Acoustech Berhad
(Company No. 199901021765 (496665-W))
(Incorporated in Malaysia)

ACCELERATING DEVELOPMENT

annual report 2020

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Second Annual General Meeting ("**AGM**") of the Company will be conducted entirely through live streaming from the broadcast venue at Suite 02.01, Level 2, Wisma Teras Eco, No. 56, Jalan Setia Tropika 1/14, Taman Setia Tropika, 81200 Johor Bahru, Johor Darul Ta'zim, Malaysia ("**Broadcast Venue**") on Sunday, 27th June 2021 at 11.00 a.m. for the following purposes:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 and the Reports of the Directors and the Auditors thereon. *(Please refer to Explanatory Note No. 1)*

2.1 To approve the payment of Directors' Fees amounting to RM231,000.00 in respect of the financial year ended 31 December 2020. [2019: RM231,000.00] **Resolution 1**

2.2 To approve the payment of Directors' Fees amounting to RM318,000.00 in respect of the financial year ended 31 December 2021, to be paid monthly in arrears. **Resolution 2**

3. To approve payment of Directors' benefits of up to RM380,000.00 for the financial period from 1 July 2021 to 30 June 2022. **Resolution 3**

4. To re-elect Ong Li Tak, a Director retiring in accordance with Clause 105(1) of the Constitution of the Company. **Resolution 4**

5. To re-elect Patrick Chin Hau Yui, a Director retiring in accordance with Clause 114 of the Constitution of the Company. **Resolution 5**

6. To re-elect Yee Wei Meng, a Director retiring in accordance with Clause 114 of the Constitution of the Company. **Resolution 6**

7. To re-elect Ng Lee Thin, a Director retiring in accordance with Clause 114 of the Constitution of the Company. **Resolution 7**

8. To re-elect Teo En Chie, a Director retiring in accordance with Clause 114 of the Constitution of the Company. **Resolution 8**

9. To re-elect Tee Kuan Hong, a Director retiring in accordance with Clause 114 of the Constitution of the Company. **Resolution 9**

10. To appoint Crowe Malaysia PLT in place of BDO PLT as the Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Board of Directors to fix their remuneration. **Resolution 10**

As Special Business

11. To consider and if thought fit, to pass the following as Ordinary Resolution:

Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016

"**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2021.

NOTICE OF ANNUAL GENERAL MEETING

(continued)

THAT with effect from 1 January 2022, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Paragraph 6.03 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;
b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or
c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate. **Resolution 11**

12. To consider and if thought fit, to pass the following as Special Resolution:

    Proposed Change of Company Name from "Acoustech Berhad" to "Axteria Group Berhad" ("Proposed Change of Name")

    THAT the name of the Company be and is hereby changed from "Acoustech Berhad" to "Axteria Group Berhad" with effect from the date of the Notice of Registration of New Name issued by the Companies Commission of Malaysia **AND THAT** the Constitution of the Company be and is hereby amended accordingly, wherever the name of the Company appears.

    AND FURTHER THAT the Directors and/or Secretary of the Company be and are hereby authorised to give effect to the Proposed Change of Name with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities."

    Resolution 12

13. To consider and if thought fit, to pass the following as Special Resolution:

    Proposed Amendment to the Constitution of the Company ("Proposed Amendment")

    THAT authority be and is hereby given to the Company to amend the Clause 21 of the existing Constitution of the Company, as annexed herewith as Appendix A, with immediate effect.

    AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to take all such steps as may be considered necessary to give full effect to the Proposed Amendment. **Resolution 13**

14. To transact any other business of the Company of which due notice shall have been given

By Order of the Board

LIM HOOI MOOI (SSM PC No. 201908000134 (MAICSA 0799764)
WONG WAI FOONG (SSM PC No. 202008001472 (MAICSA 7001358)
LAU YEN HOON (SSM PC No. 202008002143 (MAICSA 7061368)
Joint Company Secretaries

Kuala Lumpur
28 May 2021

NOTICE OF ANNUAL GENERAL MEETING

(continued)

NOTES

1. **Important Notice**
   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting. **Members will not be allowed** to attend the meeting in person at the Broadcast Venue **on the day of the meeting.**

   Members are to attend, speak (including posing questions via real time submission of typed texts) and vote (collectively, "participate") remotely via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online. **Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via the RPV.**

2. For the purpose of determining a Member who shall be entitled to participate via the RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at 18 June 2021 and only a depositor whose name appears on the Record of Depositors shall be entitled to participate at the meeting or appoint proxy(ies) to participate in his stead.

3. A Member of the Company who is entitled to participate at this meeting is entitled to appoint proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate and vote instead of him. A proxy may, but need not, be a member of the Company.

4. Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SIDCA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.

5. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment of two (2) or more proxies shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

6. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 22nd AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide for the AGM.

7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.

8. The instrument appointing a proxy and power of attorney or other authority, if any, under which it is signed notarially certified copy of that power of attorney, must be deposited with the Company's Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or by electronic appointment via TIIH Online at https://tiih.online not less than twenty-four (24) hours before the time appointed for holdings the meeting or any adjourned thereof. Please refer to the Administrative Guide for the 22nd AGM for further information on electronic submission.

9. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment of authorised representative with the Share Registrar of the Company.

10. All resolutions at the 22nd AGM or any adjournment thereof shall be voted by poll.

Explanatory Notes for Ordinary and Special Business:-

1. **Agenda No. 1**
   This item of the Agenda is meant for discussion only. The provisions of Section 340(1) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

NOTICE OF ANNUAL GENERAL MEETING
(continued)

2. **Agenda No. 2.2 – Resolution No. 2**

<u>**Payment of Directors' fees**</u>
The payment of the directors' fees of RM318,000 for the financial year ended 31 December 2021 will only be made if the proposed Ordinary Resolution 2 has been passed at the Annual General Meeting.

The Directors' fees proposed for the financial year ending 31 December 2021 are calculated based on the current board size and assuming that all Non-Executive Directors will hold office until 31 December 2021. This resolution is to facilitate payment of Directors' fees on current financial year basis. The payment of the Directors' fees will be made monthly in arrears if the proposed Ordinary Resolution 2 has been passed at the Annual General Meeting of the Company. In the event the proposed Directors' fees are insufficient (due to enlarged board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

3. **Agenda No. 3 – Resolution No. 3**
This resolution is to facilitate payment of Directors' benefits for the period from 1 July 2021 to 30 June 2022 (the due date to hold the next Annual General Meeting in 2022). In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size etc.), approval will be sought at the next Annual General Meeting for the additional amount to meet the shortfall.

Directors' benefits include allowances and other emoluments payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board, Board Committees, Board meetings of subsidiaries and covers the period from 1 July 2021 to 30 June 2022 (the due date to hold the next Annual General Meeting in 2022).

4. **Agenda No. 10 – Resolution No. 10**
This resolution is to approve the appointment of Crowe Malaysia PLT as the new external auditors of the Company in place of BDO PLT and to empower the Board of Directors to determine the auditors' remuneration for the financial year ending 31 December 2021.

BDO PLT was re-appointed as the auditors of the Company at the last AGM of the Company and to hold office until the conclusion of the forthcoming AGM of the Company. BDO PLT retire and do not seek for reappointment.

The Audit and Risk Management Committee and the Board of Directors of the Company had considered the nomination received for the appointment of Crowe Malaysia PLT as auditors of the Company. They were satisfied that Crowe Malaysia PLT had met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and had accordingly recommended the appointment of Crowe Malaysia PLT as the new auditors of the Company for the financial year ending 31 December 2021.

5. **Agenda No. 11 - Resolution No. 11**
The proposed Resolution No. 11, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("**Proposed 20% General Mandate**") up to 31 December 2021. With effect from 1 January 2022, the Proposed 20% General Mandate will be reinstated to a 10% limit ("**Proposed 10% General Mandate**") according to Paragraph 6.03 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as it will provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. It will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

NOTICE OF ANNUAL GENERAL MEETING

(continued)

The proposed Resolution No. 11 is a renewal of the previous year's mandate. As at the date of this notice, the Company had issued and allotted 44,274,200 ordinary shares under the general mandate which was approved by the shareholders at the last AGM. The proceeds raised from the previous mandate was RM8.46 million and the details and status of the utilisation of proceeds are as follows:

Utilisation Purposes	Expected timeframe for utilisation	Estimated Proceeds from and Proposed Utilization of Private Placement RM'000	Actual Proceeds from and Proposed Utilization of Private Placement RM'000	Actual Utilisation RM'000
Sentrio Project	Within 24 months	1,000	782	782
The Green (Block A)	Within 24 months	3,900	3,900	3,900
Phase 2 – Desa 88	Within 24 months	3,100	3,100	3,100
Working Capital	Within 18 months	478	478	478
Expenses relating to Private Placement	Within 1 month	200	200	200
Total		**8,678**	**8,460**	**8,460**

6. **Agenda No. 12 - Resolution No. 12**
   On 27 May 2021, the Company had announced to Bursa Malaysia Securities Berhad that the Board of Directors had proposed to change the name of the Company from "Acoustech Berhad" to "Axteria Group Berhad".

   The Proposed Change of Name would better reflect our business direction under the Real Estate scene. The proposed change of name will also serve to further enhance the marketability of our products, and henceforth the success of our Group. The Board of Directors, having considered all aspects of the Proposed Change of Name, is of the opinion that the Proposed Change of Name is in the best interest of the Company.

   The Proposed Change of Name is subject to the approval of shareholders of the Company by way of a Special Resolution which requires a majority of not less than three fourth of such members of the Company as being entitled so to do vote in person or by proxy at the AGM. The proposed Special Resolution if passed, would change the Company's name to "Axteria Group Berhad" upon issuance of Notice of Registration of new name by the Companies Commission of Malaysia.

7. **Agenda No. 13 - Resolution No. 13**
   On 27 May 2021, the Company had announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that the Board of Directors had proposed to amend the existing Constitution by replacing in its entirety the Clause 21 of the Constitution in respect of the general mandate to issue securities so that the Company could issue securities at any limit as allowed or authorized by Bursa Securities or any other authorities from time to time without having to amend the Constitution ("Proposed Amendment").

   The Board is of the opinion that the Proposed Amendment, if approved, will be in the best interest of the Company as well as the shareholders as it gives the Company the flexibility to raise funds and/or issue new shares as part or full payment consideration for any viable and feasible acquisition quickly and in a more cost effective manner.

   The Proposed Amendment is subject to the approval of shareholders of the Company by way of a Special Resolution which requires a majority of not less than three fourth of such members of the Company as being entitled so to do vote in person or by proxy at the AGM.

Statement Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. There is no person seeking election as director of the Company at this Annual General Meeting.

2. General mandate for issue of securities
   Kindly refer to item 5 - Explanatory Notes on Special Businesses for Resolution No. 11 on Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016 under the Notes to the Notice of the Annual General Meeting.

APPENDIX A – PROPOSED AMENDMENT TO THE CONSTITUTION OF THE COMPANY

No.	Existing Clause	Proposed amendment to the existing Clause
1	Subject to the Listing Requirement, the Central Depositories Act and or the Rules, and notwithstanding the existence of a resolution pursuant to Section 75 of the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, when aggregated with any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the value of the issued and paid-up capital of the Company, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.	Subject to the Listing Requirement, ~~the Central Depositories Act and or the Rules~~, and notwithstanding the existence of a resolution pursuant to Section 75 of the Act, the Company must ensure that it shall not issue any shares or convertible Securities if those shares or convertible Securities, ~~when aggregated with any such shares or convertible Securities issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the value of the issued and paid-up capital of the Company,~~ **exceeds the prescribed limit as permitted under the Listing Requirements from time to time**, except where the shares or convertible Securities are issued with the prior approval of the shareholders in general meeting of the precise terms and conditions of the issue. In working out the number of shares or convertible Securities that may be issued by the Company, if the Security is a convertible Security, each such Security is counted as the maximum number of shares into which it can be converted or exercised.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Patrick Chin Hau Yui
Independent Non-Executive Chairman
(appointed on 15 May 2021)

Yee Wei Meng
Group Managing Director
(appointed on 2 April 2021)

Ong Li Tak
Executive Director
(redesignated on 2 April 2021)

Ahmad Rahizal Bin Amb Dato' Ahmad Rasidi
Non-Independent Non-Executive Director
(redesignated on 15 May 2021)

Tee Kuan Hong
Executive Director
(appointed on 15 May 2021)

Teo En Chie
Independent Non-Executive Director
(appointed on 15 May 2021)

Ng Lee Thin
Independent Non-Executive Director
(appointed on 15 May 2021)

Leong Ngai Seng
Non-Independent Non-Executive Chairman *(resigned on 10 May 2021)*

Soon Kwai Choy
Independent Non-Executive Director
(resigned on 10 May 2021)

Koh Boon Huat
Independent Non-Executive Director
(resigned on 13 April 2021)

AUDIT COMMITTEE

Ng Lee Thin
(appointed on 15 May 2021) (Chairman)

Teo En Chie *(appointed on 15 May 2021)*

Patrick Chin Hau Yui
Independent Non-Executive Chairman
(appointed on 15 May 2021)

Soon Kwai Choy
(resigned on 10 May 2021) (Chairman)

Leong Ngai Seng
(resigned on 10 May 2021)

Koh Boon Huat
(resigned on 13 April 2021)

NOMINATION COMMITTEE

Teo En Chie
(appointed on 15 May 2021) (Chairman)

Patrick Chin Hau Yui
Independent Non-Executive Chairman
(appointed on 15 May 2021)

Ng Lee Thin
(appointed on 15 May 2021)

Leong Ngai Seng
(resigned on 10 May 2021) (Chairman)

Koh Boon Huat
(resigned on 13 April 2021)

Soon Kwai Choy
(resigned on 10 May 2021)

REMUNERATION COMMITTEE

Teo En Chie
(appointed on 15 May 2021) (Chairman)

Patrick Chin Hau Yui
Independent Non-Executive Chairman
(appointed on 15 May 2021)

Ng Lee Thin *(appointed on 15 May 2021)*

Koh Boon Huat
(resigned on 13 April 2021) (Chairman)

Leong Ngai Seng
(resigned on 10 May 2021)

Soon Kwai Choy
(resigned on 10 May 2021)

COMPANY SECRETARIES

Lim Hooi Mooi
MAICSA 0799764

Wong Wai Foong
MAICSA 7001358

Lau Yen Hoon
MAICSA 7061368

AUDITORS

BDO PLT (LLP0018825-LCA & AF 0206)
Suite 18-04, Level 18, Menara Zurich
No 15, Jalan Dato' Abdullah Tahir
80300 Johor Bahru, Johor.

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.
Tel : 03-2783 9191
fax : 03-2783 9111

SHARE REGISTRAR

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

PRINCIPAL PLACE OF BUSINESS & CORPORATE OFFICE

L2-01, No. 56, Jalan Setia Tropika 1/14,
Taman Setia Tropika,
81200 Johor Bahru, Johor.
Tel : 07-233 0911/0922/0933

PRINCIPAL BANKERS

RHB Bank Berhad
CIMB Bank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE

www.acoustech.com.my

GROUP STRUCTURE

Acoustech Berhad
(Company No. 199901021765 (496665-W))
(Incorporated in Malaysia)

100%

Teras Eco Sdn Bhd
(Company No. 201101034651 (962784-H))

100%

JM Cemerlang Sdn Bhd
(Company No. 201301025086 (1054915-X))

100%

Teras Eco Resources Sdn Bhd
(Company No. 201601012758 (1183689-K))

100%

TE Dynamic Sdn Bhd
Incorporated on 23rd March 2021
(Company No. 202101010547 (1410846-W))

100%

T Three Builder Sdn Bhd
(Company No. 201801037897 (1299927-K))

100%

TE Hotel Sdn Bhd
(Company No. 201901025663 (1334992-M))

30%

Harum Eco Dormitory Sdn Bhd
(Company No. 201601030937 (1201878-X))

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR VALUED SHAREHOLDERS

Financial year 2020 is undoubtedly the most challenging year to the Group as COVID-19 completely altered the landscape we operate in, not only in terms of the way business is carried out but also our restricted ability to function. The escalation from an epidemic in late 2019 to a pandemic in early 2020 entirely changed the course of how we used to live. The concerns over further spread of the virus led to an unprecedented introduction of movement controls and border closures by the Government which was prolonged as COVID-19 continued to spread around the world. Business as we know it, was disrupted and was almost at a standstill. Locally, the added political turmoil had resulted in greater challenges to market sentiments.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

The country recorded a contraction of the annual gross domestic product at the rate of 5.6% for 2020 as opposed to a growth of 4.3% for 2019, marking the biggest contraction since the 1998 Asian Financial Crisis. According to National Property Information Centre (NAPIC), on a year-on-year basis, volume of transactions declined sharply by 9.9% from 328,647 transaction in 2019 to 295,968 transactions in 2020. Volume of transactions was the lowest in the last 5 years. Nonetheless, Selangor, Perak and Johor remained the top 3 states with the highest volume of transactions for 2020, representing 18.7%, 12.6% and 12.2% respectively. In terms of category, residential properties made up 64.7% of the transactions recorded for the year. The trend is consistent with that of 2019. In terms of value of transactions, there was also a steep decline of 15.8% from RM141.4 billion in 2019 to RM119.1 billion in 2020. Although residential transactions were dominant with RM65.9 billion recorded for 2020, there was a contraction of 8.6% in volume and 9.0% in value against the preceding year. For most states, performance was not encouraging with the exception of Perak and Terengganu. Meanwhile, against 2019, the commercial sub-sector also contracted in volume and value by 21.0% and 32.6% respectively with 20,255 transactions valued at RM19.5 billion for the year. Most of the commercial property transactions were in respect of shops value at RM8.5 billion. Better performance was only noted in WP Putrajaya. As for industrial sub-sector, 4,758 transactions valued at RM14.9 billion was recorded for 2020, representing a reduction in volume and value by 24.0% and 14.0% respectively. Selangor, Johor and Sarawak dominated the industrial sub-sector for 2020. The industrial property overhang further deteriorated in 2020.

It is evident that the property industry has been severely affected by the adversity brought about by the COVID-19 pandemic as end-financiers exercised cautious lending approach while the movement controls froze the progress of construction at sites where development is ongoing. Following the implementation of second movement control order (MCO 2.0), the Government introduced its fifth economic stimulus package, the PERMAI assistance package, to combat the outbreak of COVID-19, to safeguard the welfare of the people and to support business continuity. The Government's expanding of the Prihatin Special Grant Plus assistance is aimed at 800,000 SMEs throughout the country. In addition, the microcredit schemes that includes RM1 billion in soft loans is made available to the SMEs as well. As for the property industry, while the National Housing Policy 2.0 (2018 – 2025), lowering the restriction of foreign buyer transaction value threshold from RM1 million to RM0.6 million and the Home Ownership Campaign ("HOC") is expected to continue its momentum to bolster performance, the Group is hopeful but remains cautious towards effectiveness of the initiatives. Although movement controls have been generally relaxed, the borders remain closed while inter-state travels are limited to tourism and vaccination purposes only. The Group anticipates property market for year 2021 to remain sluggish.

The Group's timeline for new launches was also derailed as marketing events to mark new launches were restricted. Despite the setbacks, the Group remained focused on its ongoing project namely the Desa Phase 1 terrace factories in Plentong, Johor, which is currently gearing up for completion and delivery of vacant possession. Other than the Bumiputera reserved units, all other units at Phase 1 have been sold out. Despite the delays caused by the movement controls, Phase 2 terrace factories were successfully launched during the year and have progressed well clocking sales of 6 units and a 43% completion stage as at end of 2020. Phase 2 comprise a total of 36 units of terrace factories with larger built-up area. In Pasir Gudang, earthworks at the 5.94-acre site earmarked for development of Sentrio Project is expected to be completed by June 2021, which comprise 66 units of double and three storey shop offices. Sentrio is located near Lebuhraya Johor Bahru-Pasir Gudang, within a developed area with mature industrial, residential and commercial properties. Meanwhile, the construction of the 16-storey 245 rooms hotel in Kota Syahbandar, Melaka, commenced in July 2020. Enclaved within a mixed development on a site measuring 4.38 acres, commencement of the hotel is set to accelerate the overall progress of turning the site into a hustle bustle within the vicinity of Kota Syahbandar, which is a stone-throw away from the heart of the historical city.

Revenue for 2020 was derived substantially from property development activities at our Desa 88 Phase 1 and Phase 2 in Plentong, Johor. Phase 1 and Phase 2 terrace factories generated revenue amounting to RM1.7 million and RM3.3 million respectively during the year. As at 31 December 2020, development progress of Phase 1 was approximately 96% while Phase 2 has achieved approximately 43% progress. The Group also recognised RM0.2 million in revenue for the tail end construction activities in respect of the dormitories in Permas Jaya. With the above, the Group registered total revenue of RM5.2 million for the year, lower than the RM15 million reported for 2019. Revenue for 2019 was higher as progress movement for Desa Phase 1 factories was greater during that year.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

The Group's bottom line for the year was substantially affected as its thin gross profit margin from operations of RM1.4 million was unable to shoulder the multiple impairment charges aggregating RM20.8 million. The impairments for the year are rationalised as follows:

(a) Impairment on carrying value of property development cost amounting to RM14.4 million

1) During the year, subsidiary TE Hotel Sdn Bhd had commenced the development of the 16-storey 245 rooms hotel in Kota Syahbandar, Melaka. Due to the depressed outlook for the hospitality sector resulting from the COVID-19 pandemic, tourism assets such as hotels had been adversely affected by general write downs in property valuations. As at 31 December 2020, unfortunately but not unexpectantly, the expected market value of our Melaka hotel on completed basis was adjudged to be lower than the estimated total cost to complete the hotel, giving rise to a foreseeable loss of approximately RM12.3 million. In compliance with the applicable accounting standards, an impairment amounting to RM12.3 million was made.

2) Subsidiary Teras Eco Sdn Bhd ("TESB") made a full impairment on property development cost incurred for a proposed project in Kota Tinggi, Johor, as the project has not taken off within the targeted time frame due to regulatory circumstances which was dampened by the COVID-19 pandemic in the current year. Although the Group will continue its efforts in the recovery process of the cost incurred, it foresees likelihood of difficulties and as such made an impairment amounting to RM1.1 million.

3) Subsidiary Teras Eco Resources Sdn Bhd ("TERSB") made full impairment on property development costs incurred for two (2) proposed projects, namely the 110 rooms hotel and 32 units of service apartments in Melaka as a matter of prudence, as both projects have yet to commence as at 31 December 2020 due to the prolonged delay in obtaining authority approvals. Notwithstanding the impairments, plans remain afoot to launch the project in the near future. The challenges brought about by the COVID-19 pandemic in the current year has also resulted in the Group taking a cautious stance in its decision on timing of kicking off the projects in Melaka. As TERSB foresees a delay in realising the intended profits from the projects, a provision for impairment amounting to RM1 million was made on the cost incurred for the said projects.

