962,418
Cash and bank balances	1,297,663	5,433,647	-	982	12,332,098	19,064,390
	12,933,553	15,573,354	2,356,688	982	138,469,790	169,334,367

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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
2021						
Financial Liabilities						
Trade payables	697,019	574,670	-	73,299	31,190,521	32,535,509
Other payables and accruals	1,132,078	105,567	-	-	9,574,447	10,812,092
Term loans	-	-	-	-	3,724,968	3,724,968
Derivative liabilities	-	-	-	-	942,808	942,808
	1,829,097	680,237	-	73,299	45,432,744	48,015,377
Net financial assets/(liabilities)	11,104,456	14,893,117	2,356,688	(72,317)	93,037,046	121,318,990
Less: Forward foreign currency contracts (contracted notional principal)	-	(13,898,331)	(2,303,148)	-	-	(16,201,479)
Less: Net financial assets denominated in the respective entities' functional currencies	(11,673,165)	-	-	-	(93,037,046)	(104,710,211)
Currency Exposure	(568,709)	994,786	53,540	(72,317)	-	407,300

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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 Assets						
Trade receivables	3,057,156	22,968,308	219,357	-	36,258,603	62,503,424
Other receivables and deposits (Note 15)	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

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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
2021			
Financial Assets			
Other receivables and deposits (Note 15)	-	1,000	1,000
Amount owing by subsidiaries	21,335,183	10,581,341	31,916,524
Dividend receivable	-	15,000,000	15,000,000
Liquid investments	-	2,501,258	2,501,258
Cash and bank balances	-	19,148	19,148
	21,335,183	28,102,747	49,437,930
Financial Liabilities			
Other payables and accruals	-	78,506	78,506
Amount owing to a subsidiary	-	143	143
	-	78,649	78,649
Net financial assets	21,335,183	28,024,098	49,359,281
Less: Net financial assets denominated in the Company's functional currency	-	(28,024,098)	(28,024,098)
Currency Exposure	21,335,183	-	21,335,183

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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 (Note 15)	-	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

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 2021 RM	The Group 2020 RM
Effects on Profit After Taxation		
IDR/RM - strengthened by 10%	-43,222	-26,801
- weakened by 10%	+43,222	+26,801
USD/RM - strengthened by 10%	+75,604	+966
- weakened by 10%	-75,604	-966
EUR/RM - strengthened by 10%	+4,069	+6,215
- weakened by 10%	-4,069	-6,215
Effects on Other Comprehensive Income		
IDR/RM - strengthened by 10%	+1,167,317	+1,187,234
- weakened by 10%	-1,167,317	- 1,187,234

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis (Cont'd)

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 (Cont'd):-

		The Company	
		2021 RM	2020 RM
Effects on Profit After Taxation			
IDR/RM	- strengthened by 10%	+1,621,474	+1,417,178
	- weakened by 10%	-1,621,474	-1,417,178

(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 6, Note 16 and Note 23 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of the financial instruments at the end of the reporting period does not have a material impact on the profit after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(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 contract assets, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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, 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 4 years 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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
2021				
Current (not past due)	33,486,386	-	-	33,486,386
1 to 30 days past due	13,888,687	-	(572,392)	13,316,295
30 to 365 days past due	26,565,636	-	(1,008,200)	25,557,436
More than 1 year past due	6,668,133	(2,087,227)	(1,843,366)	2,737,540
Credit impaired	2,658,988	(2,658,988)	-	-
Trade receivables	83,267,830	(4,746,215)	(3,423,958)	75,097,657
Contract assets	26,373,602	(630,185)	(275,002)	25,468,415
	109,641,432	(5,376,400)	(3,698,960)	100,566,072
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
30 to 365 days past due	26,239,156	-	(1,114,284)	25,124,872
More than 1 year past due	12,269,868	-	(5,240,207)	7,029,661
Credit impaired	3,102,714	(3,102,714)	-	-
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

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Note 9 and Note 14 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

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
2021				
Low credit risk	31,736,524	-	-	31,736,524
Credit impaired	3,230,000	(3,050,000)	-	180,000
	34,966,524	(3,050,000)	-	31,916,524
2020				
Low credit risk	18,691,456	-	-	18,691,456
Credit impaired	2,880,000	(2,270,000)	-	610,000
	21,571,456	(2,270,000)	-	19,301,456

The movements in the loss allowances are disclosed in Note 16 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.