(b) Impairment on other receivable amounting to RM0.5 million

During the year, subsidiary JM Cemerlang Sdn Bhd ("JMC") made a RM0.5 million provision for impairment on the prepayments made to a trade creditor as the amount has remained standing credit. The creditor is a sub-contractor undertaking electrical works for Desa88 project in Permas Jaya, Johor. JMC intends to contra against claims to be issued by the creditor in the future.

(c) Impairment on amount owing from associate amounting to RM2.6 million

The nature of business of associate company Harum Eco Dormitory Sdn Bhd ("HED") is that of investment property which generates rental income from the rental of the completed workers' hostel. The Group does not expect the associate to be able to generate significant profits and excess cashflow in the near term due to the challenging operating condition arising from COVID-19 pandemic which has also affected the foreign workers business, where the associate company is indirectly exposed to. In view that associate company HED also has greater cashflow priority in meeting its loan repayment obligations, the Group anticipates possibility of delay in recovery of advances made to HED. As such, provision for impairment amounting to RM2.6 million was made during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

(d) Impairment on investment property amounting to RM1.3 million

The provision for impairment made by subsidiary TERSB was in respect of a corner shop office located at Asteria Melaka which has been earmarked for rental upon completion. In assessing for indication of impairment, the Group made comparison between TERSB's cost of acquisition in the shop office against the reference market values of nearby and closely similar commercial properties in the vicinity. The comparison showed indications of impairment in the carrying value of the investment property amounting to RM1.3 million. The shop office is currently in its tail end stage of completion. Upon completion, the Group will undertake another assessment to determine its market value. A reputable tenant is in being secured for this shop office and the Group is hopeful for the valuation of the property to improve in the near future.

(e) Impairment on goodwill amounting to RM2.0 million

1) An impairment of RM0.7 million of goodwill in subsidiary TESB was made against the current goodwill of RM10.5m on the basis of the challenging economic environment due to the pandemic, the project cashflows, and sensitivity analysis of the current gross development values against future development cost of TESB. The impairment took into account the use of market reference interest rate for discounting of the future cashflows, current and future business and economic sentiments and factors relevant to justify the goodwill of the subsidiary. Taking into consideration these factors, the Group impaired RM0.7 million on the goodwill in connection with investment in TESB.

2) An impairment of RM1.3 million of goodwill in subsidiary JMC was made against the current goodwill of RM10.9m on the basis of the challenging economic environment due to the pandemic, the project cashflows, and sensitivity analysis of the current gross development values against future development cost of JMC. The impairment took into account the use of market reference interest rate for discounting of the future cashflows, current and future business and economic sentiments and factors relevant to justify the goodwill of the subsidiary. Taking into consideration these factors, the Group impaired RM1.3 million on the goodwill in connection with investment in JMC.

As a result of the said impairments, loss after tax for the year amounted to RM28.0 million as compared to loss after tax of RM1.6 million in the corresponding year. In the corresponding year, the Group posted a gross profit of RM5.0 million, which was higher mainly due to profit recognition of Phase 1 terrace factories where progress was significant during that year.

Financial Highlights

As the country was placed under restricted movement amidst the unprecedented COVID-19 pandemic which consumed most of the year, the Group's plans in maintaining the pace of its core operations in the property development and construction activities was disrupted and as a result, the performance of the Group was severely impacted. Revenue for the Group dived 65% from RM15.0 million in the preceding year. Revenue was substantially attributed to progress of Desa 88 Phase 1 terrace factories. Desa Phase 2 terrace factories in Plentong and Sentrio shop offices in Pasir Gudang were originally intended for launch in early part of the year. However, COVID-19 pandemic has forced the Group to defer the launch of both projects till later in the year.

In March 2020, as part of Group's strategy towards growth and fund raising, the Company announced its proposal to undertake the following:

(a) proposed issuance of up to 800,000,000 new 2% cumulative redeemable convertible preference shares in Acoustech ("RCPS") at an issue price of RM0.10 each ("RCPS Issue Price") ("Proposed Issuance of RCPS");

(b) proposed amendments to the Constitution of the Company to facilitate the Proposed Issuance of RCPS ("Proposed Amendments of Constitution"); and

(c) proposed bonus issue of up to 97,211,700 free warrants in Acoustech ("Warrants") on the basis of 1 Warrant for every 2 existing ordinary shares in Acoustech ("Acoustech Shares" or "Shares") held by the shareholders of Acoustech whose name appear in the record of securities holders established by Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991 ("SI(CD)/A") ("Record of Depositors") of the Company on a date to be determined and announced later by the Board ("Entitlement Date") ("Entitlement Shareholders") ("Proposed Bonus Issue of Warrants").

At the Extraordinary General Meeting held in July, all of the resolutions in respect of the said proposals were tabled and duly passed. Subsequently, the Company announced that the exercise price for the Warrants to be issued pursuant to the Bonus Issue of Warrants be fixed at RM0.29 per Warrant ("Exercise Price"). Following the announced Entitlement Date, 97,211,694 Warrants have been listed and quoted on the Main Market of Bursa Securities on 17 August 2020, marking the completion of the Bonus Issue of Warrants.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

During the year, the Company issued 60,000,000 RCPS at RM0.10 per RCPS for a total of RM6,000,000. The 60,000,000 RCPS were converted to 26,948,051 new ordinary shares before the year ended. The status of utilisation of proceeds raised from RCPS as at 31 December 2020 is as follows:

Purpose	Proposed utilisation RM'000	Intended timeframe for utilisation	Amount raised RM'000	Actual utilisation RM'000	Balance to be raised RM'000
Financing for existing property development projects	48,000	Within 3 years	4,740	4,740	43,260
Financing for future property development projects	24,000	Within 3 years	-	-	24,000
Working capital	3,000	Within 3 years	-	-	3,000
Expenses relating to RCPS	5,000	Within 5 years	1,260	1,260	3,740
Total	**80,000**		**6,000**	**6,000**	**74,000**

The Group posted a consolidated loss before tax of RM28.5 million which was substantially distorted by the impairment amounting to RM20.8 million. Setting aside the impairment, Group loss before tax for the year would have been RM7.7 million. Apportioned by segment, RM1.7 million was attributed to Group's property development and construction segment, and RM6.0 million incurred on corporate expenses at the investment holding level.

The RM28.0 million loss for the year after tax resulting from multiple impairments, although not unusual, the Group believes these impairments are once-off. Had the impairments not been effected, the Group would have reported a net loss of RM7.2 million. Although a greater net loss for the year compared to the RM1.6 million posted for 2019, the Group recognises the damages and impacts of COVID-19 affecting Group performance during the year. In 2019, the reversal of the provision for impairment on other receivables following the recovery of RM1.0 million had also reduced loss for that year, without which, loss after tax would have been greater at RM2.6 million.

Financial Condition

Total assets

The Group recorded a reduction in total assets from RM131.2 million as at the end of preceding year to RM126.0 million as at 31 December 2020. On the other hand, total liabilities also increased from RM30.2 million at the end of 2019 to RM47.0 million as at 31 December 2020. Following the Group's loss after tax of RM28.0 million during the year, total equity also reduced sharply from RM101.0 million at end of preceding year to RM79.0 million as at 31 December 2020. The erosion has been lessened by the issuance of new ordinary shares amounting to RM6 million during the year, which was the result of conversion of 60 million Redeemable Convertible Preference Shares. Net asset per share dived from 52 sen per share at end of preceding year to 36 sen per share as at 31 December 2020.

Receivables

Group's trade and other receivables at end of the year was lower at RM7.1 million as compared to RM18.9 million as of close of 2019. Composition of the receivables are Trade Receivables of RM1.8 million, Other Receivables of RM5.2 million and Contract Assets amounting to RM0.1 million. The amount owing by an associate of RM2.6 million, carried as Non-current Asset in the preceding year, was fully impaired during the year in compliance to the requirements of MFRS 9.

Loans

Total Group borrowings increased by RM1.0 million from RM16.4 million as at end of 2019 to RM17.4 million as at 31 December 2020. The RM1.0 million net increase is the result of further drawdown of the bridging loan to fund the development of Desa 88 Phase 1 and Phase 2 terrace factories as well as the infrastructure cost for the project site and taking into consideration redemption and instalment payments.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

The net gearing of the Group as at end of 2020 remained reasonably low at 0.22 which reflect the Group's ability to take up additional borrowings to fund growth in Group's property development activities. Following the implementation of the RCPS scheme during the year, the Group was able to raise funds vide issuance of new shares which has helped in doing away with added borrowing costs.

Cash Position

Cash position of the Group was lower at RM1.2 million as at end of 2020 compared to RM2.3 million as at 31 December 2019. The reduction was mainly attributed to the development cost incurred for the hotel in Kota Syahbandar Melaka as well as acquisition cost of the shop office at the same location. The shop office is around 85% completion stage and it was acquired as investment property.

The drawdown of 60 million RCPS valued at RM6 million during the year has enabled the Group to meet its funding requirements for the development activities as well as the acquisition of investment property which will help the Group generate recurring income for the long term. The lower cost related to the drawdown of RCPS has also allowed the Group to conserve its cashflow whist minimising the effects on the Statement of Comprehensive Income. The scheme, which has a limit of RM80.0 million, has been emplaced to provide the Group with the necessary funding for the ongoing projects as well as several key development projects slated to be launched over the next few years.

Creditors

Trade and Other Creditors as at close of the year amounted to RM27.6 million, higher by RM15.9 million compared to RM11.7 million as at 31 December 2019. The increase is in line with the encouraging construction progress of the hotel in Kota Syahbandar, Melaka, as well as the achievement of 43% progress for Desa 88 Phase 2 terrace factories.

Approximately RM4.7 million of the RM6.0 million proceeds from the RCPS drawdown during the year were objectively channelled towards ongoing development projects consistent with the intended purpose of the RCPS scheme. The availability of the RM74.0 million undrawn RCPS as at 31 December 2020 will be of great assistance to the Group as it continues with the development program in place for the ongoing projects as well as projects that have been planned for launch in the next 3 to 5 years.

As the economic condition and property market sentiments remain weak, the Group will remain cautious in its quest for growth. In order to effectively manage its creditors and liabilities amidst the prolonged volatile operating condition, the Group has been more stringent in review of the terms and conditions of proposed joint ventures projects with a view to minimise and better plan the timing of all financial commitments for such projects. Arising from the impairment in respect of foreseeable future loss in the development of the Kota Syahbandar hotel, which significantly impacted the results for the year, the Group will take necessary steps to be more critical of all existing and future projects' feasibility. During the year, the current market value of the hotel on completed basis was subject to sharp distortion, as a direct consequence of the COVID-19 movement restrictions and border closures, and has fallen below the initially estimated market value.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

Future Prospects and risks

The Group believes the COVID-19 pandemic is far from over although the Government's vaccination program has already commenced according to plan. Given the occasional unpredictable spikes of infectivity rate, virus mutation and discovery of new strains, the Group will remain cautious in the assessment of potential projects and expansion of its land bank.

For 2021, the Group will focus on the proposed development of 66 units of shop offices on a land measuring 5.94 acres in Pasir Gudang, a Development project with Sun Rock Development Sdn Bhd, with GDV of RM44.1 million, where earthwork is expected to be completed by June 2021 and structural work to commence in second quarter of 2021. Excluding the 17 entitlement units allocated to land owner, the Group has a total of 49 units to sell. For year 2021, the Group expects to register sales of 24 units.

Desa 88 Phase 2 project is already showing encouraging prospects with promising purchasers' response. Barring further escalation of COVID-19 pandemic, the 36 units of terrace factories is expected to be completed by second quarter of 2022, ahead of schedule. Desa 88 Phase 2 has a GDV of RM50.7 million. The Group targets to seal the sales of 14 units in year 2021. Six units were sold in 2020. As for the remaining phases at Desa 88: Phase 3 with 4 units of detached factories, Phase 5 dormitory and Phase 6 which is multi-purpose retail spaces are targeted to be launched in 2022 and beyond. These remaining phases have a combined GDV of RM74.8 million.

With careful consideration of the COVID-19 situation, the launch and development of the 306-units block of apartments in Kota Syahbandar, Melaka, Project Asteria has been deferred to 2022. Project Asteria is the first high rise residential project of the Group and has a GDV of RM113.7 million.

12 Month Milestone

The ongoing projects are at full speed, in particular, Desa 88 Phase 1 terrace factories in Plentong, Johor, is already in final stages of development and preparation for vacant possession while the larger Phase 2 terrace factories are making great progress with completion stage nearing half mark. The Group is hopeful sales will pick up to enable monetisation of inventory and recognition of profits especially for the remaining Bumiputera units at Desa 88 Phase 1.

In the meantime, development of the 16-storey 245-room hotel in Kota Syahbandar, Melaka, is proceeding at full speed with structural completion targeted to be achieved by middle of 2022. The Group is hopeful that tourism industry would begin to recover by then on basis vaccination nationwide would have been substantially completed.

MANAGEMENT DISCUSSION AND ANALYSIS

(continued)

As the Group monitors the situation of COVID-19 and look toward rebooting of the economy, preparations for cost effective funding were given priority. The fundraising exercises undertaken by the Group during the year, namely the RCPS and Private Placement exercises, went well with necessary approvals obtained from the regulators and mandate from the shareholders within the targeted timeframe. Both fund raising exercises collectively raised RM88.5 million wherein RM6.0 million in RCPS were issued and converted to new ordinary shares by end of 2020 and the Private Placement amounting to RM8.5 million was completed in first quarter of 2021. The initiatives were a highlight of the Group's strategy to have sufficient funding for the ongoing projects, projects slated for the next 5 years as well as future projects that have yet to be identified.

In addition to the said corporate exercises, during the year, the Group also announced that subsidiary JM Cemerlang Sdn Bhd had entered into a Sale and Purchase Agreement with Melatone Coating Sdn Bhd for the disposal of 2 contiguous parcels of land, each measuring approximately 1.014 acres, in the Mukim of Plentong, District of Johor Bahru, State of Johor for a cash consideration of RM6.6 million. The disposal is pending state approval.

Expectations For 2021

COVID-19 pandemic has continued to disrupt economic activities as targeted movement controls is upheld in affected areas. As human activities gradually resume, the impact to business continues to be felt across the nation. The borders remain closed and interstate travel is restricted to specific purposes. These controls have placed a clamp down on the demand for properties, affecting all types including residential, commercial and industrial properties. The unpredictable periodic spikes in COVID-19 cases further frustrate investors' and businesses' target achievements as business directions are more erratic than ever. The Group believes there is high likelihood the short sightedness on the property market will result in business targets to remain unsettled.

Despite the Government's assurance that the economy is on the right track towards recovery, the general market sentiment remains negative and cautious. In March, Bank Negara Malaysia has anticipated that the nation's economic growth will likely be in the lower range of its 6.0% to 7.5% forecast for 2021, citing the ongoing uncertainties surrounding COVID-19 pandemic, the potential challenges that may affect the dissemination of vaccines as well as possible commodity shocks. The central bank also predicts the economy will rebound from second quarter and has the potential to revert to pre-pandemic levels in the second half of 2021.

Taking cognisance of the uncertainties, the Board will be more observant and critical of market trends and movements in deciding on the timing of project launches. Priority will be given towards sales of existing inventory at Desa 88 Phase 1 as well as the unsold units of Phase 2. Project Sentrio in Pasir Gudang will proceed as planned with a step up on sales and marketing initiatives. In Kota Syahbandar, construction of the hotel is expected to progress in accordance to target timeline with structural completion in middle of this year and to be fully completed by middle of next year. Meanwhile, the Asteria apartments will be in queue for launch in the next year.

Significant Matters

The Group's performance for 2020 was severely affected by COVID-19 which led to prolonged movement controls that had a profound adverse impact on the progress of construction as well as on the timing of new launches – Desa 88 Phase 2 and Project Sentrio. The consequence of the pandemic was a thinned profit margin and heavy reliance on Desa 88 Phase 1. The massive provisions for impairment also left a significant dent to the profit after tax for the year, loading the bottom line with RM20.8 million in impairment. Proportionately, the impairment was leaned heaviest towards property development cost, in particular, arising from the depressed market valuation of the hotel on "completed basis" as well the increase in total estimated cost to complete the hotel. The phenomenon was akin to a perfect storm that erased approximately 21.5% off the shareholders funds despite issuance of RM6.0m new ordinary shares. Nevertheless, the Board is optimistic the worst is over and that, with careful planning, the Group can look forward to better performance for year 2021 which will be supported by the sales of Desa 88 Phase 1 completed units, progress recognition for Desa 88 Phase 2 and Project Sentrio. The ongoing disposal of the 3.239-acre land in Tanjung Surat, Johor, is also expected to generate a profit.

To better position the Group towards performance recovery, the Group has appointed Mr. Yee Wei Meng as Group Managing Director with effect from 2 April 2021. The Board is confident Mr. Yee's extensive experience and past board representation in several listed companies will launch the Group to greater heights in the property development industry.

We wish to record our appreciation towards shareholders, customers, bankers and suppliers for your continued support during the past financial year and more importantly through this uncertain period. We look forward better year as the economy gradually reignites and moves away from the damage resulted by the COVID-19 pandemic.

PROFILE OF DIRECTORS

PATRICK CHIN HAU YUI

Independent Non-Executive Chairman

Nationality / Gender / Age
Malaysian / Male / 52

Malaysian, male, aged 52, Independent Non-Executive Chairman, was appointed to the Board of Acoustech Berhad on 15 May 2021. He graduated from University of Southern Queensland, Australia with a Bachelor of Business Administration and University of Strathclyde, Scotland Uk with a Master of Business Administration.

Patrick is an experienced banker with over 25 years of extensive commercial, corporate and investment banking experience. His expertise focuses on structured lending transactions, having funded numerous industry corporate exercises in Malaysia and Singapore. He is currently an Executive Director of Tadau Energy Sdn Bhd, responsible for overseeing finance, administration and operations divisions. Patrick began his early career with several local and international banks in Malaysia and Singapore. His experience in the banking sector covered all aspects of sales and marketing, credit risk and recovery management, product management, operations and cross selling. In 2017, he joined Ambank Bank Berhad, where he was responsible for growing the middle market business segment. Subsequently, he rose up the rank to become the Country Head of Mid-Corporates where he had contributed remarkably to the Wholesale Banking Division and the Group as a whole. Prior to joining Ambank, Patrick had also held various significant posts as the Director and Head of Structured Lending of RHB Investment Bank Berhad and was the Head of Commercial Banking with Hong Leong Bank Berhad during his early days in the banking industry

Patrick is a member of the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company. He does not hold any shares in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company. Other than Acoustech Berhad, he does not hold any other directorship in public companies or listed issuer in Malaysia. He has not been convicted of any major offences within the past five (5) years and has not been imposed with any penalty by any regulatory bodies during the financial year 2020.

YEE WEI MENG

Group Managing Director

Nationality / Gender / Age
Malaysian / Male / 43

Malaysian, male, aged 43, Group Managing Director, was appointed to the Board of Acoustech on 2 April 2021. He holds a Master in Business Administration from Charles Sturt University Australia, CLP Malaysia and LL.B (Hons) from University of Leicester, England. Mr. Yee is a qualified lawyer in Malaysia. Prior to 2004, he worked as legal assistant in various advocates and solicitors firms where he was responsible for conveyancing, corporate finance and litigation matters.

Mr. Yee serves as the Managing Director on the Board of Fontern International Group of companies and Transgrow Group of companies involving in multiple industries including steel & hardware trading, oil palm & rubber plantations, hospitality, property investment and development.

He is a shareholder in various public listed companies including Malaysia Pacific Corporation Berhad, T7 Global Berhad, GIIB Holdings Berhad and Scope Industries Berhad. Prior to joining Acoustech Berhad, Mr. Yee was a former Director of Superlon Holdings Berhad and Malaysia Pacific Corporation Berhad.

Mr. Yee has direct interest with 30,991,940 ordinary shares or 9.22% in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company. He has not been convicted of any major offences within the past five (5) years and has not been imposed any penalty by any regulatory bodies during the financial year 2020.

PROFILE OF DIRECTORS

(continued)

ONG LI TAK

Executive Director

Nationality / Gender / Age
Malaysian / Male / 44

Malaysian, male, aged 44, Executive Director, was appointed to the Board of Acoustech Berhad on 19 February 2016. He was appointed as Managing Director from 17 April 2019 prior to redesignation as Executive Director on 2 April 2021. Richard Ong was born in Kluang, Johor, in 1977. He graduated from Taylor's College in 1999 with Higher Diploma in Architectural.

Richard has extensive experience in property development. He was attached with the property development segment of a reputable listed company prior to assuming his role in Acoustech Berhad. His illustrious career portfolio dates back to 1996 as a Clerk-of-Works for a first ever mixed development housing project in Kluang, Johor. Richard has a wide spectrum of industrial know-how and business acumen, from sales administration to sales and marketing planning, project development, property management, product conceptualization and strategy, business development and liaison with local government bodies and relevant authorities.

Richard has established himself as a prominent captain of the property development industry in the Southern region of Malaysia. He distinguishes himself with brilliant, innovative ideas and takes pride in making life happy for aspiring buyers.

Richard has direct interest with 700,400 ordinary shares or 0.36% interest in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company. Other than Acoustech Berhad, he does not hold any other directorship in public companies or listed issuers in Malaysia. He has not been convicted of any major offences within the past five (5) years and has not been imposed any penalty by any regulatory bodies during the financial year 2020.

TEE KUAN HONG

Executive Director

Nationality / Gender / Age
Malaysian / Male / 37

Malaysian, male, aged 37, Executive Director, was appointed to the Board of Acoustech Berhad on 15 May 2021. Mr. Tee is a graduate from Monash University, Australia with a Bachelor of Commerce and Bachelor of Law.

He is currently our Group General Manager responsible for overseeing the finance, administration and operations divisions. Mr. Tee joined Teras Eco Sdn. Bhd. In 2013, and was involved in the setting up of various departments such as Finance, Marketing & Sales, Construction, Corporate development etc. Mr. Tee was the key person to drive the development projects during the early stages of Teras Eco Sdn. Bhd., completing its maiden project, Senibong 88 with GDV of approximately RM100m and structuring other development proposals.

Prior to joining our Group, Mr. Tee was heavily involved in the finance industry, joining an reputable international Bank for well over 6 1/2 years. During his tenure, he handled numerous commercial and corporate loan deals including Small and Medium Enterprise accounts, structuring loan deals, managing cash flow and understanding various business environment needs of clients. In his last 2½ years with the Bank, he spearheaded the Real Estate Departments initiative to handle the property boom in Iskandar Malaysia, structuring several mega loan deals and complex bridging loans. With vast experience in the finance sector, coupled with strong understanding of legal banking and construction aspects, Mr. Tee also has a strong network with lawyers, valuers and high net worth clients and government authorities.

Mr. Tee has direct interest with 11,000 ordinary shares interest in the Company. Mr. Tee has no family relationship with any of the Directors and/or major shareholder of the Company. Other than Acoustech Berhad, he does not hold any other directorship in public companies or listed issuers in Malaysia. He has not been convicted of any major offences within the past five (5) years and has not been imposed any penalty by any regulatory bodies during the financial year 2020.

PROFILE OF DIRECTORS

(continued)

AHMAD RAHIZAL BIN AMB DATO' AHMAD RASIDI

Non-Independent Non-Executive Director

Nationality / Gender / Age
Malaysian / Male / 38

Malaysian, male, aged 38, Non-Independent Non-Executive Director, was appointed to the Board of Acoustech Berhad on 24 April 2015 as Senior Independent Non-Executive Director. He was re-designated as the Executive Director of the Company on 31 October 2019 prior to redesignation as Non-Independent Non-Executive Director on 15 May 2021. He graduated with Diploma in Business from International School of Hong Kong and subsequently completed his degree in Business IT in Sunway College.

He began his career in Koperasi Ukhwah Malaysia Berhad in business development and administration for its property investment and development and credit financing division. He was then promoted to the role of Head of Property Development and Investment Department which looks into the Koperasi assets in Malaysia, United Kingdom and Australia.

He is also a Director in Noble Signet Sdn Bhd, a company which develops IT systems catering to cooperatives and the banking industry. He is also the Chairman of UQ Holiday which charters flights for pilgrims to perform Umrah. In addition, he is currently the Chief Executive Officer and director of Oricounter Sdn Bhd, a company jointly owned by state of perak doing coconut plantation in Bagan Datuk.

With the experience gained, he started Tres Industry Sdn Bhd, which undertakes property development in the Klang Valley. He has also partnered with other property development companies to undertake development in Melaka and Johor.

En. Ahmad Rahizal does not hold any shares in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company. He has not been convicted of any major offences within the past five (5) years and has not been imposed any penalty by any regulatory bodies during the financial year 2020.

En. Ahmad Rahizal is also an Executive Director in Minetech Resources Berhad.

NG LEE THIN

Independent Non-Executive Director

Nationality / Gender / Age
Malaysian / Female / 54

Malaysian, female, aged 54, Independent Non-Executive Director, was appointed to the Board of Acoustech Berhad on 15 May 2021. Ms. Ng graduated from Bachelor of Economics (Hons) from University Utara Malaysia (1992) and obtained her Association of Chartered Certified Accountants Qualification in 1996. She is a member of the Malaysian Institute of Accounts (MIA) and fellow member of the Association of Chartered Certified Accountants (FCCA).

She has more than 20 years of experience in the field of corporate finance, auditing, accounting and taxation. She was the Financial controller of Binaik Equity Bhd for 9 years (2001 – 2009) before setting up her own firm, Yellow Tax Services Sdn Bhd and NLT & Co in year 2012 and 2015 respectively. Prior to that, she worked with Ernst & Young (1996 – 2001), Chiang & Chiang (1994 – 1995) and Artwright Marketing Sdn Bhd (1992 – 1994).

Ms. Ng is the Chairman of the Audit and Risk Management Committee of the Company and a member of the Nomination Committee and Remuneration Committee of the Company. Ms. Ng does not hold any shares in the Company. She has no family relationship with any of the Directors and/or major shareholder of the Company. She has not been convicted of any major offences within the past five (5) years and has not been imposed any penalty by any regulatory bodies during the financial year 2020.

Ms. Ng is also an Independent Non-Executive Director and the Chairman of Remuneration committee and a member of the Nomination Committee and Audit Committee of Johore Tin Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

PROFILE OF DIRECTORS
(continued)

TEO EN CHIE

Independent Non-Executive Director

Nationality / Gender / Age
Malaysian / Male / 30

Malaysian, male, aged 30, Independent Non-Executive Director, was appointed to the Board of Acoustech Berhad on 15 May 2021. Mr. Teo is a graduate from RMIT University (Melbourne), with Bachelor of Business (Marketing) (Hons).

Mr. Teo En Chie started his career as Assistant Retail Manager with Recipe Master Sdn Bhd in 2010 where he contributed in creating a professional workplace that maximises employee morale and performance, establishing Standard Operating Procedures, managing customer complaints and providing employees training. Subsequently, in 2013, Mr. Teo joined Roaster & Cook Sdn Bhd as a Marketing Manager where he successfully created and managed key social media marketing programs and events, developed and fine-tuned marketing strategies, determined return on investments based on data analysis and provided insights on market trends and competition. Mr. Teo played a pivot role in the expansion of the company from one F&B outlet into a chain restaurant in 3 years with annual turnover of over RM5 million. Prior to his appointment, Mr. Teo was CEO and Founder of Stamford Asia Creative Sdn Bhd, a company involved in cloud-based solutions, wireless, mobile and multimedia solutions. He was instrumental in the implementation and monitoring of targeted marketing and profit growth strategies, business plan and marketing program development as well as KPI formulation and tracking. During his 4 years with Stamford, Mr. Teo accomplished value creation with investments exceeding 50million. He remains as a shareholder of Stamford.

Mr. Teo is the Chairman of the Remuneration Committee and Nomination Committee. He is also a member of the Audit and Risk Management Committee the Company. Mr. Teo has direct interest with 4,830,336 ordinary shares or 1.40% interest in the Company. He has no family relationship with any of the Directors and/or major shareholder of the Company. Other than Acoustech Berhad, he does not hold any other directorship in public companies or listed issuers in Malaysia. He has not been convicted of any major offences within the past five (5) years and has not been imposed any penalty by any regulatory bodies during the financial year 2020.

PROFILE OF KEY SENIOR MANAGEMENT

TIA CHONG HAO

Nationality / Gender / Age
Malaysian / Male / 36

Malaysian, male, aged 36, is a graduate from Universiti Utara Malaysia and holds a Bachelor of Business Administration with Honours. He is our current General Manager for the Property Division. Mr. Tia started off as a banker, holding a commercial banking executive position with UOB Malaysia from June 2008 till May 2013 until his promotion to Assistance Vice President - Real Estate Team @ Commercial Banking. Mr. Tia then ventured into the property development sector by joining Tiong Nam Properties Sdn. Bhd. (a subsidiary company of Tiong Nam Logistic Berhad) as Assistant Sales & Marketing Manager where he led the sales and marketing team and was responsible for the strategic direction and coordination of various projects. Mr. Tia then joined Teras Eco Sdn. Bhd. in June 2015 and is now responsible for the various initiatives and projects under our Group's property division.

Mr. Tia has no family relationship with any of the Directors and/or major shareholder of the Company. He does not hold any directorship in other public listed companies and does not have any conflict of interest with the Company. He has not been convicted of any major offences within the past five (5) years.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

THE BOARD OF DIRECTORS (“the Board”) of Acoustech Berhad (“the Company”) is pleased to present the report of the Audit and Risk Management Committee for the financial year ended 31 December 2020 and up to the date of the Annual Report.

Chairman

Ng Lee Thin
Independent Non-Executive Director
(appointed on 15 May 2021)

Soon Kwai Choy
Independent Non-Executive Director
(resigned on 10 May 2021)

Members

Teo En Chie
Independent Non-Executive Director
(appointed on 15 May 2021)

Patrick Chin Hau Yui
Independent Non-Executive Chairman
(appointed on 15 May 2021)

Leong Ngai Seng
Non-Independent Non-Executive Chairman
(resigned on 10 May 2021)

Koh Boon Huat
Independent Non-Executive Director
(resigned on 13 April 2021)

TERMS OF REFERENCE

Constitution

The Audit and Risk Management Committee was constituted per resolution of the Board on 4 September 2001 and its terms of reference, updated in August 2016, are consistent with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the “Exchange”).

A copy of the terms of reference is available on the Company’s website, www.acoustech.com.my.

Authority

- The Audit and Risk Management Committee has the authority to investigate any matter within its terms of reference.
- It has the resources which are required to perform its duties.
- It has unlimited access to all information relevant to its activities.
- It is allowed to have direct communication channels with the external auditors and the persons carrying out the internal audit function.
- It is authorised by the Board to obtain legal or other professional advice if it deems necessary.
- The Audit and Risk Management Committee has the authority to convene meetings with the external auditors, the internal auditors or both excluding the attendance of the other directors and employees of the Company, whenever deemed necessary.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(continued)

COMPOSITION

- The Audit and Risk Management Committee shall comprise at least 3 directors all of which must be non-executive directors with all of them being independent directors.
- Alternate director shall not be appointed as members of the Audit and Risk Management Committee.
- At least one member of the Audit and Risk Management Committee shall be a member of the Malaysian Institute of Accountants or a person who fulfils the specific requirements as prescribed or approved by the Exchange.
- The Chairman of the Committee must be an independent director.

FUNCTIONS

The Audit and Risk Management Committee shall, amongst others, discharge the following functions:-

- Review the following and report the same to the Board;
  - with the external auditors, the audit plan and audit reports;
  - the adequacy of the scope, functions, competency and resources of the internal audit functions and the necessary authority of the internal auditor to carry out the work;
  - the internal audit program, processes, the results of the internal audit program, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - the quarterly results and year-end financial statements, prior to the approval by the Board focusing particularly on:-
    (i) changes in or implementation of major accounting policy changes;
    (ii) significant and unusual events;
    (iii) the going-concern assumptions; and
    (iv) compliance with accounting standards and other legal requirement;
  - any related party transactions and the conflict of interest situation including any transaction, procedure or course of conduct that raises questions of management integrity;
  - nomination/re-appointment of external auditors and any letter of resignation from the external auditors; and
  - whether there is any reason and supported by grounds, to believe that the external auditors are not suitable for re-appointment.
- Report promptly to the Exchange on any matter the Audit and Risk Management Committee had reported to the Board of Directors, which was not satisfactorily resolved and/or resulted in a breach of the Exchange's Listing Requirements.

ACTIVITIES

The Committee met six (6) times for the year under review and carried out the following activities: -

1. FINANCIAL REPORTING

- Reviewed the unaudited quarterly financial statements before submission to the Board for approval; and
- Reviewed the audited financial statements before submission to the Board for approval.

2. EXTERNAL AUDIT

- External auditors presented the nature and scope of the audit to be carried out.
- Deliberated on the external auditors' report, identify significant areas and impact on financial matters based on observations made in the course of interim and final audit.
- Undertook an annual assessment on the suitability and the independence of the external auditors given that the external auditors has now been continuously engaged by the Company for a considerable period.
- Reviewed the performance of the external auditors and recommended its re-appointment and remuneration to the Board.

3. INTERNAL AUDIT AND RISK MANAGEMENT

- Reviewed the internal audit programs, reports and remedial action taken;
- Assessed the Group's overall system of internal control; and
- Reviewed the Risk Management Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

(continued)

MEETINGS

The Audit and Risk Management Committee met six (6) times during the financial year ended 31 December 2020. Details of attendance are as follows:

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held
Soon Kwai Choy *(resigned on 10 May 2021)*	Chairman	6/6
Leong Ngai Seng *(resigned on 10 May 2021)*	Member	6/6
Koh Boon Huat *(resigned on 13 April 2021)*	Member	6/6

Name of New Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held
Ng Lee Thin *(appointed on 15 May 2021)*	Chairman	0/0
Teo En Chie *(appointed on 15 May 2021)*	Member	0/0
Patrick Chin Hau Yui *(appointed on 15 May 2021)*	Member	0/0

INTERNAL AUDIT FUNCTION

During the year, the Company has outsourced its Internal Audit function to Matrix Corporate Consultancy Sdn Bhd to independently undertake continuous systematic reviews of the Group's internal control systems so as to provide the Board with reasonable assurance that such systems continue to operate satisfactorily and effectively. The Internal Audit Function reports directly to the Audit and Risk Management Committee of the Company.

The Group has adopted a risk-based approach to the implementation and monitoring of controls and had carried out an exercise to identify and evaluate the risks associated with the Group.

A summary of the work performed during the financial year under the internal audit functions is as follows:

Subsidiary/ Associate of the Group	Work Performed/ Areas of Review
Teras Eco Sdn Bhd	- Banking systems and bank borrowings - Payroll management - Profit recognition (for property development) - Development agreements - Related party and Intercompany transactions - Development cost
JM Cemerlang Sdn Bhd	- Banking systems and bank borrowings - Profit recognition (for property development) - Related party and Intercompany transactions - Development cost
Teras Eco Resources Sdn Bhd	- Related party and Intercompany transactions - Development cost
TE Hotel Sdn Bhd	- Development agreements - Related party and Intercompany transactions - Development cost
T Three Builder Sdn Bhd	- Related party and Intercompany transactions

The cost of internal audit was RM21,000 during the financial year ended 31 December 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Acoustech Berhad is committed to achieve success through adopting industry best practices and adopting well-establish corporate governance principles in all its activities. As part of this commitment, the Board of Directors ("Board") is pleased to report to its shareholders on the application of the Principles as set out in the Malaysian Code on Corporate Governance ("MCCG") and Corporate Governance Guide. A detailed Corporate Governance Report which disclosed the application of each Principle set out in the MCCG during the financial year 2020 is available on the Company's website www.acoustech.com.my.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Leadership

Board Roles and Responsibilities

The Board retains effective control of the Group and is responsible for the overall corporate affairs, strategic direction, formulation of policies and the overall performance of the Group. The Executive Directors take on primary responsibility for managing the Group's business and resources.

The Board has formalised and adopted a Board Charter which serves as a source of reference and primary induction literature, providing insights to existing and prospective Board members to assist the Board in the performance of their fiduciary duties as Directors of the Company. The Board Charter is available on www.acoustech.com.my.

The Board delegates certain responsibilities to Board Committees namely the Audit and Risk Management Committee, Remuneration Committee, Nomination Committee, and Investment Working Committee in order to enhance business and operational efficiency and effectiveness. The Terms of Reference for the Board Committees can be found at www.acoustech.com.my.

Chairman and Managing Director

The role of the Managing Director differs from that of the Chairman of the Board. This complies to the best practice recommended under the MCCG. The Chairman is also the representative of the largest shareholder. In this respect there is assurance of shareholder leadership at the Board level. The Board ensures that a balance of power is retained without the Board being dominated by the Chairman. The Independent Non-Executive Directors provide independent judgment and check and balance on the Board.

Company Secretaries

The Company Secretaries play an advisory role to the Board and is responsible to ensure all Board procedures and Board management matters are in line as well as in compliance with Listing Requirements, relevant laws and regulations. The Company Secretaries ensures that discussions at Board and Board Committee meetings are well documented, and subsequently communicated to the relevant Management for appropriate action.

Board Delegation

Audit and Risk Management Committee

The Audit and Risk Management Committee reviews and evaluate, amongst others, the audit plan and audit report of external auditors, adequacy of system of internal controls and internal audit functions. The Committee also reviews, comments and present the quarterly financial results and year end results for approval of the Board.

Remuneration Committee

The Remuneration Committee is responsible to review and recommend remuneration packages and employment policies applicable to the Chairman, Managing Director, Directors and Senior Executives.

Nomination Committee

The duties and functions of the Nomination Committee encompass the following: -

- Recommend to the Board, candidates nominated by shareholders or the Board or from independent sources for directorships to be filled;
- Recommend to the Board, directors to fill seats on board committees;
- Review annually the required skills, experience and other qualities and core competencies that Non-Executive Directors should bring to the Board; and
- Assess annually the effectiveness of the Board as a whole, Board Committees and the contribution of each individual director.

Investment Working Committee

The Investment Working Committee has the following roles:

- Evaluate and approve all investment opportunities;
- Request for report on existing investments and evaluate against current developments and future contingencies; and
- Assist the Board, in respect of investment proposals, provide oversight on new and/or major investments, and provide guidance and recommendations on investment matters.

Board Composition and their attendances

The Company had two independent directors and non-independent directors' resignation in April and May 2021 but was subsequently replaced by five directors in the same months. The inclusion of new directors will help to pave the way for the Company, drawing from their vast experience in various segments from property, corporate finance, marketing, audit & finance and legal. These changes in the Board brings about new synergy, knowledge, innovation and experiences to the Company which will propel the Company to greater heights and reach further horizons. The Company is led by an experienced Board comprising seven (7) members as at the date of this statement, of whom three (3) are Independent Non-Executive Directors, one (1) is a Non-Executive Director and three (3) are Executive Directors.

No individual or group of individuals dominates the Board's decision making. The present Directors bring a wide range of experience and skills relevant to the business of the Group. Brief descriptions on the background of each Director are set out on pages 18 to 21.

The current size and composition of the Board are considered adequate to provide the optimum skills and experience required to manage affairs. Furthermore, the Board is of the view that the current Board size is balanced in skills and composition.

The Board meets at least four (4) times a year and has a formal schedule of matters reserved for it. Additional meetings are held as and when necessary. During the financial year ended 31 December 2020, six (6) meetings were held in which the Board deliberated upon and considered various issues including the Group's financial results, annual budgets, performance of the Group's business, major investment, business plan and policies and strategic issues affecting the Group's business.

Details of attendance of the Directors at Board meetings held during the financial year are as follows:

	Total Number of Meetings	**Number of Meetings Attended**
Leong Ngai Seng *(resigned on 10 May 2021)*	6	6
Ong Li Tak	6	6
Ahmad Rahizal Bin Amb Dato' Ahmad Rasidi	6	6
Soon Kwai Choy *(resigned on 10 May 2021)*	6	6
Koh Boon Huat *(resigned on 13 April 2021)*	6	6

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Board Committees Composition and their attendances

a) Audit and Risk Management Committee

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held
Soon Kwai Choy *(resigned on 10 May 2021)*	Chairman	6/6
Leong Ngai Seng *(resigned on 10 May 2021)*	Member	6/6
Koh Boon Huat *(resigned on 13 April 2021)*	Member	6/6

Name of New Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held
Ng Lee Thin *(appointed on 15 May 2021)*	Chairman	0/0
Teo En Chie *(appointed on 15 May 2021)*	Member	0/0
Patrick Chin Hau Yui *(appointed on 15 May 2021)*	Member	0/0

b) Nomination Committee

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held
Leong Ngai Seng *(resigned on 10 May 2021)*	Chairman	1/1
Soon Kwai Choy *(resigned on 10 May 2021)*	Member	1/1
Koh Boon Huat *(resigned on 13 April 2021)*	Member	1/1

Name of New Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held
Teo En Chie *(appointed on 15 May 2021)*	Chairman	0/0
Ng Lee Thin *(appointed on 15 May 2021)*	Member	0/0
Patrick Chin Hau Yui *(appointed on 15 May 2021)*	Member	0/0

c) Remuneration Committee

Name of Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held
Koh Boon Huat *(resigned on 13 April 2021)*	Chairman	1/1
Soon Kwai Choy *(resigned on 10 May 2021)*	Member	1/1
Leong Ngai Seng *(resigned on 10 May 2021)*	*Member*	*1/1*

Name of New Committee Members	Designation	No. of Meetings Attended/ No. of Meetings Held
Teo En Chie *(appointed on 15 May 2021)*	Chairman	0/0
Ng Lee Thin *(appointed on 15 May 2021)*	Member	0/0
Patrick Chin Hau Yui *(appointed on 15 May 2021)*	Member	0/0

Code of Conduct and Ethics

The Code of Ethics, serves as a road map to guide the Board in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. The Group has also in place the Code of Conduct for its employees which comprised all aspects of its day to day business operations.

Directors and employees of the Group are expected to perceive high standards of integrity and fair dealings in relation to clients, staff, management and regulators which the Group operates and ensure compliance with all applicable laws, rules and regulations. The Code of Conduct and Code of Ethics are available on the Company's website at www.acoustech.com.my.

Board Independence

The Board recognises the importance of independence and objectivity in its decision-making process which is in line with the MCCG. The assessment of independence (based on the criteria set out in the Listing Requirements) for the Independent Non-Executive Directors for the Group is conducted annually and incorporated in the questionnaires tailored for Independent Non-Executive Director.

The independence of the three Independent Non-Executive Directors remains valid as the Directors are not involved in any business, transactions or other relationships with the Group that jeopardizes the exercise of independent judgement and opinion.

Tenure of Independent Directors

One of the recommendations of the MCCG states that the tenure of an independent director should not exceed a cumulative term of 9 years. MCCG also requires that retention of an independent director having served in excess of 12 years be justified by the Board and obtains shareholders' approval on an annual basis through a two-tier voting process. However, the Nomination Committee and the Board have determined at their annual assessment determined that all the independent directors are objective and independent in expressing their views and in participating in deliberations and decision making of the Board and Board Committees. The length of their service on the Board does not in any way interfere with the exercise of independent judgement and their ability to act in the best interests of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Gender Diversity

The Board supports the gender boardroom diversity as recommended under the MCCG. The Board will review the appropriate proportion of female to male Directors on the Board at the time of considering appointment of new Directors to the Board. The Board has yet to adopt any formal boardroom diversity policy in the selection of new Board candidates and currently does not have specific policies on setting target for female candidates in the Group. Apart from gender boardroom diversity, the Board also supports diversity in ethnicity and age. The Board will review the appropriate proportion of the age group and ethnicity of Board members at the time of considering appointment of new Directors to the Board.

Appointments to the Board

The decision on new appointment of directors' rests with the Board after considering the recommendation of the Nomination Committee. In evaluating the suitability of candidates to the Board the Nomination Committee will consider certain criteria such as skills, knowledge, expertise, experience, integrity, commitment, background, boardroom diversity and the ability of the candidate to discharge his/her duties as expected.

Nomination of Board Members

The Group Nomination Committee is comprised of the following Directors:

Teo En Chie (Chairman) *(appointed on 15 May 2021)*	- Independent Non-Executive Director
Ng Lee Thin (Member) *(appointed on 15 May 2021)*	- Independent Non-Executive Director
Patrick Chin Hau Yui (Member) *(appointed on 15 May 2021)*	- Independent Non-Executive Chairman
Leong Ngai Seng (Chairman) *(resigned on 10 May 2021)*	- Non-Independent Non-Executive Chairman
Soon Kwai Choy (Member) *(resigned on 10 May 2021)*	- Independent Non-Executive Director
Koh Boon Huat (Member) *(resigned on 13 April 2021)*	- Independent Non-Executive Director

The Nomination Committee comprises exclusively of Non-Executive Directors, all of whom are Independent Directors.