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(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.

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	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2021						
Non-derivative Financial Liabilities						
Trade payables	-	32,535,509	32,535,509	32,535,509	-	-
Other payables and accruals	-	10,812,092	10,812,092	10,812,092	-	-
Term loans	3.27 - 4.65	3,724,968	4,286,984	559,207	2,109,172	1,618,605
Derivative Financial Liabilities						
Forward currency contracts (gross settled):		942,808				
- gross payments	-		53,107,610	53,107,610	-	-
- gross receipts	-		(52,164,802)	(52,164,802)	-	-
Others						
Lease liabilities	4.52 - 6.20	1,453,949	1,568,309	610,091	904,218	54,000
		49,469,326	50,145,702	45,459,707	3,013,390	1,672,605

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Group	Effective 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):		2,277,181				
- gross payments	-		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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 year RM	1 - 5 years RM	Over 5 years RM
2021						
Non-derivative Financial Liabilities						
Other payables and accruals	-	78,506	78,506	78,506	-	-
Amount owing to a subsidiary	-	143	143	143	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	23,652,199	23,652,199	-	-
		78,649	23,730,848	23,730,848	-	-
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	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.1 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.

42.2 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.

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial Assets				
Fair Value Through Profit or Loss				
Liquid investments	65,018,113	38,007,380	2,501,258	240,328
Fair Value Through Profit or Loss - Cash Flow Hedge				
Derivative assets	673,596	-	-	-
Amortised Cost				
Trade receivables	75,097,657	62,503,424	-	-
Other receivables and deposits (Note 15)	4,191,789	5,837,029	1,000	18,280
Amount owing by subsidiaries	-	-	31,916,524	19,301,456
Dividend receivable	-	-	15,000,000	15,000,000
Short-term deposits with licensed banks	5,962,418	6,579,144	-	-
Cash and bank balances	19,064,390	14,098,097	19,148	54,610
	104,316,254	89,017,694	46,936,672	34,374,346

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial Liabilities				
Fair Value Through Profit or Loss - Cash Flow Hedge				
Derivative liabilities	-	718,309	-	-
Amortised Cost				
Trade payables	32,535,509	23,374,774	-	-
Other payables and accruals	10,812,092	5,926,229	78,506	140,098
Amount owing to a subsidiary	-	-	143	-
Term loans	3,724,968	3,961,057	-	-
Bankers' acceptances	-	827,000	-	-
Revolving credits	-	1,500,000	-	-
	47,072,569	35,589,060	78,649	140,098
Fair Value Through Profit or Loss				
Derivative liabilities	1,616,404	1,558,872	-	-

42.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial Assets				
Fair Value Through Profit or Loss				
Net income recognised in profit or loss by:				
- mandatorily required by accounting standard	951,657	1,561,679	69,930	220,826
Amortised Cost				
Net income/(expenses) recognised in profit or loss	2,452,672	(861,207)	617,949	(2,083,380)
Financial Liabilities				
Fair Value Through Profit or Loss				
Net expenses recognised in profit or loss by:				
- mandatorily required by accounting standard	(57,532)	(1,498,366)	-	-
Amortised Cost				
Net expenses recognised in profit or loss	(245,082)	(344,176)	-	(37,469)

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 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**
2021								
Financial Assets								
Liquid investments	-	65,018,113	-	-	-	-	65,018,113	65,018,113
Trade receivables (non-current)	-	-	-	-	2,668,500	-	2,668,500	2,668,500
Financial Liabilities								
Term loans	-	-	-	-	3,724,968	-	3,724,968	3,724,968
Derivative liabilities	-	942,808	-	-	-	-	942,808	942,808
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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 FAIR VALUE INFORMATION (CONT'D)