During the financial year under review, the Committee met once to conduct the annual review on the Directors' core competencies, contribution, effectiveness, conducted a review on the independence of the independent directors, deliberated on the composition of the Board and Board Committees, deliberated on and recommended the re-election/re-appointment of Directors at AGM and reviewed the proposal for the appointment of a new Director and recommended the appointment to the Board.

Supply and Access of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties. At each Board meeting, the Managing Director briefs the Board on the Group's activities and operations. Directors have access to the advice and services of the Company Secretary and where necessary, obtain independent professional advise at the Group's expense.

Board Assessment

(a) On an annual basis, the performance of the Board and its members are evaluated on effectiveness in the following areas:

i. Board responsibilities
ii. Board composition
iii. Board remuneration
iv. Board Committees: evaluation and self-evaluation
v. Board conduct
vi. Board administration and process

(b) A set of questionnaires is given to Directors to complete. The questionnaire covers the following sections in respect of the financial year under review:

i. Independent Directors' Self-Assessment Form
ii. Directors' Evaluation Form
iii. Board Skills Matrix Form
iv. Board & Board Committee Evaluation Form

(c) The findings are as follows:

i. Subsequent to the performance assessment for 2020, the Board has concluded that the Board as a whole and its Committees function effectively. The Board is satisfied that each Director continues to contribute to the Board effectively, is well prepared and with knowledge of matters considered by the Board, has good insight of the Group's operations and financial matters. They remain committed to their responsibilities as Board members.
ii. The Directors are of opinion that Board meetings are convened with open and constructive communication, questioning, free expression of ideas and opinions to propagate meaningful discussions and decision making.

Re-election of Directors

In accordance with the Company's Constitution, one-third of the Directors are required to submit themselves for retirement by rotation at each AGM provided always that Directors shall retire from office at least once every three (3) years. Retiring Directors may offer themselves for re-election.

Directors who are appointed during the financial year are, in accordance with the Company's Constitution, required to retire at the AGM following their appointment but are eligible for re-election by the shareholders.

Succession Planning

The Board has put in place succession planning by seeking younger directors within the Board and senior management to assume greater responsibilities and different roles within the organisation. At the senior management level, young and designated aspiring executives were selected and exposed to current management practices where they were guided and mentored by senior staff through continuous on the job training and exposure.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Directors' Training

During the financial year ended 31 December 2020, the Directors have attended the following training programmes to further enhance their skills and knowledge to keep abreast with the latest regulatory changes relevant to the Company's business.

Directors	Training attended	Date
Leong Ngai Seng (resigned on 10 May 2021)	Latest updates on Listing Requirements & Corporate Governance Monitor Report 2020 and Risk & Continuity Strategy for Business Sustainability in challenging times	12 November 2020
Ong Li Tak	Latest updates on Listing Requirements & Corporate Governance Monitor Report 2020 and Risk & Continuity Strategy for Business Sustainability in challenging times	12 November 2020
Soon Kwai Choy (resigned on 10 May 2021)	Latest updates on Listing Requirements & Corporate Governance Monitor Report 2020 and Risk & Continuity Strategy for Business Sustainability in challenging times	12 November 2020
Ahmad Rahizal Bin Amb Dato' Ahmad Rasidi	In-House Awareness Programme on Corporate Liability - Section 17A, MACC Act 2019	5 February 2020
	Latest updates on Listing Requirements & Corporate Governance Monitor Report 2020 and Risk & Continuity Strategy for Business Sustainability in challenging times	12 November 2020
Koh Boon Huat (resigned on 13 April 2021)	Latest updates on Listing Requirements & Corporate Governance Monitor Report 2020 and Risk & Continuity Strategy for Business Sustainability in challenging times	12 November 2020

Remuneration Committee

The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages. Individual Directors are required to abstain from discussion on their own remuneration. The determination of the remuneration of Non-Executive Directors is a matter for the Board as a whole.

The members of the Remuneration Committee are as follows:

Teo En Chie (Chairman) *(appointed on 15 May 2021)*	- Independent Non-Executive Director
Ng Lee Thin (Member) *(appointed on 15 May 2021)*	- Independent Non-Executive Director
Patrick Chin Hau Yui (Member) *(appointed on 15 May 2021)*	- Independent Non-Executive Chairman
Koh Boon Huat (Chairman) *(resigned on 13 April 2021)*	- Independent Non-Executive Director
Leong Ngai Seng (Member) *(resigned on 10 May 2021)*	- Non-Independent Non-Executive Chairman
Soon Kwai Choy (Member) *(resigned on 10 May 2021)*	- Independent Non-Executive Director

During the financial year under review, the Committee met once to review the principles and guidelines on directors' remuneration adopted by the Board and the levels of remuneration applied.

Directors Remuneration

For the financial year ended 31 December 2020, the remuneration of the Directors are as follows:

	Basic Salary (RM'000)	Bonus (RM'000)	Fees (RM'000)	Other emoluments (RM'000)	Benefits-in kind (RM'000)	Total (RM'000)
Executive Director						
1. Ong Li Tak	387	-	42	57	24	510
2. Ahmad Rahizal Bin Amb Dato' Ahmad Rasidi	199	-	42	27	-	268
Non-Executive Director						
1. Leong Ngai Seng *(resigned on 10 May 2021)*	-	-	63	37	24	124
2. Soon Kwai Choy *(resigned on 10 May 2021)*	-	-	42	45	-	87
3. Koh Boon Huat *(resigned on 13 April 2021)*	-	-	42	37	-	79

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Key Senior Management's Remuneration

For the financial year ended 31 December 2020, the remuneration of the Key Senior Management's Remuneration in successive band of RM50, 000 are as follows:

Band	Number of Key Senior Management
RM150,000 – RM200,000	1
RM200,000 – RM250,000	1

Sustainability

Sustainability is encouraged within the Group's corporate culture. The Sustainability Statement of the Group for the reporting period January 2020 to December 2020 set out on page 42 of this Annual Report and explains the Group's practices, ideas and activities carried.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Management Committee

The Group Audit and Risk Management Committee comprise three Independent Non-Executive Directors of which the Chairman is Ms. Ng Lee Thin, a member of the Malaysian Institute of Accountants and fellow of Association of Chartered Certified Accountants, replace the former Chairman, Mr. Soon Kwai Choy, who is resigned on 10 May 2021. The Audit and Risk Management Committee carries the responsibilities as listed in Audit and Risk Management Committee Report on page 23 of the Annual Report.

Relationship with the External Auditors

The external auditors, BDO PLT have continued to report to members of the Company on their findings which are included as part of the Company's financial reports with respect to audit on the statutory financial statements. In doing so the Company has established a transparent arrangement with the auditors to meet their professional requirements.

Internal Control and Risk Management

The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Group's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

The Audit and Risk Management Committee summarises and communicates the key business risks to the Board for consideration and resolution. Internal audit activities are conducted and approved by the Audit and Risk Management Committee. The internal audit functions are carried out impartially, proficiently and with due professional care. Reports issued by the internal audit for the financial year under review were tabled at Audit and Risk Management Committee meetings. Management was present at such meetings to provide pertinent clarification or additional information to address questions raised by Audit and Risk Management Committee members.

The Statement of Risk Management and Internal Control of the Group are set out on pages 38 to 41 of the Annual Report.

Internal Audit Function

During the year, the Company has outsourced its Internal Audit function to Matrix Corporate Consultancy Sdn Bhd that reports directly to the Audit and Risk Management Committee. The internal audit function is described in the Audit and Risk Management Committee Report set out on page 23 to 25 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(continued)

Anti-Bribery and Anti-Corruption Policy

In line with the recent enforcement of Section 17A of the Malaysia Anti-Corruption Commission Act 2009 ("MACC Act") which takes effect on 1 June 2020, the Board had approved the Anti-Bribery and Anti-Corruption Policy in November 2020. The Group is committed to conduct business dealings with highest level of integrity and ethics and to comply fully with applicable laws and regulatory requirements on anti-corruption.

The Policy sets out the Group's policies to prevent acts of bribery and corruption. The Group has adopted a zero tolerance approach against all forms of bribery and corruptions and takes a strong stance against such acts.

The Anti-Bribery and Anti-Corruption Policy is published on the Company's website as www.acoustech.com.my

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

Financial Reporting

The Board aims to provide and present a balanced and clear assessment of the Group's financial performance and prospect primarily through the annual financial statements and quarterly report as well as announcements to the Bursa Malaysia. The Audit and Risk Management Committee assists the Board in scrutinizing information for disclosure to ensure compliance with accounting standard, accuracy, adequacy and completeness.

Corporate Disclosure Policies and Procedures

The Company ensure all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner.

The Company's quarterly interim financial results are released within two months from the end of each quarter. The Annual Report, which is the key communication channel between the Company and its shareholders, is published within four months after the financial year end. In respect of the Annual report for financial year ended 31 December 2020, the Government has given an extension of time of 1 months due to Covid-19 pandemic. The Annual Report provides an insightful analysis of the Group's performance, operations and prospect affecting shareholders' interest.

Relationship between the Company and shareholders

The Board of Directors recognizes the importance of communication and timely dissemination of information to shareholders. The Board believes in clear and regular communication with its shareholders and institutional investors. The Annual Report, announcements through Bursa LINK on financial results on a quarterly and other disclosures provide an avenue to disseminate information to the shareholders with an overview of the Group's performance and its business activities.

General Meetings serve as the principal forum for communicating with the shareholders of the Company. The Board encourages participation of shareholders at the General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals. In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions are voted by poll at General Meetings and the poll results are verified by independent scrutineer.

The Board intentionally allocates time for question and answer sessions during General Meetings.

The Company follows a continuous disclosure policy, making announcements to the Bursa Malaysia Securities Berhad when it becomes aware of information.

Shareholders and/or stakeholders are welcomed to raise queries by contacting the Executive Directors throughout the year. It is the intention of the Board to resume actively engaging the investing public via company's website, as and when appropriate and in line with Bursa Malaysia Securities Berhad's regulations, so as to ensure that the public is aware of significant developments.

Leverage on Information Technology for Effective Dissemination of Information

The Group maintains a corporate website at www.acoustech.com.my which serves as a forum for the general public to access information on the corporate information, annual reports, corporate announcements and subsidiary developments on the Group's website.

OTHER INFORMATION

Conflict of Interests

None of the Directors have any conflict of interests with the Company.

Utilisation of Proceeds

During the year, the Company issued 60,000,000 RCPS at RM0.10 per RCPS for a total of RM6,000,000. The status of utilisation of proceeds raised from RCPS as at 31 December 2020 is as follows:

Purpose	Proposed utilisation RM'000	Intended timeframe for utilisation	Amount raised RM'000	Actual utilisation RM'000	Balance to be raised RM'000
Financing for existing property development projects	48,000	Within 3 years	4,740	4,740	43,260
Financing for future property development projects	24,000	Within 3 years	-	-	24,000
Working capital	3,000	Within 3 years	-	-	3,000
Expenses relating to RCPS	5,000	Within 5 years	1,260	1,260	3,740
Total	**80,000**		**6,000**	**6,000**	**74,000**

Save for the above, there were no issuance of new shares, rights issue or issuance of bonds during the financial year.

Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or Management by relevant regulatory bodies during the financial year.

Share Buybacks

The Company did not acquire any of its own shares via share buy backs during the financial year.

Option, Warrants or Convertible Securities

On 6 March 2020, the Company announced its proposal to undertake the following:

(i) proposed issuance of up to 800,000,000 new 2% cumulative redeemable convertible preference shares in Acoustech ("RCPS") at an issue price of RM0.10 each ("RCPS Issue Price") ("Proposed Issuance of RCPS");

(ii) proposed amendments to the Constitution of the Company to facilitate the Proposed Issuance of RCPS ("Proposed Amendments of Constitution"); and

(iii) proposed bonus issue of up to 97,211,700 free warrants in Acoustech ("Warrants") on the basis of 1 Warrant for every 2 existing ordinary shares in Acoustech ("Acoustech Shares" or "Shares") held by the shareholders of Acoustech whose name appear in the record of securities holders established by Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") under the rules of Bursa Depository as issued pursuant to the Securities Industry (Central Depositories) Act 1991 ("SI(CD)/A") ("Record of Depositors") of the Company on a date to be determined and announced later by the Board ("Entitlement Date") ("Entitlement Shareholders") ("Proposed Bonus Issue of Warrants").

OTHER INFORMATION

(continued)

At the Extraordinary General Meeting held on 10 July 2020, all of the resolutions in respect of the said proposals were tabled and duly passed.

Subsequently, on 23 July 2020, the Company announced that the exercise price for the Warrants to be issued pursuant to the Bonus Issue of Warrants be fixed at RM0.29 per Warrant ("Exercise Price"). Further, on 24 July 2020, the Company announced that the Entitlement Date for the Warrants has been fixed at 5.00 p.m. on 7 August 2020.

Following the announced Entitlement Date, 97,211,694 Warrants have been listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m. on 17 August 2020, marking the completion of the Bonus Issue of Warrants.

During the year, the Company issued 60,000,000 Redeemable Convertible Preference Shares ("RCPS") at RM0.10 per RCPS for a total of RM6,000,000. The 60,000,000 RCPS were converted to 26,948,051 new ordinary shares before the year ended.

Save for the above, there were no other exercise of option, warrants or convertible securities during the financial year.

American Depository Receipts (ADR) and Global Depository Receipts (GDR)

The Company has not sponsored any ADR or GDR programme for the financial year.

Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to external auditors and its affiliated company during the financial year ended 31 December 2020 are as follow:

	Group RM	**Company RM**
Audit fees	81,300	36,300
Non-audit fees	3,200	3,200
Other services	4,200	4,200

Profit Estimates, Forecast or Projections

The Company did not make any release on profit estimates, forecast or projections during the financial year.

Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of financial year or which were entered into since the end of the previous financial period.

Related Party Transactions of a Revenue or Trading Nature

Details of transactions with related parties undertaken by the Group during the financial year under review are disclosed in Note 30 to the financial statements.

Contracts Relating to Loans

There was no contract relating to loans by the Company.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2020, which has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This statement outlines the nature and state of internal control of the Group (comprising the Company and its subsidiaries) during the financial year.

BOARD'S RESPONSIBILITY

The Board of Directors acknowledges its overall responsibility for maintaining a sound internal control system for the Group to safeguard the shareholder's investment and the Group's assets, and to discharge their stewardship responsibilities in identifying risks and ensuring the implementation of appropriate system to manage these risks in accordance with the best practices of the Malaysian Code on Corporate Governance.

The Board further recognizes its responsibility for reviewing the adequacy and integrity of the Group's internal control system and management information systems.

In view of the limitations that are inherent in any systems of internal control, the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process is in place to identify, evaluate and manage the significant risks that may affect the achievement of our business objectives. The process which has been instituted throughout the Group is updated and reviewed from time to time to be relevant to the changes in the business environment, and this on-going process has been in place for the whole financial year under review and up to the date of adoption of this Annual report.

RISK POLICY

Risk is a factor of every-day life and can never be eliminated completely. All employees must understand the nature of risk and accept responsibility for risks associated with their area of authority. The necessary support, assistance and commitment of senior management will be provided.

The policy forms part of the Group's internal control and governance arrangements.

Our risk management objectives are to:

1. Integrate risk management into the culture of the organization.
2. Manage risk in accordance with best practice and provide reasonable assurance regarding the achievement of the Group objective and maximize stakeholder's value.
3. Consider legal compliance as an absolute minimum.
4. Anticipate and respond quickly to social, environmental and legislative change.
5. Prevent injury and damage and reduce the cost of risk.
6. Raise awareness of the need for risk management.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

These objectives will be achieved by:

1. Establishing risk management framework to manage the risks associated with the Group's business activities.
2. Establishing a risk management organizational structure to act in an advisory and guiding capacity and which is accessible to all relevant parties.
3. Adopt processes, which demonstrate that risk management principles are being applied across the whole organization.
4. Provide training in risk awareness.
5. Maintain documented procedures for the control of risk and provision of suitable information, training and supervision.
6. Maintain an appropriate system for recording incidents and carrying out post event checks to ascertain causes and identify preventive measures against re-occurrence.
7. Devise and maintain contingency plans in key risk areas to secure business continuity where there is a potential for an event having a major impact upon the management ability to function.
8. Maintain effective communication and involvement of all staff and stakeholders.
9. Monitor arrangements on an ongoing basis.

The Group adopts the following Risk Management Framework which essentially links the Group's objectives and goals to principle risks. The principle risks are transformed into controls and opportunities that are translated to actions and programs.

RISK MANAGEMENT FRAMEWORK

Its key elements:

Risk Governance

- The Board of Directors (BOD)

  BOD is responsible for compliance with the Listing Requirements of Bursa Malaysia Securities Berhad by ensuring that a sound system of internal controls is maintained to safeguard shareholders' investment and the Group's assets. The BOD through an independent Board Audit and Risk Management Committee would ensure adherence to the Listing Requirements.

- Board Audit and Risk Management Committee (BAC)

  The BAC is to ensure that through risk assessment the significant risks are being identified and appropriate systems are implemented to manage the risks and the adequacy and the integrity of the internal controls are reviewed.

- Managing Director (MD)

  The MD is responsible for control and oversight over the implementation of the risk management process for the Group. The responsibility of implementing the risk management process lies with designated senior officers at the Group level and the subsidiaries level.

- Outsource Internal Auditor (OIA)

  OIA will be responsible for developing the framework and laying the groundwork for the successful implementation of the groupwide risk management process. OIA will also coordinate with the designated officers or their representatives to ensure a smooth implementation of the risk assessment exercise and act as a facilitator by recommending trainings and workshops for the operational/functional departments for the business units within the Group.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

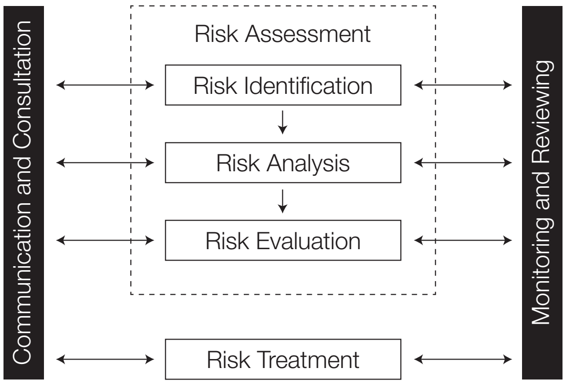
(continued)

Risk Assessment Process

The approach used to establish a framework for the group-wide risk management is the technique/methodology referred to as the Control Self-Assessment (CSA), which refers to the process whereby departments/business areas identify and evaluate controls within key functions/activities of their business processes. To assist the business/operating units to approach the exercise in a systematic manner, workshops were conducted for the representatives of the business/operating units to familiarize themselves with the concepts and the framework.

The CSA adopts both bottoms up & top down approach for operation and strategic risks respectively.

The Risk Assessment Process is as follows:



The process is an ongoing process for evaluating and managing the significant risks faced by the Group. This process includes updating the system of internal controls when there are changes to the business environment or regulatory guidelines.

Risk Guidelines

Risks have been defined, described and rated in the framework into 3 categories i.e. High, Medium & Low (H, M & L). The guidelines were duly approved and endorsed by the BAC and BOD.

Reporting

Managing Director/ Executive Director issue a Letter of Assurance addressed to BAC & BOD on an annual basis covering the CSA carried out by the division/operating/business units respectively.

Monitoring and Review

Risk management is a dynamic process and an update of the risk profiles are necessary and is an on-going process. Responsibility for monitoring compliance with policies, procedures, guidelines and legislation rests principally with the OIA, which directly reported to the BAC.

Heads of Divisions/Operating units/Business units are actively involved in continually improving the control processes within their respective division/units/department.

The re-assessments are performed annually to ensure proper management of business and operational risks and effectiveness of the control environment.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

(continued)

INTERNAL CONTROL FUNCTION

Key Processes

Salient features of the key processes of the system of internal control of the Group are as follows:

1. The management structure is well defined, with clear lines of authority and responsibility.
2. The Board continually assesses business performance and evaluates operation controls at all levels, and where necessary takes appropriate remedial action.
3. The Chairman updates the Board on industry trends, key customers and performance of various units within the Group, and the Board endorses responses taken.
4. Financial results are reviewed quarterly by the BAC and the Board and compared to budgets and forecasts.
5. Executive Directors and Heads of Departments meet to discuss operational, management issues, financial performance and indicators focusing on the evaluation of applicable risks.
6. Accounting procedures are communicated to staff at all levels.
7. The OIA which reports to the BAC performs reviews to assess the effectiveness of internal controls and to identify significant risks. The internal audit control assessment excludes the associate.
8. The BAC reviews actions taken on internal control issues raised by the OIA and ensures sufficient cooperation is rendered by employees in carrying out the plans.
9. Formal recruitment, training and development, and performance appraisals are in place to ensure and maintain the professionalism and competency of staff. The resources of the internal audit function and the necessary authority required by OIA officers to carry out their work are also kept in check to ensure smooth running.
10. The BAC reviews the Recurrent Related Party Transactions undertaken by the Group.
11. The Group had established a set of corporate values, ethical behaviour, and a guidance for quality products and services and these are set out in the Group's Employee Handbook.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of MMLR, the External Auditors have reviewed this Statement on Risk Management & Internal Control. As set out in their terms of engagement, the procedures were performed in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3") issued by Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the process the Directors have adopted in reviewing the adequacy and integrity of the system of internal control for the Group.

AAPG3 does not require the External Auditors to consider whether this Statement covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures.

Conclusion

The Board is of the view that the Group's system of internal control is generally satisfactory.

The cost of internal audit was RM21,000 during the financial year.

The Board has received assurance from the Managing Director that the Company'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.

The Board and Management will continue to take necessary measure to strengthen the control environment and monitor the effectiveness of the internal control framework of the Group.

SUSTAINABILITY STATEMENT

The future success of the Group will depend on the sustainability of its business and the ability of the Group to anticipate and overcome the various foreseeable risks and challenges.

(I) Governance Structure in Place

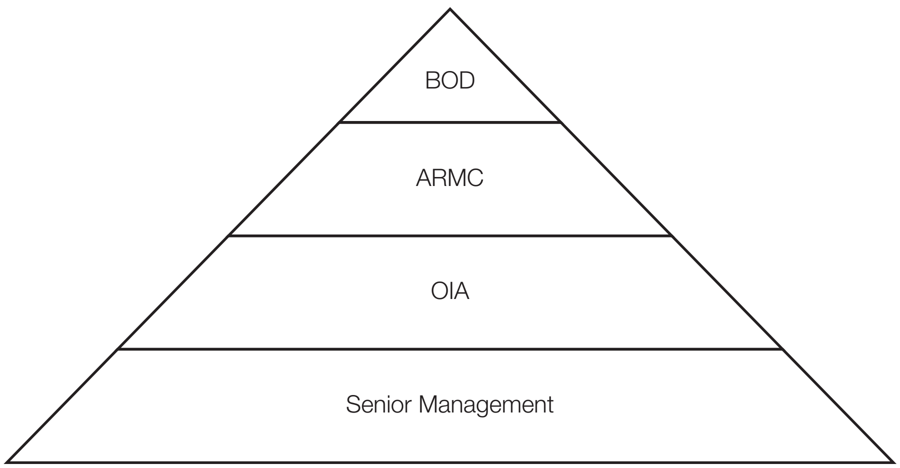
Reporting Structure

In addressing the key areas where the medium to long term sustainability of the Group's business is vital, the Group has in place the following functions and areas that addresses the issues.

Delegation of function

The Group recognises and is committed to uphold good corporate governance as it is an essential factor that has significant impact on sustainability of the Group's operations in the long run. In implementing the study on EE, the Group has delegated the relevant duties to senior management who are expected to provide necessary information and to work closely with the Group's Outsourced Internal Unit ("OIA") as the OIA is more independent and has been critical of the Group's internal controls and standards of operations. The findings and analysis of the key areas by OIA is furnished to Audit and Risk Management Committee ("ARMC") for deliberation before being forwarded to the Board of Directors ("BOD") in the form of enhanced advisory. The analysis and reporting are performed on a quarterly basis and may include or duplicate the typical scope of internal audit and risk management that are already part and parcel of the functions under OIA and ARMC.

The delegation of sustainability analysis and reporting chain is simplified into the following diagram.



The BOD peruse the findings and the advice of ARMC as additional input to remain informed of the Group's direction into the future and makes decisions taking into consideration the information. Decisions by the BOD in turn translate into instructions and actions to be executed by management and employees with the aim of achieving desired outcome.

SUSTAINABILITY STATEMENT

(continued)

Stakeholder Engagement

The Group comes into contact with various parties in carrying out its operations. Eight categories of stakeholders have been identified by the Group and the key engagements during 2020 in respect of each of those categories of stakeholders are summarised as follows:

Stakeholder	Key engagements in 2020	Frequency
Customers	After sales service. Defect liability period.	Ongoing Ongoing
Employees	Periodic discussions.	Ongoing
Shareholders	Annual General Meeting. Interim results.	Annually Quarterly
Investors and lenders	Meetings with investors/ funders Meetings with bankers.	Occasional Periodic
Government / regulators	Meetings. Written communication.	Regular Periodic
Local communities	Hosting of charity events.	Occasional
Consultants / Contractors	Meetings with consultants and contractors.	Regular
Media	Newspaper advertising	Occasional

(a) Charity

Whenever possible, the Group makes effort in hosting charities to aid those in need and those who are less fortunate. The Group believes in giving back to the society and empowering them however small to help them make another step forward in the society.

During the year, the Group donated to SJK(C) Pei Chih for the supply of mask and thermometer.

(b) Publicity and branding for the Group

The Group ventured into property development in 2015 via the acquisition of TESB and JMC. Over the years, the Group has since completed its maiden project, Senibong 88, which comprised 45 units of factories in Permas Jaya, completed construction of 5 blocks of dormitories in Bandar Baru Permas Jaya, Mukim of Plentong with a total of 240 units, and is preparing for handover of Phase 1 terrace factories in Desa 88 in Plentong, Johor Bahru. Phase 1 comprise 40 units of terrace factories. During the year, the Group launched Desa 88 Phase 2 which consist of 36 units of terrace factories.

During the year, the Group commenced construction of the 16-storey hotel known as Block A Hotel located at the site of the mixed development in the district of Melaka Tengah, Melaka. Having achieved approximately 23% completion, the Group anticipates the hotel's structure will be completed by second half of 2021.

Meanwhile, the Group's development rights and interest in a proposed block of 44-storey service apartments (Block C) at the same site in the district of Melaka Tengah, Melaka, acquired in 2018 vide a Development Rights Agreement entered with Jaya Mapan Sdn. Bhd. ("JMSB"), is set to take off in 2022. The proposed development represents the Group's first high rise residential project.

In Pasir Gudang, Johor, subsidiary TESB had initiated development of the proposed 66 units of double and three storey shop offices nestled within a matured and vibrant commercial centre. The earthworks for the project code-named Sentrio are expected to be complete by second quarter of 2021.

Sustainability Efforts Within Project

Amenities within project

The Group recognises the importance of security in any development. This factor alone is a significant consideration in the decision making of purchasers in selecting a property. At Senibong 88, the issue of security has been addressed from the onset with the project being designed as a gated and guarded commercial cum industrial development (“comdustrial”). Purchasers and visitors alike, would benefit from the security feature.

For employees of the companies operating at Senibong 88, the need for leisure is also important as their general welfare and happiness would contribute positively to their performance at work, to the advantage of the employers. To accomplish this, Senibong 88 was designed with generous sections of the land within the development earmarked for leisure purpose. Complete with benches and greeneries, the areas designated for leisure are for common use within Senibong 88 development.

Desa 88 factories are also designed with gated and guarded concept for added security to purchasers. For comfort, leisure and relaxation of the community, the project also offers greenfield among the pockets of land in between the factory units. For effective industrial operations, the factories are also equipped with high speed fibre optic internet connections.

The completed dormitories in Bandar Baru Permas Jaya, Mukim of Plentong are also based on gated and guarded concept. Amenities provided to the occupants of the dormitories includes a grocery mini mart, a barber shop, a convenient shop, telecommunication kiosks, a canteen and water dispenser machines.

The ongoing mixed development project in Kota Syahbandar Melaka, which includes high-rise apartments, hotel, shops and retail units presents the Group with realistic opportunity for the Group to yield results without gestation period as the authorities’ approvals have already been obtained. Although the Group is only involved in development of a block of apartments and a hotel, the Group enjoys the benefits arising from synergy of the two proposed components with the shared facilities such as the surface and elevated parking spaces, access to the courtyard and the retails spaces which are expected to attract visitors to the area. The amenities provided includes a dedicated swimming pool for the hotel, open area for alfresco dining, functions or events, and a courtyard that is designed to bring vibrant activities and life to the development. On premise of a good mix of business activities, the development will create an environment that enables a self-sustained living.

The project Sentrio in Plentong, Johor is nestled in a mature commercial environment. This could spur neighbour vibrancy as the new 66 units of double storey and three storey shop offices adds to the business activities in the vicinity and complements existing businesses and lifestyle.

Ensuring Development Projects are Not Overpriced

The cost of living and the costs of doing business in the country remains an on-going concern among purchasers in the purchase of Group’s property. The challenge of obtaining end financing still prevails. So as to enable the Group to meet its sales targets, the Group attempts its level best to price it projects on a demand basis and within the lower-mid range price band.

(II) Scope and Basis

The Group’s Sustainability Statement covers its operations at its Head Office in Petaling Jaya and its development and construction activities in Johor and Melaka. The elaboration of our projects is aimed at providing added information in relation to our sustainability performance. The Group’s sustainability Statement is guided by Bursa Malaysia Securities Berhad’s Sustainability Reporting Guide and premised upon the evaluation of the economic and environmental risks and opportunities coexistent with the Company’s corporate governance framework. The Group believes sustainable corporate success relies on high standard of corporate behaviour and taking into consideration public expectations on economic and environmental responsibilities.

SUSTAINABILITY STATEMENT

(continued)

(III) Material Sustainability Matters

In order to implement meaningful sustainability strategies, the Group depended on good understanding of our economic and environmental priority areas. By performing material assessments over the recent years, the key priority areas that are relevant to our business and stakeholders were outlined.

The following have been identified by the management as being key areas:-

Core areas

The Group's statement of sustainability emphasises on the following core areas:

(a) Economic
(b) Environmental

Collectively, the three core areas are referred to as the abbreviated EE, which affects the performance of the Group's operations, activities and initiatives.

(A) Economic:

Key Areas	Risks	Action Plans
Targeted completion date and obtaining Certificate of Completion and Compliance on schedule	Poor monitoring of project to ensure timely delivery and contractor not able to complete on time.	Management attempts to mitigates such risk by working closely with contractors and subcontractors to identify areas that require resolution. The Group has in place a periodic tracking system to monitor progress report at the development site. Only qualified and competent contractors are selected or replaced if necessary.
Market Demand and Costs Uncertainty	Inability to forecast market demand and pricing sensitivity which may lead to loss of business opportunity, disruptions to operations, financial and non–financial losses, poor property sale and subsequent cash flow difficulty.	The Group undertakes market studies and thorough evaluations with external property agents to understand market sentiments. The Group typically undertakes a joint venture with third parties to mitigate carrying-cost financial risk. Construction costs are negotiated well and on fixed price basis in advance to mitigate future fluctuations.
Change in administrative policies	Changes due to regulatory requirements and quota policy which will affect the sale price and inability to secure timely approvals.	The Group will constantly engage with the local regulatory authorities to address issues as and when it arises and devise contingency plans.
Insufficient land bank	Due to completion of existing projects and inability to secure new land bank due to high price of development land and strong competition.	The Group mitigates such risk by seeking to joint venture instead of undertaking outright purchases. This will reduce holding costs.

SUSTAINABILITY STATEMENT

(continued)

(B) Environmental:

Key Areas	**Risks**	**Action Plans**
Rapid urbanisation and growing emphasis for consideration on environmental impact of new developments	Reduction of forested areas or urbanisation of areas brings about negative environmental repercussions.	The Group constantly seeks innovative designs and construction approach that are functional, contemporary and aesthetic but yet environmental friendly. Initiatives such as incorporation of systematic garbage disposal system, rain harvesting systems and preservation of fauna and flora within a development are considered at the planning and design stage of each development. Such features are incorporated into the developments if they are within the feasibility of projects concerned. <u>Incorporation of energy efficient innovations</u> As consumer lifestyles changes along with trends and unrestricted flow of information on technology, the Group takes into consideration during its product planning and design stage enhancements such as motion sensing switches, one of the latest energy saving electrical devices and setups that could help lower the power consumption for the completed property. Such energy efficient features offer long term savings for the purchasers. <u>Emphasis on green concept</u> Apart from our projects, the Group also occasionally organises environmental-themed and eco-friendly events such as tree-planting to increase the number of trees in public locations in its effort to improve carbon dioxide absorption, for shade and cooling reasons and for landscape aesthetics purposes.

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 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and details of the subsidiaries are disclosed in Note 10 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Loss for the financial year	28,034,634	24,880,651
Loss attributable to owners of the parent	28,034,634	24,880,651

DIVIDEND

No dividend has been paid, declared, or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the total number of issued ordinary shares of the Company was increased from 194,535,240 to 221,483,291 by way of conversion of 60,000,000 redeemable convertible preference shares to 26,948,051 new ordinary shares.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

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

TREASURY SHARES

There were no issuance and repayment of debt and equity securities, share cancellations and resale of treasury shares during the financial year.

Further relevant details are disclosed in Note 18 to the financial statements.

WARRANTS 2020/2025

On 12 August 2020, the Company issued 97,211,694 free warrants on the basis of one (1) warrant for every two (2) existing ordinary shares.

The warrants were constituted under the Deed Poll dated 23 July 2020. No warrants were exercised during the financial year and the total number of warrants that remain unexercised is 97,211,694.

The salient terms of the Warrants are disclosed in the Note 20 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Acoustech Berhad

Leong Ngai Seng	(Resigned on 10 May 2021)
Ong Li Tak	
Ahmad Rahizal Bin Amb Dato' Ahmad Rasidi	
Soon Kwai Choy	(Resigned on 10 May 2021)
Yee Wei Meng	(Appointed on 2 April 2021)
Koh Boon Huat	(Resigned on 13 April 2021)
Patrick Chin Hau Yui	(Appointed on 15 May 2021)
Tee Kuan Hong	(Appointed on 15 May 2021)
Teo En Chie	(Appointed on 15 May 2021)
Ng Lee Thin	(Appointed on 15 May 2021)

Subsidiaries of Acoustech Berhad

Leong Ngai Seng
Ong Li Tak
Tee Kuan Hong

DIRECTORS' REPORT

(continued)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
Shares in the Company	**Balance as at 1.1.2020**	**Bought**	**Sold**	**Balance as at 31.12.2020**
Direct interests				
Leong Ngai Seng	4,545,956	1,000,000	(1,400,000)	4,145,956
Soon Kwai Choy	400,000	-	-	400,000
Ong Li Tak	700,400	-	-	700,400
Indirect interests				
Leong Ngai Seng	28,468,186	-	-	28,468,186
Soon Kwai Choy*	610,000	-	-	610,000

	Number of warrants			
Warrants in the Company	**Balance as at 1.1.2020**	**Allotted**	**Sold**	**Balance as at 31.12.2020**
Direct interests				
Leong Ngai Seng	-	2,072,978	-	2,072,978
Soon Kwai Choy	-	200,000	-	200,000
Ong Li Tak	-	350,200	-	350,200
Indirect interests				
Leong Ngai Seng	-	14,234,093	-	14,234,093
Soon Kwai Choy*	-	305,000	-	305,000

* *Deemed interests through spouse's shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.*

By virtue of Leong Ngai Seng's substantial interest in the shares of the Company, he is deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
(continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the transactions entered into in the ordinary course of business with companies in which the Directors of the Company have substantial financial interests as disclosed in Note 30 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

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

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS OR AUDITORS

There were no indemnity given to or insurance effected for the Directors or officers and auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

   (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature except for the effects arising from the following:

   (i) the Group's results were affected by impairment losses on goodwill, property development costs, amounts owing by an associate and other receivables as disclosed in Note 9, Note 12(f), Note 14(m) and Note 14(n) to the financial statements respectively;

   (ii) the Group's results were affected by the fair value adjustment on investment property as disclosed in Note 8 to the financial statements; and

   (iii) the Company's results were affected by impairment losses on investment in a subsidiary and amounts owing by subsidiaries, as disclosed in Note 10 and Note 14(m) to the financial statements respectively.

DIRECTORS' REPORT

(continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(c) The Directors are not aware of any circumstances:

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

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen any item, transaction or event of a material and unusual nature likely 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; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the abilities of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 33 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event subsequent to the end of the reporting period is disclosed in Note 34 to the financial statements.

DIRECTORS' REPORT
(continued)

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), retire and do not seek for re-appointment.

The details of the auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 are disclosed in Note 26 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors.

....	....
Yee Wei Meng	**Ong Li Tak**
Director	Director

Johor Bahru
27 May 2021

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 60 to 113 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

....
Yee Wei Meng
Director

....
Ong Li Tak
Director

Johor Bahru
27 May 2021

STATUTORY DECLARATION

I, Ong Li Tak, being the Director primarily responsible for the financial management of Acoustech Berhad, do solemnly and sincerely declare that the financial statements set out on pages 60 to 113 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Johor Bahru, Johor this)
27 May 2021)

Ong Li Tak

Before me:

INDEPENDENT AUDITORS' REPORT

to the members of Acoustech Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Acoustech Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 113.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Key Audit Matters of the Group

(a) Impairment assessment of the carrying amounts of goodwill

As at 31 December 2020, the net carrying amounts of goodwill of the Group amounted to RM19,469,424 as disclosed in Note 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining their recoverable amounts. In this instance, the recoverable amounts are based on their value-in-use. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate.

INDEPENDENT AUDITORS' REPORT

to the members of Acoustech Berhad (Incorporated in Malaysia) (continued)

Key Audit Matters (continued)

Key Audit Matters of the Group (continued)

(a) Impairment assessment of the carrying amounts of goodwill (continued)

Audit response

Our audit procedures included the following:

(i) compared cash flow projections against recent performance and assessed and evaluated the assumptions used in the projections by comparing to actual historical operating profit margins and growth rates;

(ii) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;

(iii) evaluated gross profit margins and growth rates to support the key assumptions used in the cash flow projections;

(iv) evaluated the reasonableness of the pre-tax discount rate by comparing to market data and relevant risk factors; and

(v) performed sensitivity analysis to stress test the key assumptions in the impairment model.

(b) Revenue and costs recognition for contracts with customers

Revenue and cost of sales of the Group recognised over time for the financial year ended 31 December 2020 amounted to RM5,186,036 and RM3,782,201 as disclosed in Note 23 and Note 24 to the financial statements respectively.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations. The Group also estimates total contract costs in applying the input method to recognise revenue over time.

Audit response

Our audit procedures included the following:

(i) reviewed the terms and conditions of the sales transactions to determine that revenue recognised conforms with the Group policies and the requirements of MFRS 15 *Revenue from Contracts with Customers*;

(ii) evaluated the appropriateness of the management's estimate of budgeted costs to be incurred by comparing historical budgets to actual costs incurred to assess the reliability of management's budgeting process and controls;

(iii) assessed revenue from property development revenue recognition to determine that revenue is properly recognised in the current accounting period based on verified actual costs incurred to-date and budgeted costs;

(iv) compared estimated total cost to actual outcomes to assess the reliability of management's budgeting process; and

(v) performed site visits to assess the status of the property development.

INDEPENDENT AUDITORS' REPORT

to the members of Acoustech Berhad (Incorporated in Malaysia) (continued)

Key Audit Matters (continued)

Key Audit Matters of the Company

(a) Impairment assessment of the carrying amounts of investment in a subsidiary

As at 31 December 2020, the net carrying amounts of investments in subsidiaries amounted to RM71,242,758 as disclosed in Note 10 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining their recoverable amounts. In this instance, the recoverable amounts are based on their value-in-use. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

(i) compared cash flow projections against recent performance and assessed and evaluated the assumptions used in the projections by comparing to actual historical operating profit margins and growth rates;

(ii) compared prior period budgets to actual outcomes to assess reliability of management's forecasting process;

(iii) evaluated gross profit margins and growth rates to support the key assumptions used in the cash flow projections;

(iv) evaluated the reasonableness of the pre-tax discount rate by comparing to market data and relevant risk factors; and

(v) performed sensitivity analysis to stress test the key assumptions in the impairment model.

(b) Impairment assessment of amounts owing by subsidiaries

As at 31 December 2020, the net carrying amounts of amounts owing by subsidiaries of the Company amounted to RM7,053,330, as disclosed in Note 14 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by subsidiaries, appropriate forward looking information and significant increase in credit risk.

Audit response

Our audit procedures included the following:

(i) recomputed probability of default using historical data and forward looking information applied by the Company;

(ii) evaluated management's basis for determining cash flows recoverable, where applicable; and

(iii) performed sensitivity analysis to stress test the key assumptions in the impairment model.

INDEPENDENT AUDITORS' REPORT

to the members of Acoustech Berhad (Incorporated in Malaysia) (continued)

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 or conclusion thereon.

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

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

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

to the members of Acoustech Berhad (Incorporated in Malaysia) (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

(d) 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.

(e) 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.

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

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

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

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

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.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Francis Cyril A/L S.R Singam
03056/04/2023 J
Chartered Accountant

Kuala Lumpur
27 May 2021

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	6	700,201	946,385	2,876	181,051
Right-of-use assets	7	1,692,402	1,029,196	202,387	390,616
Investment property	8	4,091,322	2,500,000	-	-
Goodwill	9	19,469,424	21,469,424	-	-
Investments in subsidiaries	10	-	-	71,242,758	86,182,760
Investment in an associate	11	1,093,807	48,339	2,400,000	-
Other receivables	14	-	2,605,535	7,053,330	10,212,451
		27,047,156	28,598,879	80,901,351	96,966,878
Current assets					
Inventories	12	90,361,975	83,811,684	-	-
Trade and other receivables	14	7,016,570	15,482,440	25,508	3,519,054
Contract assets	15	65,075	784,704	-	-
Current tax assets		323,409	232,117	242	200
Cash and bank balances	16	1,150,177	2,269,416	121,555	1,642
		98,917,206	102,580,361	147,305	3,520,896
TOTAL ASSETS		125,964,362	131,179,240	81,048,656	100,487,774

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020 (continued)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	17	105,502,858	99,502,858	105,502,858	99,502,858
Treasury shares	18	(92,187)	(92,187)	(92,187)	(92,187)
(Accumulated loss)/Retained earnings		(26,457,548)	1,577,086	(25,649,326)	(768,675)
TOTAL EQUITY		78,953,123	100,987,757	79,761,345	98,641,996
LIABILITIES					
Non-current liabilities					
Borrowings	21	8,298,206	15,875,970	-	-
Lease liabilities	7	1,474,307	761,471	273,294	356,250
Deferred tax liabilities	13	9,250	739,571	306,223	739,571
		9,781,763	17,377,012	579,517	1,095,821
Current liabilities					
Trade and other payables	22	26,989,679	10,303,798	624,838	635,029
Contract liabilities	15	655,661	1,355,141	-	-
Lease liabilities	7	348,544	316,460	82,956	114,928
Current tax liabilities		158,801	298,902	-	-
Borrowings	21	9,076,791	540,170	-	-
		37,229,476	12,814,471	707,794	749,957
TOTAL LIABILITIES		47,011,239	30,191,483	1,287,311	1,845,778
TOTAL EQUITY AND LIABILITIES		125,964,362	131,179,240	81,048,656	100,487,774

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Revenue	23	5,186,036	15,017,246	-	-
Cost of sales	24	(3,782,201)	(10,018,730)	-	-
Gross profit		1,403,835	4,998,516	-	-
Other income		788,628	1,390,264	328,540	473,365
Selling and distribution costs		(334,011)	(312,505)	-	-
Administrative expenses		(26,171,722)	(5,285,795)	(23,450,856)	(2,340,463)
Other expenses		(2,690,295)	(1,367,514)	(2,070,437)	(1,039,983)
Finance costs	25	(184,337)	(146,056)	(121,246)	(32,971)
Share of (loss)/profit of an associate, net of tax	11	(1,354,532)	48,339	-	-
Loss before tax	26	(28,542,434)	(674,751)	(25,313,999)	(2,940,052)
Taxation	27	507,800	(911,391)	433,348	(113,608)
Loss for the financial year		(28,034,634)	(1,586,142)	(24,880,651)	(3,053,660)
Other comprehensive income		-	-	-	-
Total comprehensive loss, net of tax		(28,034,634)	(1,586,142)	(24,880,651)	(3,053,660)
Loss attributable to owners of the parent		(28,034,634)	(1,586,142)	(24,880,651)	(3,053,660)
Loss per ordinary share attributable to equity holders of the Company (sen)					
- Basic	28	(13.98)	(0.82)		
- Diluted	28	(13.98)	(0.82)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2020