The Company	Fair Value Of Financial Instruments Carried at Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Fair Value Of Financial Instruments Not Carried at Fair Value Level 1 RM	Level 2 RM	Level 3 RM	Total Fair Value RM	Carrying Amount RM
2021								
Financial Assets								
Amount owing by subsidiaries (non-current)	-	-	-	-	21,335,183	-	21,335,183	21,335,183
Liquid investments	-	2,501,258	-	-	-	-	2,501,258	2,501,258
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

42. FINANCIAL INSTRUMENTS (CONT'D)

42.5 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:-

The carrying amounts of the trade receivables (non-current), 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.

43. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) The Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the Covid-19 pandemic in Malaysia.

The Group's operations have been disrupted by a series of precautionary and control measures taken by the government and private corporations in response to the emergency of the Covid-19 pandemic, directly or indirectly.

Given the dynamic nature 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 at the date on which these financial statements are authorised for issue. The Group continues to closely monitor the situation.

(b) In May 2020, the Company acquired 60% equity interest in Tera VA Sdn. Bhd. for a total cash consideration of RM2,500,000 as disclosed in Note 6 and Note 36 to the financial statements.

(c) In February 2021, the Company became a subsidiary of QL Green Resources Sdn. Bhd. (a wholly-owned subsidiary of QL Resources Berhad) via a take-over offer exercise. Consequently, QL Resources Berhad became the ultimate holding company of the Company.

LIST OF PROPERTIES

AS AT 31 MARCH 2021

Owner Company	Location	Tenure of lease	Land area or built up area	Existing use	Approximate age of buildings	Net Book Value 31 March 2021 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	24 years	17,175	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	24 years	16,805	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	11,398	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	11,398	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	10 years	5,419	28 December 2020
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	21 years	838	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 ,190	5 January 2016

LIST OF PROPERTIES

AS AT 31 MARCH 2021

Owner Company	Location	Tenure of lease	Land area or built up area	Existing use	Approximate age of buildings	Net Book Value 31 March 2021 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	28 years	895	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	28 years	951	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	12 years	856	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	12 years	856	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	9 years	6,133	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	13,844	14 August 2018

SHAREHOLDERS' ANALYSIS REPORT

AS AT 19 JULY 2021

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	14	151	0.00
100 – 1,000	315	207,463	0.04
1,001 – 10,000	1,467	8,513,900	1.65
10,001 – 100,000	1,174	41,079,200	7.96
100,001 to less than 5% of issued shares	297	171,183,256	33.18
5% and above of issued shares	3	295,016,030	57.17
	3,270	516,000,000	100.00

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	%	Indirect	%
Dr. Chia Song Kun	400,000	0.08	260,750,206 (1)	50.53
Leong Yew Cheong	34,265,824	6.64	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	-	-
Tee Seng Chun	13,633,140	2.64	3,520,000 (3)	0.68
Ng Swee Weng	-	-	-	-
Ho Cheok Yuen	-	-	-	-
Adrian Chair Yong Huang	410,000	0.08	-	-
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 beneficial interest in CBG (L) Foundation, the holding company of CBG (L) Pte Ltd, which is 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 via his spouse's shareholdings in the Company.*

SHAREHOLDERS' ANALYSIS REPORT

AS AT 19 JULY 2021

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct	%	Indirect	%
QL Green Resources Sdn Bhd	260,750,206	50.53	-	-
Leong Yew Cheong	34,265,824	6.64	2,000,000 (1)	0.39
Dr. Chia Song Kun	400,000	0.08	260,750,206 (2)	50.53
QL Resources Berhad	-	-	260,750,206 (3)	50.53
CBG (L) Pte Ltd	-	-	260,750,206 (4)	50.53
CBG (L) Foundation	-	-	260,750,206 (5)	50.53

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 beneficial 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 its wholly-owned subsidiary, QLGR, pursuant to Section 8 of the Companies Act 2016.*