		Non-distributable			Distributable	
Group	**Note**	**Share capital RM**	**Redeemable convertible preference shares RM**	**Treasury shares RM**	**Retained earnings RM**	**Total equity RM**
Balance as at 1 January 2019		99,502,858	-	(92,187)	3,163,228	102,573,899
Loss for the financial year		-	-	-	(1,586,142)	(1,586,142)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(1,586,142)	(1,586,142)
Balance as at 31 December 2019/ Balance as at 1 January 2020		99,502,858	-	(92,187)	1,577,086	100,987,757
Loss for the financial year		-	-	-	(28,034,634)	(28,034,634)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(28,034,634)	(28,034,634)
Transactions with owners						
Issuance of redeemable convertible preference shares	19	-	6,000,000	-	-	6,000,000
Conversion of redeemable convertible preference shares	19	6,000,000	(6,000,000)	-	-	-
Total transactions with owners		6,000,000	-	-	-	6,000,000
Balance as at 31 December 2020		105,502,858	-	(92,187)	(26,457,548)	78,953,123

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2020 (continued)

		← Non-distributable		→	Distributable	
Company	Note	Share capital RM	Redeemable convertible preference shares RM	Treasury shares RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2019		99,502,858	-	(92,187)	2,284,985	101,695,656
Loss for the financial year		-	-	-	(3,053,660)	(3,053,660)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(3,053,660)	(3,053,660)
Balance as at 31 December 2019/ Balance as at 1 January 2020		99,502,858	-	(92,187)	(768,675)	98,641,996
Loss for the financial year		-	-	-	(24,880,651)	(24,880,651)
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive loss		-	-	-	(24,880,651)	(24,880,651)
Transactions with owners						
Issuance of redeemable convertible preference shares	19	-	6,000,000	-	-	6,000,000
Conversion of redeemable convertible preference shares	19	6,000,000	(6,000,000)	-	-	-
Total transactions with owners		6,000,000				6,000,000
Balance as at 31 December 2020		105,502,858	-	(92,187)	(25,649,326)	79,761,345

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before tax		(28,542,434)	(674,751)	(25,313,999)	(2,940,052)
Adjustments for:					
Depreciation of property, plant and equipment	6	125,856	154,348	32,335	51,418
Depreciation of right-of-use assets	7	391,467	394,976	188,229	273,826
Fair value adjustment on investment property	8	1,308,678	-	-	-
Interest expense	25	156,479	139,387	120,929	32,689
Interest income from an associate	26	-	(171,503)	-	(171,503)
Interest income from subsidiaries	26	-	-	(325,135)	(301,862)
Impairment losses on:					
- goodwill	9	2,000,000	-	-	-
- other receivables	14(n)	529,915	600,000	-	-
- amounts owing by subsidiaries	14(m)	-	-	2,945,807	210,754
- amounts owing by an associate	14(m)	2,605,535	-	2,605,535	-
- investment in a subsidiary	10(f)	-	-	15,940,000	30,000
- property development costs	12(f)	14,427,638	-	-	-
Property, plant and equipment written off	6	146,576	67,355	145,840	-
Reversal of impairment losses on:					
- trade receivables	14(f)	-	(2,181)	-	-
- other receivables	14(n)	-	(1,000,000)	-	-
- amounts owing by a subsidiary	14(m)	-	-	(1,365)	-
Share of loss/(profit) of an associate, net of tax	11(d)	1,354,532	(48,339)	-	-
Operating loss before changes in working capital		(5,495,758)	(540,708)	(3,661,824)	(2,814,730)
Changes in working capital:					
Inventories		(20,082,080)	(12,042,324)	-	-
Trade and other receivables		7,935,955	12,995,278	2,419,308	186,058
Contract assets		719,629	2,957,294	-	-
Trade and other payables		16,685,881	(3,254,564)	(10,191)	(110,835)
Contract liabilities		(699,480)	(3,444,689)	-	-
Cash used in operations		(935,853)	(3,329,713)	(1,252,707)	(2,739,507)
Tax paid		(722,593)	(483,190)	(42)	(200)
Tax refunded		268,679	1,010,725	-	564
Net cash used in operating activities		(1,389,767)	(2,802,178)	(1,252,749)	(2,739,143)

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2020 (continued)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Additional investments in:					
- associate	11(c)	(2,400,000)	-	(2,400,000)	-
- subsidiaries	10(d)	-	-	(999,998)	(1)
Advances to an associate		-	(1,751,503)	-	(1,751,503)
Interest income from an associate		-	171,503	-	171,503
Interest income from subsidiaries		-	-	325,135	301,862
Purchase of:					
- investment property	8	(2,900,000)	-	-	-
- property, plant and equipment	6	(26,248)	(583,079)	-	(2,749)
(Advances)/Repayments from subsidiaries		-	-	(1,316,618)	4,215,008
Net cash (used in)/from investing activities		(5,326,248)	(2,163,079)	(4,391,481)	2,934,120
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash payments on right-of-use assets	7(d)	(34,290)	-	-	-
Drawdown of bank loans		6,145,148	10,456,293	-	-
Proceeds from issuance of RCPS	19	6,000,000	-	6,000,000	-
Payment of lease liabilities	7	(376,245)	(355,799)	(133,567)	(220,238)
Repayments of bank loans		(5,186,291)	(6,848,744)	-	-
Interest paid		(951,546)	(991,666)	(102,290)	-
Net cash from/(used in) financing activities		5,596,776	2,260,084	5,764,143	(220,238)
Net decrease in cash and cash equivalents		(1,119,239)	(2,705,173)	119,913	(25,261)
Cash and cash equivalents at beginning of financial year		2,269,416	4,974,589	1,642	26,903
Cash and cash equivalents at end of financial year	16	1,150,177	2,269,416	121,555	1,642

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2020 (continued)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	**Lease liabilities (Note 7) RM**	**Bank loans (Note 21) RM**
At 1 January 2020	1,077,931	16,416,140
Cash flows	(376,245)	(5,186,291)
Non cash flows		
- Additions	1,020,383	6,145,148
- Unwinding interest	100,782	-
At 31 December 2020	1,822,851	17,374,997
At 1 January 2019	808,108	12,808,591
Cash flows	(355,799)	3,607,549
Non-cash flows:		
- Additions	567,829	-
- Unwinding of interest	57,793	-
At 31 December 2019	1,077,931	16,416,140
Company		
At 1 January 2020	471,178	-
Cash flows	(133,567)	-
Non cash flows		
- Unwinding interest	18,639	-
At 31 December 2020	356,250	-
At 1 January 2019	628,655	-
Cash flows	(220,238)	-
Non-cash flows:		
- Additions	30,072	-
- Unwinding of interest	32,689	-
At 31 December 2019	471,178	-

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE INFORMATION

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

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at L2-01, No. 56, Jalan Setia Tropika 1/14, Taman Setia Tropika, 81200 Johor Bahru, Johor, Malaysia.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the Company and its subsidiaries and the interests of the Group in an associate. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 27 May 2021.

2. PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities and details of the subsidiaries are disclosed in Note 10 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 4 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

Notwithstanding that the Company had incurred a loss of RM24,880,651 for the financial year ended 31 December 2020 and as of that date, the current liabilities of the Company exceeded its current assets by RM560,489, the Directors consider that it is appropriate to prepare the financial statements of the Company on a going concern basis as the Company has carried out a cash flow review for the next twelve (12) months to ensure that the business operations have sufficient available funds to meet their obligations as and when they fall due.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

4.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

4.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendment to MFRS 16 *Covid-19-Related Rent Concessions*	1 June 2020
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*	1 April 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Disclosure of Accounting Policies (Amendment to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
Definition of Accounting Estimates (Amendment to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, since the effects would only be observable in future financial years.

5. OPERATING SEGMENTS

Acoustech Berhad and its subsidiaries are principally engaged in developing properties and construction.

Acoustech Berhad has arrived at two (2) (2019: two (2)) reportable segments that are organised and managed separately according to the business segments, which requires different business and marketing strategies. The reportable segments are summarised as follows:

(i) Property development and construction division

Developing of properties, securing and carrying out construction contracts.

(ii) Investment holding division

Investing activities where investments contribute dividend income and interest income as well as sharing of results of the investee companies.

Segment performance is evaluated based on operating profit, excluding non-recurring losses, and in certain aspect as explained in the table below, it is measured differently from operating profit in consolidated financial statements.

Inter-segment revenue is carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

Segment assets exclude tax assets, investments and assets used primarily for corporate purposes.

Segment liabilities exclude tax liabilities. Details are provided in the reconciliations from segment assets and liabilities to the financial position of the Group.

No geographical segment analysis is reported as the Group only operates in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

5. OPERATING SEGMENTS (continued)

2020	Property development and construction division RM	Investment holding division RM	Total RM
Revenue			
Total revenue	14,152,389	-	14,152,389
Inter-segment revenue	(8,966,353)	-	(8,966,353)
Revenue from external customers	5,186,036	-	5,186,036
Interest expense	(137,840)	(18,639)	(156,479)
Results			
Segment loss before tax	(18,535,500)	(10,006,934)	(28,542,434)
Assets			
Segment assets	124,194,820	1,446,133	125,640,953
Liabilities			
Segment liabilities	45,862,100	981,088	46,843,188
Other information			
Capital expenditure	26,248	-	26,248
Depreciation of property, plant and equipment	93,521	32,335	125,856
Depreciation of right-of-use assets	203,238	188,229	391,467
Fair value adjustment on investment property	1,308,678	-	1,308,678
Impairment loss on:			
- amounts owing by an associate	-	2,605,535	2,605,535
- goodwill	-	2,000,000	2,000,000
- property development costs	14,427,638	-	14,427,638
- other receivables	529,915	-	529,915
Property, plant and equipment written off	-	145,840	145,840

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

5. OPERATING SEGMENTS (continued)

2019	Property development and construction division RM	Investment holding division RM	Total RM
Revenue			
Total revenue	15,017,246	-	15,017,246
Inter-segment revenue	-	-	-
Revenue from external customers	15,017,246	-	15,017,246
Interest income	-	171,503	171,503
Interest expense	(106,698)	(32,689)	(139,387)
Net interest (expense)/income	(106,698)	138,814	32,116
Results			
Segment profit/(loss) before tax	2,278,071	(2,952,822)	(674,751)
Assets			
Segment assets	125,275,124	5,671,999	130,947,123
Liabilities			
Segment liabilities	28,046,803	1,106,207	29,153,010
Other information			
Capital expenditure	580,330	2,749	583,079
Depreciation of property, plant and equipment	102,930	51,418	154,348
Depreciation of right-of-use assets	121,150	273,826	394,976
Impairment loss on other receivables	600,000	-	600,000
Reversal of impairment loss on other receivables	(1,000,000)	-	(1,000,000)

5. OPERATING SEGMENTS (continued)

Reconciliations of reportable profit or loss, assets and liabilities to the Group's corresponding amounts are as follows:

	2020 RM	2019 RM
Loss for the financial year		
Total loss before tax for reportable segments	(28,542,434)	(674,751)
Taxation	507,800	(911,391)
Loss for the financial year	(28,034,634)	(1,586,142)
Assets		
Total assets for reportable segments	125,640,953	130,947,123
Current tax assets	323,409	232,117
Group's assets	125,964,362	131,179,240
Liabilities		
Total liabilities for reportable segments	46,843,188	29,153,010
Current tax liabilities	158,801	298,902
Deferred tax liabilities	9,250	739,571
Group's liabilities	47,011,239	30,191,483

Major customer

No major customer with revenue equal or more than ten percent (10%) of Group revenue.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

6. PROPERTY, PLANT AND EQUIPMENT

Group 2020	Balance as at 1.1.2020 RM	Additions RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2020 RM
Carrying amount					
Office equipment	97,984	8,099	(1,558)	(13,853)	90,672
Furniture and fittings	344,412	8,300	(14,386)	(51,243)	287,083
Motor vehicles	17,050	-	-	(2,200)	14,850
Renovations and installations	377,153	-	(130,632)	(40,318)	206,203
Signboard	13,750	-	-	(1,500)	12,250
Computers	96,036	9,849	-	(16,742)	89,143
	946,385	26,248	(146,576)	(125,856)	700,201

	At 31.12.2020		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment	125,983	(35,311)	90,672
Furniture and fittings	396,814	(109,731)	287,083
Motor vehicles	22,000	(7,150)	14,850
Renovations and installations	253,983	(47,780)	206,203
Signboard	15,000	(2,750)	12,250
Computers	182,931	(93,788)	89,143
	996,711	(296,510)	700,201

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2019	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Written off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2019 RM
Carrying amount						
Office equipment	116,385	-	17,432	(17,262)	(18,571)	97,984
Furniture and fittings	66,974	-	333,370	(635)	(55,297)	344,412
Motor vehicles	705,697	(686,447)	-	-	(2,200)	17,050
Renovations and installations	302,235	-	150,973	(24,624)	(51,431)	377,153
Signboard	-	-	15,000	-	(1,250)	13,750
Computers	80,165	-	66,304	(24,834)	(25,599)	96,036
	1,271,456	(686,447)	583,079	(67,355)	(154,348)	946,385

	At 31.12.2019 Cost RM	Accumulated depreciation RM	Carrying amount RM
Office equipment	125,112	(27,128)	97,984
Furniture and fittings	474,828	(130,416)	344,412
Motor vehicles	22,000	(4,950)	17,050
Renovations and installations	477,802	(100,649)	377,153
Signboard	15,000	(1,250)	13,750
Computers	173,082	(77,046)	96,036
	1,287,824	(341,439)	946,385

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2020	**Balance as at 1.1.2020 RM**	**Written off RM**	**Depreciation charge for the financial year RM**	**Balance as at 31.12.2020 RM**
Carrying amount				
Office equipment	4,642	(822)	(2,669)	1,151
Furniture and fittings	28,211	(14,386)	(13,053)	772
Renovations and installations	145,553	(130,632)	(14,921)	-
Computers	2,645	-	(1,692)	953
	181,051	(145,840)	(32,335)	2,876

	Cost RM	**At 31.12.2020 Accumulated depreciation RM**	**Carrying amount RM**
Office equipment	10,223	(9,072)	1,151
Furniture and fittings	7,724	(6,952)	772
Computers	29,522	(28,569)	953
	47,469	(44,593)	2,876

Company 2019	**Balance as at 1.1.2019 RM**	**Effect of adoption of MFRS 16 RM**	**Additions RM**	**Depreciation charge for the financial year RM**	**Balance as at 31.12.2019 RM**
Carrying amount					
Office equipment	7,622	-	-	(2,980)	4,642
Furniture and fittings	47,019	-	-	(18,808)	28,211
Motor vehicles	505,873	(505,873)	-	-	-
Renovations and installations	167,935	-	-	(22,382)	145,553
Computers	7,144	-	2,749	(7,248)	2,645
	735,593	(505,873)	2,749	(51,418)	181,051

	Cost RM	**At 31.12.2019 Accumulated depreciation RM**	**Carrying amount RM**
Office equipment	14,902	(10,260)	4,642
Furniture and fittings	94,038	(65,827)	28,211
Renovations and installations	223,819	(78,266)	145,553
Computers	29,522	(26,877)	2,645
	362,281	(181,230)	181,051

6. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

(b) Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry within which the Group operates. The principal depreciation rates are as follows:

Office equipment	10% - 20%
Furniture and fittings	10% - 20%
Motor vehicles	10% - 20%
Renovations and installations	10%
Signboard	10%
Computers	10% - 33%

7. LEASES

The Group and the Company as lessee

Group

(i) Right-of-use assets

Carrying amount	Balance as at 1.1.2020 RM	Additions RM	Depreciation RM	Balance as at 31.12.2020 RM
Office buildings	519,116	483,783	(201,890)	801,009
Motor vehicles	510,080	570,890	(189,577)	891,393
	1,029,196	1,054,673	(391,467)	1,692,402

Carrying amount	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Depreciation RM	Balance as at 31.12.2019 RM
Office buildings	-	120,697	617,028	(218,609)	519,116
Motor vehicles	-	686,447	-	(176,367)	510,080
	-	807,144	617,028	(394,976)	1,029,196

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

7. LEASES (continued)

The Group and the Company as lessee (continued)

Group (continued)

(ii) Lease liabilities

Carrying amount	Balance as at 1.1.2020 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2020 RM
Office buildings	487,577	478,383	(238,410)	74,408	801,958
Motor vehicles	590,354	542,000	(137,835)	26,374	1,020,893
	1,077,931	1,020,383	(376,245)	100,782	1,822,851

Carrying amount	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2019 RM
Office buildings	-	103,697	567,829	(207,005)	23,056	487,577
Motor vehicles	-	704,411	-	(148,794)	34,737	590,354
	-	808,108	567,829	(355,799)	57,793	1,077,931

Represented by:	2020 RM	2019 RM
Current liabilities	348,544	316,460
Non-current liabilities	1,474,307	761,471
	1,822,851	1,077,931
Lease liabilities owing to financial institutions	1,020,893	590,354
Lease liabilities owing to non-financial institutions	801,958	487,577
	1,822,851	1,077,931

7. LEASES (continued)

The Group and the Company as lessee (continued)

Company

(i) Right-of-use assets

Carrying amount	Balance as at 1.1.2020 RM	Depreciation RM	Balance as at 31.12.2020 RM
Office buildings	36,486	(36,486)	-
Motor vehicles	354,130	(151,743)	202,387
	390,616	(188,229)	202,387

Carrying amount	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Depreciation RM	Balance as at 31.12.2019 RM
Office buildings	-	120,697	37,872	(122,083)	36,486
Motor vehicles	-	505,873	-	(151,743)	354,130
	-	626,570	37,872	(273,826)	390,616

(ii) Lease liabilities

Carrying amount	Balance as at 1.1.2020 RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2020 RM
Office buildings	31,972	(32,400)	428	-
Motor vehicles	439,206	(101,167)	18,211	356,250
	471,178	(133,567)	18,639	356,250

Carrying amount	Balance as at 1.1.2019 RM	Effects of adoption of MFRS 16 RM	Additions RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2019 RM
Office buildings	-	103,697	30,072	(107,600)	5,803	31,972
Motor vehicles	-	524,958	-	(112,638)	26,886	439,206
	-	628,655	30,072	(220,238)	32,689	471,178

7. LEASES (continued)

The Group and the Company as lessee (continued)

Company (continued)

(ii) Lease liabilities (continued)

Represented by:	2020 RM	2019 RM
Current liabilities	82,956	114,928
Non-current liabilities	273,294	356,250
	356,250	471,178
Lease liabilities owing to financial institutions	356,250	439,206
Lease liabilities owing to non-financial institutions	-	31,972
	356,250	471,178

(a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets of the end of the lease term. The lease terms of right-of-use assets are as follows:

Buildings	1.25 - 3 years
Motor vehicles	7 years

(b) The Group has certain leases of office and equipment with lease term of 12 months or less. The Group applies the "short-term lease" exemptions for these leases.

(c) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(d) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	Group	
	2020 RM	2019 RM
Addition of right-of-use assets	1,054,673	-
Lease liabilities recognition for office buildings	(478,383)	
Financed by hire purchase arrangements	(542,000)	-
Cash payments on right-of-use assets	34,290	-

7. LEASES (continued)

The Group and the Company as lessee (continued)

(e) The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Depreciation charge of right- of-use assets (included in administrative expenses)	391,467	394,976	188,229	273,826
Interest expense on lease liabilities (included in finance costs)	100,782	57,793	18,639	32,689
Expenses relating to short- term leases (included in administrative expenses)	43,862	100,066	19,404	-

(f) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and of the Company that are exposed to interest rate risk:

Group	**Weighted average incremental borrowing rate per annum %**	**Within 1 year RM**	**1 - 2 years RM**	**2 - 5 years RM**	**More than 5 years RM**	**Total RM**
31 December 2020						
Lease liabilities						
Fixed rates	5.49	360,831	374,916	908,352	178,752	1,822,851
31 December 2019						
Lease liabilities						
Fixed rates	5.93	316,460	310,465	451,006	-	1,077,931
Company						
31 December 2020						
Lease liabilities						
Fixed rates	5.04	95,243	100,193	160,814	-	356,250
31 December 2019						
Lease liabilities						
Fixed rates	5.16	114,928	95,243	261,007	-	471,178

7. LEASES (continued)

The Group and the Company as lessee (continued)

(g) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

Group 31 December 2020	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Lease liabilities	450,378	1,434,946	186,886	2,072,210
31 December 2019				
Lease liabilities	367,333	819,375	-	1,186,708
Company				
31 December 2020				
Lease liabilities	110,364	277,219	-	387,583
31 December 2019				
Lease liabilities	133,567	387,583	-	512,150

8. INVESTMENT PROPERTY

Group At fair value	Balance as at 1.1.2020 RM	Additions RM	Fair value adjustment RM	Balance as at 31.12.2020 RM
Investment properties	2,500,000	2,900,000	(1,308,678)	4,091,322

At fair value	Balance as at 1.1.2019 RM	Additions RM	Fair value adjustment RM	Balance as at 31.12.2019 RM
Investment property	2,500,000	-	-	2,500,000

8. INVESTMENT PROPERTY (continued)

(a) Included in the above are:

	Group	
	2020 RM	2019 RM
Industrial building	2,500,000	2,500,000
Commercial property	1,591,322	-
	4,091,322	2,500,000

(b) Investment property is initially measured at cost, the fair value of consideration paid, including related transaction costs and subsequently carried at fair value.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Gains or losses arising from changes in the fair values of investment property is recognised in the profit or loss in the year in which they arise.

Investment property is derecognised when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property is recognised in profit or loss in the year of retirement or disposal.

(c) On 15 January 2020, the Group entered into a Sales and Purchase Agreement ("SPA") to purchase an under construction commercial property. As at the financial year end, the title of the under construction commercial property has not been transferred to the Group.

(d) The fair value of the Group's industrial building as of 31 December 2020 has been arrived at on the basis of valuation carried out at that date by an independent valuer, which has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value of the industrial building was determined using comparison method.

The fair value of the Group's commercial property as of 31 December 2020 had been arrived at on the basis of Directors' recommendation based on comparison method.

The comparison method entails comparing the property with comparable properties which have been sold or are being offered for sale and making adjustments for factors which affect value such as location and accessibility, size, building construction and finishes, building services, management and maintenance, age and state of repair, market conditions and other relevant characteristics.

The fair value of investment property are categorised as Level 3 in the fair value hierarchy.

There is no transfer between levels in the fair value hierarchy during the financial year.

8. INVESTMENT PROPERTY (continued)

(e) Significant unobservable valuation inputs used in the comparison method are as follow:

	Group 2020	2019
Price per square foot for industrial building	RM270 to RM301 per square foot	RM283 to RM342 per square foot
Price per square foot for commercial property	RM303 per square foot	N/A

The estimated fair value would increase or decrease if the price per square foot is higher or lower.

(f) The following is recognised in the statement of profit or loss and other comprehensive income in respect of investment property:

	Group 2020 RM	2019 RM
Direct operating expenses:		
- non-income generating investment property	16,980	16,903

9. GOODWILL

	Group 2020 RM	2019 RM
At 1 January, at cost	23,469,424	23,469,424
Less: Accumulated impairment loss	(4,000,000)	(2,000,000)
At 31 December	19,469,424	21,469,424

(a) Goodwill arose from the acquisition of property development subsidiaries.

(b) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

9. GOODWILL (continued)

(c) For the purpose of impairment testing, goodwill is allocated to the subsidiaries acquired, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The recoverable amount of the subsidiaries are determined based on the value-in-use ("VIU") calculation. The VIU is calculated using the pre-tax cash flow projections based on financial budgets approved by management. VIU was determined by discounting the future cash flows generated from the development of properties of the subsidiaries and were based on the following key assumptions:

(i) Pre-tax cash flow projections based on the management's most recent five (5) (2019: five (5)) years business plans.

(ii) Pre-tax discount rates ranging from 8.6% and 10.9% (2019: 8.0%).

Increase in impairment loss on goodwill of the Group of RM2,000,000 (2019: Nil) was recognised due to decline in forecasted property development and construction operations of the two (2) Cash Generating Units ("CGUs") as a result of the COVID-19 pandemic.

Following the impairment loss recognised, the recoverable amount was equal to the carrying amount. Therefore, any adverse movement in a key assumption would lead to further impairment.

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares - at cost	88,042,758	87,042,760
Less: Impairment losses	(16,800,000)	(860,000)
	71,242,758	86,182,760

(a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(b) The Company has assessed whether there were any indicators of impairment during the financial year. In doing this, management considered the current environments and performance of the Cash Generating Units ("CGUs"). Management has considered the losses in subsidiaries in the current financial year as impairment indicators.

Management has made estimates about the future results and key assumptions applied to cash flow projections of the CGUs in determining their recoverable amounts using the value-in-use model. These key assumptions include different budgeted operating profit margins, growth rates as well as determining an appropriate pre-tax discount rate used for each subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

10. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The details of the subsidiaries, which are all incorporated in Malaysia and audited by BDO PLT in Malaysia is as follows:

Name of company	Interest in equity held by Company 2020 %	2019 %	Principal activities
Teras Eco Sdn. Bhd. ("TE")	100	100	Property development
JM Cemerlang Sdn. Bhd. ("JMC")	100	100	Property development
Teras Eco Resources Sdn. Bhd. ("TER")	100	100	Property development
T Three Builder Sdn. Bhd. ("TTB")	100	100	Property development, project management and construction related works
TE Hotel Sdn. Bhd. ("TEH")	100	100	Construction, development and leisure holding company

(d) On 29 June 2020, the Company subscribed for an additional 499,999 ordinary shares in TTB for a cash consideration of RM999,998 and consequently no change in the effective equity interest in TTB.

(e) In previous financial year, the Company incorporated a new wholly-owned subsidiary, TEH, with an issued and paid-up share capital of RM1.

(f) Reconciliation of movements in impairment losses of investments in subsidiaries are as follows:

	Company 2020 RM	2019
At 1 January	860,000	830,000
Charge for the financial year	15,940,000	30,000
At 31 December	16,800,000	860,000

(g) Increase in impairment loss on investments in a subsidiary of the Company of RM15,940,000 (2019: RM30,000) was recognised due to decline in forecasted property development and construction operations of TE as a result of the COVID-19 pandemic.

Adverse adjustments were made to the forecasted operating cash flows included in the value-in-use calculations due to the COVID-19 pandemic. The recoverable amounts were determined using pre-tax discount rates ranging from 8.6% and 10.9% (2019: 8.0%).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

11. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unquoted shares, at cost	3,000,000	600,000	3,000,000	600,000
Unrealised profit arising from sale of asset and construction transaction with associate	(864,029)	(474,365)	-	-
Share of post - acquisition reserves, net of tax	(1,042,164)	(77,296)	-	-
Impairment loss	-	-	(600,000)	(600,000)
	1,093,807	48,339	2,400,000	-

(a) Investment in associate is measured using the equity method of accounting and are recognised initially at cost which is measured at the fair value of consideration paid and subsequently carried at cost less accumulated impairment, if any. Investment in an associate are measured at cost in the separate financial statements of the Company.

(b) The details of the associate, which is incorporated in Malaysia is as follows:

Name of company	Interest in equity held by Company 2020 %	2019 %	Principal activities
Harum Eco Dormitory Sdn. Bhd. ("HED") *	30	30	Property development, investment, rental and leasing.

* *Associate not audited by BDO PLT Malaysia.*

(c) During the financial year HED increased its share capital, and the Company subscribed for an additional 2,400,000 ordinary shares in HED for a cash consideration of RM2,400,000.

Consequently, there was no change in the effective equity interest in HED.

(d) The summarised unaudited financial information of the immaterial associate, is as follows:

	2020 RM	2019 RM
Carrying amounts	1,093,807	48,339
Share of results for the financial year		
Share of profit or loss	(1,354,532)	48,339
Share of other comprehensive income	-	-
Share of total comprehensive income	(1,354,532)	48,339

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

11. INVESTMENT IN AN ASSOCIATE (continued)

(e) Unrecognised share of losses of an associate

	2020 RM	2019 RM
Recognition of previously unrecognised share of loss of an associate	1,441,942	-
Current year profit	(87,410)	-
Share of profit or loss	1,354,532	-
Cumulative share of loss of an associate	-	(1,441,942)

12. INVENTORIES

	Note	Group 2020 RM	Group 2019 RM
Current assets			
Property development costs	(a)	88,489,930	81,939,639
Completed property held for sale		1,872,045	1,872,045
Total inventories		90,361,975	83,811,684

(a) The details of the property development costs are as follows:

Group	Freehold land RM	Development costs RM	Total RM
Balance as at 1 January 2020	35,145,684	46,793,955	81,939,639
Incurred during the financial year	-	24,555,487	24,555,487
Recognised during the financial year	(615,827)	(2,961,731)	(3,577,558)
Impairment loss (Note12 (f))	-	(14,427,638)	(14,427,638)
Balance as at 31 December 2020	34,529,857	53,960,073	88,489,930
Balance as at 1 January 2019	38,968,060	30,019,181	68,987,241
Incurred during the financial year	-	22,887,512	22,887,512
Recognised during the financial year	(3,822,376)	(6,112,738)	(9,935,114)
Balance as at 31 December 2019	35,145,684	46,793,955	81,939,639

(b) Borrowing costs capitalised in property development cost during the financial year of the Group amounted to RM895,849 (2019: RM910,074) at a rate of 6.01% (2019: 7.10%) per annum.

12. INVENTORIES (continued)

(c) Freehold land under property development costs has been charged to financial institutions for credit facilities granted to a subsidiary of the Company, JM Cemerlang Sdn. Bhd. as disclosed in Note 21 to the financial statements.

(d) The Group recognises in profit or loss the property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting period. It is measured based on direct measurements of the value transferred by the Group to the customers and the Group's efforts or inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred.

(e) Completed property held for sale comprises costs associated with the acquisition of land, direct costs, appropriate proportions of common costs attributable to developing the properties to completion and borrowing costs.

(f) During the financial year, the Group has recognised an impairment loss on property development costs amounting to RM14,427,638 (2019: Nil) arising from the COVID-19 pandemic.

13. DEFERRED TAX

(a) The deferred tax liabilities are made up of the following:

	Group		**Company**	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Balance as at 1 January	739,571	625,963	739,571	625,963
Recognised in profit or loss (Note 27)	(730,321)	113,608	(433,348)	113,608
Balance as at 31 December	9,250	739,571	306,223	739,571

(b) The components and movements of deferred tax liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	**Other temporary differences RM**	**Total RM**
At 1 January 2020	-	739,571	739,571
Recognised in profit or loss	9,250	(739,571)	(730,321)
At 31 December 2020	9,250	-	9,250
At 1 January 2019	-	625,963	625,963
Recognised in profit or loss	-	113,608	113,608
At 31 December 2019	-	739,571	739,571

13. DEFERRED TAX (continued)

(b) The components and movements of deferred tax liabilities during the financial year prior to offsetting are as follows: (continued)

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Other temporary differences RM	Total RM
At 1 January 2020	-	739,571	739,571
Recognised in profit or loss	-	(433,348)	(433,348)
At 31 December 2020	-	306,223	306,223
At 1 January 2019	-	625,963	625,963
Recognised in profit or loss	-	113,608	113,608
At 31 December 2019	-	739,571	739,571

(c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2020 RM	2019 RM
Unused tax losses		
- Expires by 31 December 2025	4,224,000	4,224,000
- Expires by 31 December 2026	858,000	858,000
- Expires by 31 December 2027	435,000	-
Others - no expiry date	1,537,000	-
	7,054,000	5,082,000

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the local tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

14. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current					
Other receivables					
Amounts owing by subsidiaries	(g)	-	-	12,507,243	7,606,916
Amount owing by an associate	(h)	3,955,357	3,955,357	3,955,357	3,955,357
		3,955,357	3,955,357	16,462,600	11,562,273
Less: Impairment losses					
- Amounts owing by subsidiaries		-	-	(5,453,913)	-
- Amount owing by an associate		(3,955,357)	(1,349,822)	(3,955,357)	(1,349,822)
Total non-current receivables		-	2,605,535	7,053,330	10,212,451
Current					
Trade receivables					
Third parties		1,092,130	1,035,084	-	-
Associate		787,855	36,698	-	-
		1,879,985	1,071,782	-	-
Less: Impairment losses					
- Third parties		(111,492)	(111,492)	-	-
Total trade receivables	(e)	1,768,493	960,290	-	-
Other receivables					
Amounts owing by subsidiaries	(g)	-	-	-	3,583,709
Deposits	(i)	4,846,315	5,903,066	14,800	17,600
Other receivables	(j)	580,857	5,789,817	4,456	5,922
		5,427,172	11,692,883	19,256	3,607,231
Less: Impairment losses					
- Amounts owing by subsidiaries		-	-	-	(2,509,471)
- Other receivables		(529,915)	(600,000)	-	-
		4,897,257	11,092,883	19,256	1,097,760
Prepayments	(k)	350,820	3,429,267	6,252	2,421,294
Total current receivables		7,016,570	15,482,440	25,508	3,519,054
Total receivables		7,016,570	18,087,975	7,078,838	13,731,505

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

(a) Total receivables are measured at amortised cost using the effective interest method.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 14 to 90 days (2019: 14 to 90 days) from the date of invoice. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

(c) Trade and other receivables are denominated in RM.

(d) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on age of customer relationship.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (inflation (2019: gross domestic product (GDP))) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

(e) The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM	Loss allowance RM	Net balance RM
2020			
Current	995,000	(20,759)	974,241
1 – 90 days	650,556	(34,367)	616,189
More than 91 days	234,429	(56,366)	178,063
	1,879,985	(111,492)	1,768,493
2019			
1 – 90 days	950,635	(1,078)	949,557
More than 91 days	121,147	(110,414)	10,733
	1,071,782	(111,492)	960,290

As at the end of each reporting period, no collateral has been obtained by the Group. Thus, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

(f) Reconciliation of movements in impairment losses of trade receivables are as follows:

	Group		
	Lifetime ECL allowance RM	**Credit impaired RM**	**Total allowance RM**
Trade receivables			
At 1 January 2020/31 December 2020	91,033	20,459	111,492
At 1 January 2019	91,033	22,640	113,673
Reversal of impairment losses	-	(2,181)	(2,181)
At 31 December 2019	91,033	20,459	111,492

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

(g) Non-current amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured and bear interest rate of 3% (2019: 3%) per annum and are not payable within the next twelve (12) months.

Current amounts owing by subsidiaries represent advances and payments made on behalf, which are unsecured and bear interest rate of 3% (2019: 3%) per annum and are payable within the next twelve (12) months.

(h) Non-current amount owing by an associate represents advances and payments made on behalf, which are unsecured and bear interest rate of 3% (2019: 3%) per annum and are not payable within the next twelve (12) months.

(i) Included in the deposits of the Group was an amount paid in previous years representing full purchase consideration paid to a vendor to enter into a Sale and Purchase Agreement ("SPA") to acquire one (1) plot of leasehold land located in Pengerang amounting to RM4,735,407 (2019: RM4,735,407). Before the completion of the SPA in the current financial year, the Group has found an interested third party to acquire the said leasehold land and details are as disclosed in Note 34 to the financial statements.

(j) In previous financial year, included in the other receivables of the Group were payments made to a contractor for mobilisation fees amounting to RM4,053,818.

(k) In previous financial year, included in the prepayments of the Group and of the Company is an amount of RM2,400,000 in relation to the additional investment in ordinary shares of the associate, which was paid and subsequently approved by the Board after the financial year end.

This transaction was completed during the financial year and has been recognised as investment in an associate as disclosed in Note 11(c) to the financial statements.

14. TRADE AND OTHER RECEIVABLES (continued)

(l) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. The Group defined significant increase in credit risk as twenty five percent (25%) on relative basis.

The probability of non-payment by the subsidiaries and an associate are adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the subsidiaries and an associate.

(m) It requires management to exercise significant judgement in determining the probability of default by subsidiaries and an associate, appropriate forward looking information and significant increase in credit risk.

Reconciliation of movements in impairment losses of amounts owing by subsidiaries and an associate are as follows:

	Group	Company
	Lifetime expected credit loss - not credit impaired	
	RM	RM
2020		
At 1 January	1,349,822	3,859,293
Charge for the financial year	2,605,535	5,551,342
Reversal of impairment on amounts owing by a subsidiary	-	(1,365)
At 31 December	3,955,357	9,409,270
2019		
At 1 January	1,349,822	3,648,539
Charge for the financial year	-	210,754
At 31 December	1,349,822	3,859,293

14. TRADE AND OTHER RECEIVABLES (continued)

(n) Reconciliation of movements in impairment losses of current other receivables are as follows:

	Group	
	2020 RM	**2019 RM**
At 1 January	600,000	1,000,000
Reversal of impairment loss	-	(1,000,000)
Written off	(600,000)	-
Charge for the financial year	529,915	600,000
At 31 December	529,915	600,000

No expected credit loss is recognised arising from other receivables of the Group as it is negligible.

(o) Sensitivity analysis for amounts owing from subsidiaries and an associate as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

15. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020 RM	**2019 RM**
Contract assets		
Construction contracts	65,075	784,704
Contract liabilities		
Property development contracts	(655,661)	(1,355,141)
	(590,586)	(570,437)

(a) Construction contracts and property development contracts

Construction contracts and property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

15. CONTRACT ASSETS/(LIABILITIES) (continued)

(b) Contract assets from construction contracts

	Group 2020 RM	Group 2019 RM
Contract assets	65,075	784,704
At 1 January	784,704	3,741,998
Revenue recognised during the year	219,916	87,597
Progress billings	(939,545)	(3,044,891)
At 31 December	65,075	784,704

(c) Contract liabilities from property development contracts

	Group 2020 RM	Group 2019 RM
Contract liabilities	(655,661)	(1,355,141)
At 1 January	(1,355,141)	(4,799,830)
Revenue recognised during the year	4,966,120	14,929,649
Progress billings	(4,266,640)	(11,484,960)
At 31 December	(655,661)	(1,355,141)

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group 2020 RM	Group 2019 RM
Within 1 year	4,155,671	2,721,291
Between 1 and 4 years	1,129,500	-
	5,285,171	2,721,291

16. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	1,150,177	2,269,416	121,555	1,642

(a) Cash and bank balances is classified as financial asset measured at amortised cost.

(b) Cash and bank balances are denominated in RM.

(c) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

17. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	RM	Number of shares	RM
Ordinary shares				
Balance as at 1 January	194,535,240	99,502,858	194,535,240	99,502,858
Conversion from RCPS	26,948,051	6,000,000	-	-
Balance as at 31 December	221,483,291	105,502,858	194,535,240	99,502,858

(a) During the financial year, the total number of issued ordinary shares of the Company was increased from 194,535,240 to 221,483,291 by way of by way of conversion of 60,000,000 redeemable convertible preference shares to 26,948,051 new ordinary shares.

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

(b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

18. TREASURY SHARES

The shareholders of the Company, by way of a resolution passed at the Annual General Meeting renewed the authority given to the Directors to repurchase up to 10% of the issued and paid-up ordinary share capital of the Company ("Share Buy-Back"). The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders.

There were no shares repurchased during the financial year ended 31 December 2020.

The Company has the right to cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to voting, dividends and participation in other distribution is suspended. None of the treasury shares have been sold as at 31 December 2020.

As at 31 December 2020, the Company held 111,840 (2019: 111,840) treasury shares at a total cost of RM92,187 (2019: RM92,187). The movement to treasury shares is detailed as follows:

	Group and Company			
	2020		2019	
	Number of treasury shares	RM	Number of treasury shares	RM
Balance as at 1 January/31 December	111,840	92,187	111,840	92,187

19. CUMULATIVE REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

	Group and Company	
	2020	
	Number of shares	RM
Cumulative Redeemable Convertible Preference Shares		
Balance as at 1 January	-	-
Issuance during the year	60,000,000	6,000,000
Converted to ordinary shares	(60,000,000)	(6,000,000)
Balance as at 31 December	-	-

On 10 July 2020, the proposed issuance of up to 800,000,000 new Cumulative Redeemable Convertible Preference Shares ("RCPS") in the Company at an issue price of RM0.10 each had been approved by shareholders via a general meeting. The RCPS will be issued in 32 equal sub-tranches of RM500,000 each over five (5) tranches.

On 23 September 2020 ("First Issuance Date") and 15 October 2020, the Company issued 40,000,000 and 20,000,000 RCPS respectively at an issue price of RM0.10 per RCPS.

The total proceeds raised as at 31 December 2020 were RM6,000,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

19. CUMULATIVE REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") (continued)

The salient features of RCPS are as follow:

(a) Tenure

60 months from and inclusive of the First Issuance Date up to the Maturity Date.

(b) Maturity Date

The business day immediately before the fifth (5th) anniversary of the First Issuance Date.

(c) Dividend

Each RCPS shall carry the right to receive out of profits of the Company a cumulative preferential dividend at 2% per annum.

(d) Conversion Right

Any RCPS may be converted into duly authorised, validly issued, fully-paid and unencumbered shares, at the option of the RCPS holder thereof, at any time, during the conversion period.

The number of conversion shares arising from the conversion of the RCPS to which a RCPS holder is entitled on conversion of the RCPS shall be determined by the product of the number of RCPS and issue price divided by the applicable conversion price, determined as hereinafter provided, in effect on the relevant conversion date, subject to adjustments from time to time in the event of rights issue, capitalisation issue, consolidation or subdivision of shares or reduction of capital howsoever being effected.

(e) Conversion Upon Maturity

Any remaining outstanding RCPS must be converted into ordinary shares in the Company on the RCPS Maturity Date, unless the Company exercises its rights in respect of RCPS Non-Default Redemption prior to the Maturity Date, together with payment by the Company of all accumulated and unpaid dividend accrued on the converted RCPS.

Any remaining RCPS which are not converted due to a breach of the RCPS Conversion Cap shall be redeemed by the Company at the RCPS Non-Default Redemption amount.

(f) Conversion Cap

The extent of conversion of the RCPS by the RCPS subscriber shall be capped such that its resultant ordinary shareholding in the Company shall not exceed 10% of the enlarged total number of ordinary shares of the Company.

20. WARRANTS

On 12 August 2020, the Company issued 97,211,694 free warrants on the basis of one (1) warrant for every two (2) existing ordinary shares held in the Company. The warrants were listed on the Main Market of Bursa Malaysia Securities on 17 August 2020.

The warrant issued are constituted by a Deed Poll dated 23 July 2020.

The salient feature of the warrants are as follows:

(a) Each warrants entitles the registered holder at any time during the exercise period to subscribe for one new ordinary shares in the Company at an exercise price of RM0.29.

(b) The warrants shall be exercisable at any time within the period commencing from and inclusive the date of issue of the warrants and ending on the date immediately preceding the fifth (5th) anniversary of the date of issue, or if such day is not a Market Day, then it shall be the Market Day immediately preceding the said non-Market Day.

(c) All new ordinary shares to be issued pursuant to the exercise of the warrants shall, upon issue and allotment, be of the same class and rank pari passu in all respects with the existing ordinary shares, save and except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions, at the entitlement date of which is prior to the date of the allotment of these new ordinary shares.

(d) Any warrants not exercised during the exercise period will lapse and cease to be valid.

(e) Movements in the warrants since the listing and quotation thereof are as follows:

	Number of Warrants
As of 17 August 2020/31 December 2020	97,211,694

21. BORROWINGS

		Group	
	Note	2020 RM	2019 RM
Non-current liabilities:			
Bank loans		8,298,206	15,875,970
Current liabilities:			
Bank loans		9,076,791	540,170
		17,374,997	16,416,140
Total borrowings			
Bank loans	(b)	17,374,997	16,416,140

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

21. BORROWINGS (continued)

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) Bank loans

	Group 2020 RM	Group 2019 RM
Current liabilities		
- not later than one (1) year	9,076,791	540,170
Non-current liabilities		
- later than one (1) year and not later than five (5) years	6,427,777	13,947,934
- later than five (5) years	1,870,429	1,928,036
	8,298,206	15,875,970
	17,374,997	16,416,140

Bank loans of the Group are secured by the followings:

(i) Legal charges over the freehold land under property development costs of the Group as disclosed in Note 12 to the financial statements;

(ii) Jointly and severally guaranteed by all Directors of JM Cemerlang Sdn. Bhd.; and

(iii) Corporate guarantee by the Company.

(c) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of the Group that are exposed to interest rate risk:

Group 2020	Weighted average effective interest rate per annum %	Within 1 year RM	1 - 2 years RM	2 - 5 years RM	Over 5 years RM	Total RM
Bank loans						
Floating rate	5.77	9,076,791	6,242,459	185,318	1,870,429	17,374,997
2019						
Bank loans						
Floating rate	6.81	540,170	10,577,964	3,369,970	1,928,036	16,416,140

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

21. BORROWINGS (continued)

(d) The table below summarises the maturity profile of the borrowings of the Group at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
As at 31 December 2020				
Bank loans	9,600,758	7,516,753	1,937,765	19,055,276
As at 31 December 2019				
Bank loans	1,610,862	15,551,256	2,021,545	19,183,663

(e) Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by fifty (50) basis points with all other variables held constant:

	Group	
Loss after tax	**2020 RM**	**2019 RM**
Increase by 0.5% (2019: 0.5%)	66,025	62,381
Decrease by 0.5% (2019: 0.5%)	(66,025)	(62,381)

The sensitivity is higher in 2020 than in 2019 due to an increase in borrowings during the financial year. The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(f) Borrowings are denominated in RM.