(4) *Deemed interest by virtue of its substantial shareholdings in QL, the holding company of QLGR, pursuant to Section 8 of the Companies Act 2016.*

(5) *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.*

SHARES HELD IN RELATED CORPORATION
QL RESOURCES BERHAD (ULTIMATE HOLDING COMPANY) DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct	%	Indirect	%
Dr. Chia Song Kun	1,316,250	0.054	1,001,491,271 (1)	41.152
Leong Yew Cheong	68,250	0.003	-	-
Chia Lik Khai	2,709,900	0.111	285,480 (2)	0.012
Gan Chih Soon	-	-	32,760 (2)	0.001
Chia Seong Fatt	390,000	0.016	288,353,479 (3)	11.849

Notes:

(1) *Deemed interest via his and his spouse's interest in CBG (L) Foundation, the holding company of CBG (L) Pte. Ltd., Song Bak Holdings Sdn. Bhd., his and his spouse's indirect interest in Ruby Technique Sdn. Bhd. ("RT") and Pelita Global Sdn. Bhd. ("PG") as well as his spouse's and children's shares in QL.*

(2) *Indirect interest via his spouse's shares in QL.*

(3) *Deemed interest via his and his spouse's beneficial interest in Farsathy Holdings Sdn. Bhd., his and his spouse's indirect interest in RT and PG as well as his spouse's and children's shares in QL.*

SHAREHOLDERS' ANALYSIS REPORT

AS AT 19 JULY 2021

TOP THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	Shareholdings	%
1.	QL Green Resources Sdn Bhd	180,763,636	35.03
2.	QL Green Resources Sdn Bhd	79,986,570	15.50
3.	Leong Yew Cheong	34,265,824	6.64
4.	Gan Chih Soon	20,674,140	4.01
5.	Tee Seng Chun	13,633,140	2.64
6.	Wong Poon Han	6,000,372	1.16
7.	Law Chee Wong	5,356,400	1.04
8.	HLB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chee Sai Mun)	5,348,300	1.04
9.	Liu & Chia Holdings Sdn Bhd	4,069,300	0.79
10.	Hong Yuet Ngan	3,500,000	0.68
11.	Len Tze Jian	3,276,228	0.64
12.	Liu Fui Moy	2,872,000	0.56
13.	CGS-CIMB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Lim See Pek (MY2305))	2,700,100	0.52
14.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. (Pledged Securities Account For Tan Lik Houe)	2,607,900	0.51
15.	AllianceGroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Wong Wai Kong (7003764))	2,600,000	0.50
16.	Lim See Pek	2,390,000	0.46
17.	Too Chin Kiong	2,015,000	0.39
18.	Laura Lorraine Leong Pei-Pei	2,000,000	0.39
19.	Loh Foo	1,996,104	0.39
20.	AllianceGroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chuah Kang Boon (6000945))	1,928,600	0.37
21.	AllianceGroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Lim Hung Thiam (7000997))	1,815,000	0.35
22.	Tay Puat Keng @ Tee Puat Keng	1,809,000	0.35
23.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Tan Seow Li (E-KLG))	1,667,700	0.32
24.	RHB Nominees (Asing) Sdn Bhd (Pledged Securities Account For Lim Hun Swee)	1,430,000	0.28
25.	Yong Yew San	1,410,000	0.27
26.	Maybank Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Joseph Lam Wai)	1,400,000	0.27
27.	Wong Wai Kong	1,400,000	0.27
28.	Lian Boon Tiam	1,360,000	0.26
29.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account For Chuah Kang Boon (E-PKG/BBT))	1,318,000	0.26
30.	Public Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Chia Siang Eng) (E-TWU))	1,142,000	0.22
		392,735,314	76.11

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 11th Annual General Meeting ("AGM") of Boilermech Holdings Berhad ("BHB" or "the Company") will be held as a fully virtual meeting through Online Meeting Platform via TIIH Online at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd, Malaysia on Tuesday, 14 September 2021 at 10.00 a.m. to transact the following businesses:

AGENDA

As Ordinary Business

1.	To receive the Statutory Financial Statements for the financial year ended 31 March 2021 together with the Reports of the Directors and Auditors thereon.	**Refer to Explanatory Note 1**
2.	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 2021.	**Resolution 1** **Refer to Explanatory Note 2**
3.	To re-elect the following Directors who retired by rotation in accordance with the Clause 76(3) of the Company's Constitution and who being eligible, offer themselves for re-election:-	**Refer to Explanatory Note 3**
	(a) Dr. Chia Song Kun	**Resolution 2**
	(b) Mr Leong Yew Cheong	**Resolution 3**
	(c) Mr Chia Lik Khai	**Resolution 4**
4.	To approve the payment of Director's fees of Dr. Chia Song Kun amounting to RM9,000 per month for the period commencing from the conclusion of the 11th Annual General Meeting ("AGM") until the next AGM of the Company.	**Resolution 5** **Refer to Explanatory Note 4**
5.	To approve the payment of Director's fees of Ng Swee Weng amounting to RM8,000 per month for the period commencing from the conclusion of the 11th Annual General Meeting ("AGM") until the next AGM of the Company.	**Resolution 6** **Refer to Explanatory Note 4**
6.	To approve the payment of Director's fees of Adrian Chair Yong Huang amounting to RM7,000 per month for the period commencing from the conclusion of the 11th Annual General Meeting ("AGM") until the next AGM of the Company.	**Resolution 7** **Refer to Explanatory Note 4**
7.	To approve the payment of Director's fees of Ho Cheok Yuen amounting to SGD2,500 and Board Committee's fee of RM1,000 per month for the period commencing from the conclusion of the 11th Annual General Meeting ("AGM") until the next AGM of the Company.	**Resolution 8** **Refer to Explanatory Note 4**
8.	To approve the payment of Director's fees of Rina Meileene Binti Adam amounting to RM7,000 per month for the period commencing from the conclusion of the 11th Annual General Meeting ("AGM") until the next AGM of the Company.	**Resolution 9** **Refer to Explanatory Note 4**
9.	To approve the payment of Director's fee of Chia Seong Fatt amounting to RM3,000 per month for the period commencing from the conclusion of the 11th Annual General Meeting ("AGM") until the next AGM of the Company.	**Resolution 10** **Refer to Explanatory Note 4**
10.	To approve the payment of the following Directors' benefits to the Non-Executive Directors ("NED") of the Company for the period commencing from conclusion of the 11th Annual General Meeting ("AGM") until the next AGM of the Company:	**Resolution 11** **Refer to Explanatory Note 4**
	(a) Meeting allowance of RM2,000 per Malaysian NED and SGD1,800 per Singaporean NED per meeting day.	
11.	To appoint KPMG PLT as Auditors of the Company in place of the retiring auditors, Crowe Malaysia PLT and to authorise the Directors to fix their remuneration.	**Resolution 12** **Refer to Explanatory Note 5**

NOTICE OF ANNUAL GENERAL MEETING

As Special Business:

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

12. **Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016** — **Resolution 13 Refer to Explanatory Note 6**

"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."

13. **Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** — **Resolution 14 Refer to Explanatory Note 7**

"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 Sections 2.2 and 2.3 of the Circular to the Shareholders dated 16 August 2021 ("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;

NOTICE OF ANNUAL GENERAL MEETING

AND THAT the Directors of the Company be 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 to the Recurrent Related Party Transactions specified in Sections 2.2 and 2.3 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 2.5 of the Circular."

14. 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 11th Annual General Meeting of the Company to be held on 14 September 2021, a final single tier dividend of 1.75 sen per ordinary share for the financial year ended 31 March 2021, will be paid on 6 October 2021 to Depositors whose names appear in the Record of Depositors of the Company on 20 September 2021.

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 20 September 2021 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: 16 August 2021

NOTES:-

1. As part of the initiatives to curb the spread of Covid-19, the 11th AGM of the Company will be conducted on a fully virtual basis. Shareholders/proxy(ies) will not be allowed to attend the 11th AGM in person on the day of the meeting. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 11th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide and take note of Notes (2) to (11) below in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 7 September 2021. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A Member, including an Authorised Nominee, may appoint not more than two (2) proxies to participate and vote instead of the Member or Authorised Nominee on the same occasion via RPV.

4. An Exempt Authorised Nominee (which holds ordinary shares in the Company for the Omnibus Account) may appoint one (1) or more proxies to attend on the same occasion. There is no limit to the number of proxies which an Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

5. Where a Member, an Authorised Nominee or an Exempt Authorised Nominee 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. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

6. A proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy.

7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 11th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide.

NOTICE OF ANNUAL GENERAL MEETING

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 AGM 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 Guide on the procedures for electronic lodgement of proxy form via TIIH Online.

9. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

10. Last date and time for lodging this proxy form is **Sunday, 12 September 2021 at 10.00 a.m.**

11. In the case of a corporation, the instrument appointing a proxy or proxies must be in accordance with the corporation's constitution.

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 2021
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. Resolution 1 – Dividend Payment

With reference to Section 131 of the Companies Act 2016, a company may only make a distribution to the shareholders out of profits of the Company available if the Company is solvent. On 25 May 2021, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval. The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made on 6 October 2021 in accordance with the requirements under Section 132(2) and (3) of the Companies Act 2016.

3. Resolutions 2 to 4 - Re-election of Directors

The performance of each Director subject for re-election had been assessed through the Board annual evaluation. The Nomination Committee and the Board are satisfied with the performance and effectiveness of the Directors.

Dr. Chia Song Kun, Mr Leong Yew Cheong, Mr Chia Lik Khai, being eligible, have offered themselves for re-election at this AGM. The profiles of the Directors who are subject for re-election are set out in the Annual Report 2021.

4. Resolutions 5 to 11 - Payment of Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at the general meeting.

The amounts of Directors' fees tabled for approval is based on the current composition of the Board which currently has 5 Non-Executive Directors ("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 10th AGM of the Company held on 25 September 2020.

The proposed payment of Directors' fees for the Ordinary Resolutions 5, 6, 7, 8 and 9 comprising Director's fees and Board Committee's fees. Whereas, Ordinary Resolution 10 comprising Director's fee payable to Chia Seong Fatt in his capacity as Director of the Company's subsidiary, Boilermech Sdn Bhd amounting to RM36,000 for the estimated period.

The proposed Directors' benefits for the Ordinary Resolution 11 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.

NOTICE OF ANNUAL GENERAL MEETING

5. Resolution 12 – Change of Auditors

Crowe Malaysia PLT have indicated that they do not wish to seek for re-appointment as auditors of the Company at the forthcoming 11th AGM of the Company. Accordingly, the term of office of Crowe Malaysia PLT shall end upon the conclusion of the 11th AGM of the Company. The Board wishes to seek shareholders' approval for the appointment of KPMG PLT as auditors of the Company and to hold the office until the conclusion of the next AGM.

6. Resolution 13 - Authority to Issue Shares and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution 13 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 11th 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 best 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 10th AGM of the Company held on 25 September 2020 (hence, no proceeds were raised therefrom) and which will lapse at the conclusion of the 11th 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.

7. Resolution 14 – Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 14 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)

I/We ____
(Full name in block)

NRIC/Passport/Company No.: ____________________ Mobile Phone No.: ____________________

CDS Account No.: ____________________ Number of Shares Held: ____________________

Address: ____

____

being a member of **BOILERMECH HOLDINGS BERHAD [201001013463 (897694-T)]**, hereby appoint:-

1) Name of proxy: ____________________ NRIC/Passport No.: ____________________
(Full name in block)

Address: ____

____________________ Number of Shares Represented: ____________________

2) Name of proxy: ____________________ NRIC/Passport No.: ____________________
(Full name in block)

Address: ____

____________________ Number of Shares Represented: ____________________

or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the 11th Annual General Meeting ("AGM") of BOILERMECH HOLDINGS BERHAD to be held fully virtual through Online Meeting Platform via TIIH Online at https://tiih.online or https://tiih.com.my (Domain registration number with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd, Malaysia on Tuesday, 14 September 2021, at 10.00 a.m., and at any adjournment thereof, in the manner indicated below:-

No.	Resolutions	For	Against
1.	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 2021.		
2.	To re-elect Dr. Chia Song Kun as Director.		
3.	To re-elect Mr Leong Yew Cheong as Director.		
4.	To re-elect Mr Chia Lik Khai as Director.		
5.	To approve the payment of Directors' fees of Dr. Chia Song Kun amounting to RM9,000 per month for the period commencing from the conclusion of the 11th Annual General Meeting ("AGM") until the next AGM of the Company.		
6.	To approve the payment of Director's fees of Ng Swee Weng amounting to RM8,000 per month for the period commencing from the conclusion of the 11th AGM until the next AGM of the Company.		
7.	To approve the payment of Director's fees of Adrian Chair Yong Huang amounting to RM7,000 per month for the period commencing from the conclusion of the 11th AGM until the next AGM of the Company.		
8.	To approve the payment of Director's fees of Ho Cheok Yuen amounting to SGD2,500 and Board Committee's fee of RM1,000 per month for the period commencing from the conclusion of the 11th AGM until the next AGM of the Company.		
9.	To approve the payment of Director's fees of Rina Meileene Binti Adam amounting to RM7,000 per month for the period commencing from the conclusion of the 11th AGM until the next AGM of the Company.		
10.	To approve the payment of Directors' fees of Chia Seong Fatt amounting to RM3,000 per month for the period commencing from the conclusion of the 11th AGM until the next AGM of the Company.		
11.	To approve the payment of Directors' benefits comprising meeting allowance of RM2,000 per Malaysian Non-Executive Director ("NED") and SGD1,800 per Singapore NED per meeting day for the period commencing from the conclusion of the 11th AGM until the next AGM of the Company.		
12.	To appoint KPMG PLT as Auditors of the Company in place of the retiring auditors, Crowe Malaysia PLT and to authorise the Directors to fix their remuneration.		
13.	Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
14.	To approve the Proposed Renewal of Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		

Please indicate with "X" how you wish your vote to be cast. In the absence of specific instruction, your Proxy will vote or abstain as he/she thinks fit.
Signed (and sealed) this ______ day of ______ 2021

*Signature(s): ____________________
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. *As part of the initiatives to curb the spread of Covid-19, the 11th AGM of the Company will be conducted on a fully virtual basis. Shareholders/proxy(ies) will not be allowed to attend the 11th AGM in person on the day of the meeting. Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 11th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide and take note of Notes (2) to (11) below in order to participate remotely via RPV.*
2. *For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 7 September 2021. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.*
3. *A Member, including an Authorised Nominee, may appoint not more than two (2) proxies to participate and vote instead of the Member or Authorised Nominee on the same occasion via RPV.*
4. *An Exempt Authorised Nominee (which holds ordinary shares in the Company for the Omnibus Account) may appoint one (1) or more proxies to attend on the same occasion. There is no limit to the number of proxies which an Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.*
5. *Where a Member, an Authorised Nominee or an Exempt Authorised Nominee 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. The appointment shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.*
6. *A proxy may but need not be a Member of the Company. There shall be no restriction as to the qualification of the proxy.*
7. *A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 11th AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide.*
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 AGM 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 Guide on the procedures for electronic lodgement of proxy form via TIIH Online.
9. *Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.*
10. *Last date and time for lodging this proxy form is* ***Sunday, 12 September 2021 at 10.00 a.m.***
11. *In the case of a corporation, the instrument appointing a proxy or proxies must be in accordance with the corporation's constitution.*

BOILERMECH HOLDINGS BERHAD **Registration No. 201001013463 (897694-T)**
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