22. TRADE AND OTHER PAYABLES

	Note	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables					
Third parties		11,802,489	4,601,000	-	-
Retention sums		2,237,799	2,152,795	-	-
		14,040,288	6,753,795	-	-
Other payables					
Other payables		3,208,256	2,021,375	-	530
Deposit received	(e)	5,803,469	-	-	-
Accruals		3,937,666	1,528,628	624,838	634,499
		12,949,391	3,550,003	624,838	635,029
Total payable		26,989,679	10,303,798	624,838	635,029

(a) Trade and other payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted range from 30 to 60 days (2019: 30 to 60 days) from the date of invoice.

(c) Trade and other payables are denominated in RM.

(d) The maturity profile of trade and other payables of the Group and of the Company at the end of reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

(e) Deposit received in relation to a conditional Sales and Purchase agreement ("SPA") entered by the Group on 4 February 2020 with a third party to dispose two (2) pieces of development land classified in inventories for total consideration of RM6,625,476. Completion of the disposal is subject to conditions stipulated thereon.

23. REVENUE

	Group	
	2020 RM	2019 RM
Revenue from contracts with customers:		
Recognised over time:		
Revenue from construction contracts	219,916	87,597
Property development revenue	4,966,120	14,929,649
	5,186,036	15,017,246

23. REVENUE (continued)

(a) Property development

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the contract).

Property development revenue, property development costs and the profit recognition thereof involve significant judgements in determining the satisfaction of performance obligations, transaction price allocation and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies. The total costs to complete including sub-contractors' costs can vary with market conditions and may also be incorrectly forecasted due to unforeseen events during development.

(b) Sale of completed properties

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sales of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(c) Construction contract

Revenue from contract works are recognised over the period of the contracts by reference to the progress towards complete satisfaction of that performance obligations. Progress is determined on the proportion of construction contract costs incurred for work performed to date against total estimated construction contract costs where the outcome of the project can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

24. COST OF SALES

	Group	
	2020 RM	2019 RM
Property development costs	3,577,558	9,935,114
Construction contracts costs	204,643	83,616
	3,782,201	10,018,730

25. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Bank charges	27,858	6,669	317	282
Interest expenses on:				
- advances	-	-	102,290	-
- bank loans	951,546	991,668	-	-
- lease liabilities	100,782	57,793	18,639	32,689
	1,052,328	1,049,461	120,929	32,689
Less: Amounts capitalised in cost of qualifying assets	(895,849)	(910,074)	-	-
	184,337	146,056	121,246	32,971

26. LOSS BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at loss before tax:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Loss before tax is arrived at after charging:				
Auditors’ remuneration:				
- Statutory audit:				
- current year	81,300	85,000	36,300	38,000
- (over)/under provision in prior year	(3,700)	4,500	(1,700)	-
- Non-statutory audit	3,200	3,200	3,200	3,200
- Other services	4,200	4,200	4,200	4,200
And after crediting:				
Interest income received from:				
- advances to subsidiaries	-	-	325,135	301,862
- advances to an associate	-	171,503	-	171,503
Rental income	242,029	-	-	-

26. LOSS BEFORE TAX (continued)

(a) Interest income is recognised as it accrues, using the effective interest method.

(b) Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

27. TAXATION

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Current taxation				
- Based on profit for the financial year	297,075	785,744	-	-
- Under provision in prior years	(74,554)	12,039	-	-
	222,521	797,783	-	-
Deferred tax (Note 13)				
- Relating to origination and reversal of temporary differences	(741,715)	113,608	(444,742)	113,608
- Under provision in prior years	11,394	-	11,394	-
	(730,321)	113,608	(433,348)	113,608
	(507,800)	911,391	(433,348)	113,608

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.

(b) The reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate of the Group and of the Company is as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Loss before tax	(28,542,434)	(674,751)	(25,313,999)	(2,940,052)
Taxation at Malaysian statutory rate of 24% (2019: 24%)	(6,850,184)	(161,940)	(6,075,360)	(705,612)
Expenses not deductible for tax purposes	5,932,264	1,536,523	6,159,930	891,667
Income not subject to tax	-	(312,970)	(529,312)	(72,447)
Utilisation of previously unrecognised tax losses	-	(162,261)	-	-
Deferred tax assets not recognised	473,280	-	-	-
	(444,640)	899,352	(444,742)	113,608
(Over)/Under provision in prior years				
- current tax	(74,554)	12,039	-	-
- deferred tax	11,394	-	11,394	-
	(507,800)	911,391	(433,348)	113,608

28. LOSS PER ORDINARY SHARE

(a) Basic loss per ordinary share

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020	**2019**
In RM		
Loss for the financial year attributable to equity holders of the parent	(28,034,634)	(1,586,142)
Weighted average number of ordinary shares outstanding	200,520,000	194,535,240
In sen		
Basic loss per ordinary share	(13.98)	(0.82)

(b) Diluted loss per ordinary share

Diluted earnings per ordinary share is equal to basic earnings per ordinary share. The unexercised convertible warrants are anti-dilutive in nature. This is due to the average market share price of the Company being below the exercise price of warrants.

29. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Salaries, wages and bonuses	2,037,516	2,255,970	1,510,834	1,775,474
Defined contribution plan	253,098	278,017	183,079	217,652
Other employee benefits	31,429	35,935	8,272	8,510
	2,322,043	2,569,922	1,702,185	2,001,636

Included in the employee benefits of the Group and the Company are Directors' remuneration amounting to RM1,032,943 (2019: RM1,175,843).

30. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 10 to the financial statements;

(ii) Associate as disclosed in Note 11 to the financial statements;

(iii) Companies in which certain Directors have financial interests;

(iv) Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with the related parties during the financial year:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM	**RM**	**RM**	**RM**
Related party:				
Lease payment	46,240	81,600	46,240	81,600
Associate:				
Revenue from construction contract	(219,916)	(87,597)	-	-
Interest income	-	(171,503)	-	(171,503)
Subsidiaries:				
Interest expenses	-	-	102,290	-
Interest income	-	-	(325,135)	(301,862)

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2020 is disclosed in Note 14 to the financial statements.

30. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

The remuneration of key management personnel during the financial year was as follows:

	Group and Company	
	2020	**2019**
	RM	**RM**
Directors of the Company		
Salaries, bonus and allowances	704,900	837,251
Defined contribution plan and other benefits	83,712	96,263
	788,612	933,514
Directors of subsidiaries		
Short term employee benefits	215,400	211,800
Defined contribution plan and other benefits	28,931	30,529
	244,331	242,329
	1,032,943	1,175,843
Key management personnel		
Short term employee benefits	345,000	346,322
Defined contribution plan and other benefits	46,703	51,609
	391,703	397,931
	1,424,646	1,573,774
Fees		
- Directors of the Company	231,000	220,000
Estimated monetary value of benefit-in-kind	47,900	47,900
	1,703,546	1,841,674

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

31. CONTINGENT LIABILITIES

	Company	
	2020 **RM**	**2019** **RM**
Limit:		
Corporate guarantees given to financial institutions for credit facilities granted to a subsidiary - unsecured	38,605,000	38,605,000
Corporate guarantees given to financial institutions for credit facilities granted to an associate - unsecured	9,709,200	9,709,200
Utilised:		
Corporate guarantees given to financial institutions for credit facilities granted to a subsidiary - unsecured	17,374,997	16,416,140
Corporate guarantees given to financial institutions for credit facilities granted to an associate - unsecured	9,243,240	9,520,803

The Group designates corporate guarantees given to banks for credit facilities granted to a subsidiary and an associate as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of business.

The Directors are of view that the chances of the financial institutions to call upon the corporate guarantees are remote.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The objective of the capital management of the Group is to ensure that it maintains healthy ratios in order to support its business operations and to provide fair returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may, from time to time, adjust the dividend payout to shareholders or issue new share, where necessary. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group regards net debt to include all loans and borrowings, if any, less cash and bank balances (including deposits with licensed banks) and short term funds and capital to include all equities attributable to owners of the parent, details of which are as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Cash and bank balances	1,150,177	2,269,416	121,555	1,642
Less:				
Borrowings (Note 21)	(17,374,997)	(16,416,140)	-	-
Lease liabilities owing to financial institutions (Note 7)	(1,020,893)	(590,354)	(356,250)	(439,206)
Net debts	(17,245,713)	(14,737,078)	(234,695)	(437,564)
Equity attributable to owners of the parent	78,953,123	100,987,757	79,761,345	98,641,996
Net gearing	21.8%	14.6%	0.3%	0.4%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Group has complied with these requirements for the financial year ended 31 December 2020.

The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020 (continued)

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to liquidity and cash flow risk, interest rate risk and credit risk. Information on the management of the related exposures is detailed below.

(i) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group is actively managing its operating cash flows to ensure all commitments and funding needs are met. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The Company has carried out a cash flow review for the next twelve (12) months to ensure that the business operations have sufficient available funds to meet their obligations as and when they fall due.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The primary interest rate risk of the Group relates interest-bearing borrowings from financial institutions. The fixed-rate borrowings of the Group are not exposed to a risk of changes in their fair values due to changes in interest rates. The floating rate borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The Group does not use derivative financial instruments to hedge its risk.

(iii) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk. The primary exposure of the Group to credit risk arises through its trade receivables.

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 6 March 2020, the Company announced to undertake the following proposals:

(i) proposed issuance of up to 800,000,000 new 2% cumulative redeemable convertible preference shares in the Company at an issue price of RM0.10 each; and

(ii) proposed bonus issue of up to 97,211,700 free warrants ("Warrants") in the Company on the basis of 1 Warrant for every 2 existing ordinary shares in the Company held by the shareholders of the Company.

The proposed arrangements had been approved in general meeting as disclosed in Note 19 and 20 to the financial statements.

(b) The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020.

The impact of COVID-19 on the Group and the Company are as disclosed in Note 9, 10 and 12(f) to the financial statements.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group and the Company have sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group does not anticipate significant supply disruptions and will continue to monitor its fund and operational needs.

34. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

As disclosed in Note 14(i) to the financial statements, included in the deposits of the Group was an amount paid in previous years representing full purchase consideration paid to a vendor to enter into a Sale and Purchase Agreement ("SPA") to acquire one (1) plot of leasehold land located in Pengerang amounting to RM4,735,407 (2019: RM4,735,407). Before the completion of the SPA in the current financial year, the Group has found an interested third party to acquire the said leasehold land.

On 5 March 2021, the Group entered into a tripartite Sale and Purchase Agreement ("TSPA"), to dispose the said leasehold land to a third party for a total consideration of RM6,400,000.

ANALYSIS OF SHAREHOLDINGS

as at 18 May 2021

Issued Capital : 357,894,600 shares (including 111,840 treasury shares held)
Class of Shares : Ordinary Shares
Voting Rights : One vote per ordinary share

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	56	1.232	2,329	0.000
100 – 1,000	329	7.238	238,314	0.066
1,001 - 10,000	2,286	50.297	12,557,308	3.509
10,0001 – 100,000	1,550	34.103	55,758,629	15.584
100,001 - 17,889,137 (*)	322	7.084	238,455,084	66.648
17,889,138 AND ABOVE (**)	2	0.044	50,771,096	14.190
Total :	4,545	100.000	357,782,760	100.000

REMARK: * - LESS THAN 5% OF ISSUED SHARES
** - 5% AND ABOVE OF ISSUED SHARES

SUBSTANTIAL HOLDERS

	DIRECT NO. OF SHARES	%	INDIRECT NO. OF SHARES	%
ACTE PROPERTIES SDN BHD	25,771,096	7.203	-	-
YEE WEI MENG	30,991,940	8.661	-	-

DIRECTORS INTEREST

	DIRECT NO. OF SHARES	%	INDIRECT NO. OF SHARES	%
TEE KUAN HONG	11,000	0.003	-	-
AHMAD RAHIZAL BIN TYT DATO' AHMAD RASIDI	-	-	-	-
NG LEE THIN	-	-	-	-
ONG LI TAK	700,400	0.195	-	-
PATRICK CHIN HAU YUI	-	-	-	-
TEO EN CHIE	4,830,336	1.349	-	-
YEE WEI MENG	30,991,940	8.661	-	-

ANALYSIS OF SHAREHOLDINGS

as at 18 May 2021 (continued)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER RECORD OF DEPOSITORS

No.	Name	No. of Shares Held	Percentage
1	ACTE PROPERTIES SDN BHD	25,771,096	7.203
2	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE WEI MENG	25,000,000	6.987
3	YEO TSU SIN	17,597,978	4.918
4	AMSEC NOMINEES (ASING) SDN BHD SYCAMORE CAPITAL SPC FOR SYCAMORE EQUITY FUND SP	13,009,540	3.636
5	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG CHOON LEONG	10,679,547	2.984
6	YEOH PHEK LENG	6,955,000	1.943
7	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	6,494,216	1.815
8	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE WEI MENG	5,991,940	1.674
9	GCP & SONS HOLDINGS SDN BHD	5,782,671	1.616
10	CHUA ENG GUAN	5,393,500	1.507
11	CHEN PO HSIUNG	4,750,000	1.327
12	GOH CHING WEI	4,336,513	1.212
13	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIU HAN MING	4,200,000	1.173
14	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO EN CHIE	4,130,336	1.154
15	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOLOMON TAN YIIN YUH	4,052,400	1.132
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG NGAI SENG (7000335)	3,505,956	0.979
17	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH CHENG POH	3,400,000	0.950
18	GOH TIONG HUI	3,336,513	0.932
19	LOW BOON FIN	3,252,400	0.909
20	LEE HONG PENG	2,993,700	0.836
21	ADSCORE SDN.BHD.	2,697,090	0.753
22	WOO WAI ONN @ FOO WAI ONN	2,653,000	0.741
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW WEE FOOK (7000699)	2,133,922	0.596
24	LAU MENG HONG	2,133,922	0.596
25	WANG HAN LIN	2,000,000	0.558
26	WANG, CHUN-CHENG	1,900,000	0.531
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' SRI WONG CHOON LEONG (6000962)	1,781,523	0.497
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOH LYE SIANG (TJJ/KEN)	1,683,500	0.470
29	LING CHENG TING	1,650,000	0.461
30	CHUA ENG GUAN	1,638,462	0.457

ANALYSIS OF WARRANTS A HOLDINGS

as at 18 May 2021

Type of Securities	: Warrants A
Total Outstanding Warrants A	: RM97,211,694
Maturity Date	: 11 August 2025

DISTRIBUTION OF WARRANTS A HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1-99	168	5.917	7,200	0.007
100 – 1,000	767	27.016	625,341	0.643
1,001 - 10,000	1,337	47.094	5,936,928	6.107
10,0001 – 100,000	448	15.780	15,669,134	16.118
100,001 - 4,860,583 (*)	117	4.121	57,337,543	58.982
4,860,584 AND ABOVE (**)	2	0.070	17,635,548	18.141
Total :	2,839	100.000	97,211,694	100.000

REMARK: * - LESS THAN 5% OF ISSUED WARRANTS
** - 5% AND ABOVE OF ISSUED WARRANTS

SUBSTANTIAL HOLDERS WARRANT A HOLDINGS

	NO. OF SHARES	%
LIEW KOK CHIANG	11,000,000	11.315
ACTE PROPERTIES SDN BHD	6,635,548	6.825

DIRECTORS INTEREST

	NO. OF SHARES	%
TEE KUAN HONG	500	0.000
AHMAD RAHIZAL BIN TYT DATO' AHMAD RASIDI	-	-
NG LEE THIN	-	-
ONG LI TAK	350,200	0.360
PATRICK CHIN HAU YUI	-	-
TEO EN CHIE	-	-
YEE WEI MENG	-	-

ANALYSIS OF WARRANTS A HOLDINGS

as at 18 May 2021 (continued)

THIRTY (30) LARGEST WARRANTS A SECURITIES HOLDERS A AS PER RECORD OF DEPOSITORS

No.	Name	No. of Shares Held	Percentage
1	LIEW KOK CHIANG	11,000,000	11.315
2	ACTE PROPERTIES SDN BHD	6,635,548	6.825
3	PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	3,347,108	3.443
4	YEO SWEE WEE	3,095,700	3.184
5	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOLOMON TAN YIIN YUH	2,800,000	2.880
6	CHUA ENG GUAN	2,696,750	2.774
7	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG NGAI SENG (7000335)	1,752,978	1.803
8	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG TIAM MING (008)	1,702,000	1.750
9	TAN KA LIAN	1,642,400	1.689
10	LEE HONG PENG	1,496,850	1.539
11	ADSCORE SDN.BHD.	1,348,545	1.387
12	YEOH PHEK LENG	1,250,000	1.285
13	LAI THIAM POH	1,159,700	1.192
14	CHIANG SIEW ENG @ LE YU AK EE	1,100,000	1.131
15	TAN HUI POH	1,065,000	1.095
16	WANG, CHUN-CHENG	950,000	0.977
17	SOLOMON TAN YIIN YUH	900,000	0.925
18	KENANGA NOMINEES (ASING) SDN BHD RAKUTEN TRADE SDN BHD FOR ANDREA WESTRICH GEB. WAGNER	880,000	0.905
19	TAY SIE CHOO	875,000	0.900
20	CHUA ENG GUAN	819,231	0.842
21	C.L.P.INDUSTRIES SDN BHD	739,000	0.760
22	TAN BEE LENG	701,200	0.721
23	CHEN, SHAN-CHING	700,000	0.720
24	JOHAN ENTERPRISE SDN. BHD.	700,000	0.720
25	TAN LENG MOOI	686,000	0.705
26	CHIN CHEE YOUNG	681,000	0.700
27	TEO HOCK LEONG	610,000	0.627
28	LING AH KENG	600,000	0.617
29	TAN BOON HUA	600,000	0.617
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA ENG GUAN (6000381)	519,300	0.534

LIST OF PROPERTIES

Company	Location	Description	Tenure	Valuation/ Acquisition/ Completion Date	Approximate Site Area (Acres)	Existing Use	NBV RM
JMC	Lot 2668 Geran 101544, Mukim Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	13.169	Property Development	
	Lot 2667 Geran 101543, Mukim Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	14.494	Property Development	63.2m
	Lot 409 Geran Mukim 1171, Mukim Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	4.656	Property Development	
	Lot 408 Geran Mukim 1170, Mukim Plentong, Johor Bahru	Development Land	Freehold	20 July 2015 (Valuation)	5.625	Property Development	
	Total				**37.944**		
JMC	HS(M) 5472 PTD 222390 Mukim Plentong, Johor Bahru (Address: No. 6, Jalan Teres 3, Kawasan Perindustrian Kota Puteri, 81750 Masai, Johor Darul Takzim)	Medium Industry Cluster Factory	Freehold	31 December 2020 (Valuation)	Land area: 0.203 acres (Factory Gross Floor Area: 7,458 sq. ft.)	Unoccupied	2.5m
TERSB	Unit no. A-S10 under master title, HSD 70516 PT 1816 Kawasan Bandar VI, District of Melaka Tengah, State of Melaka	Commercial Units	Leasehold (92 years leasehold, expiry on 28/12/2103)	15 January 2020	Area of the commercial unit: 0.1418 acres (6,179 sq. ft.) Area of the accessory lot: 601 sq. ft.)	Unoccupied	1.6m

AcousTECH

Acoustech Berhad
(Company No. 199901021765 (496665-W))
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of shares held	

I/We, ………………………………………………………………………………………. I.C./Passport/Company No. …………………………………

of ……

being a member of **ACOUSTECH BERHAD**, do hereby appoint ……………………………………………………………………………

………………………………………………………………………………… I.C. / Passport No. ………………………………………………………..

of ……

and/ or………………………………………………………………………… I.C. / Passport No. ……………………………………………………………

of ……
or failing *him/her the Chairman of the Meeting as *my/our proxy to vote for *me/us on my/our behalf at the Twenty-Second Annual General Meeting ("**AGM**") of the Company to be conducted entirely through live streaming from the broadcast venue at Suite 02.01, Level 2, Wisma Teras Eco, No. 56, Jalan Setia Tropika 1/14, Taman Setia Tropika, 81200 Johor Bahru, Johor Darul Ta'zim, Malaysia ("**Broadcast Venue**") on Sunday, 27th June 2021 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

RESOLUTIONS		FOR	AGAINST
1	To approve the payment of Directors' Fees amounting to RM231,000.00 in respect of the financial year ended 31 December 2020. [2019: RM231,000.00]		
2.	To approve the payment of Directors' Fees amounting to RM318,000.00 in respect of the financial year ended 31 December 2021, to be paid monthly in arrears.		
3	To approve payment of Directors' benefits of up to RM380,000.00 for the financial period from 1 July 2021 to 30 June 2022.		
4	To re-elect Ong Li Tak, a Director retiring in accordance with Clause 105(1) of the Constitution of the Company.		
5	To re-elect Patrick Chin Hau Yui, a Director retiring in accordance with Clause 114 of the Constitution of the Company.		
6	To re-elect Yee Wei Meng, a Director retiring in accordance with Clause 114 of the Constitution of the Company.		
7	To re-elect Ng Lee Thin, a Director retiring in accordance with Clause 114 of the Constitution of the Company.		
8	To re-elect Teo En Chie, a Director retiring in accordance with Clause 114 of the Constitution of the Company.		
9	To re-elect Tee Kuan Hong, a Director retiring in accordance with Clause 114 of the Constitution of the Company.		
10	To appoint Crowe Malaysia PLT in place of BDO PLT as the Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Board of Directors to fix their remuneration.		
11	Authority to Allot and Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016		
12	Proposed Change of Company Name from "Acoustech Berhad" to "Axteria Group Berhad"		
13	Proposed Amendment to the Constitution of the Company		

Please indicate with an "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific directions, your proxy will vote or abstain as *he/she thinks fit.

Signed this ………….. day of ………………

…………………………………………………...
Signature/Common Seal of Member(s)

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:

	No of shares	Percentage
Proxy 1	…………………………………………	%
Proxy 2	…………………………………………	%
Total		100%

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Stamp

The Share Registrar of
ACOUSTECH BERHAD
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

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NOTES

1. **Important Notice**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting. **Members will not be allowed to attend the meeting in person at the Broadcast Venue on the day of the meeting**.

   Members are to attend, speak (including posing questions via real time submission of typed texts) and vote (collectively, "participate") remotely via the Remote Participation and Voting ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online. **Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via the RPV**.

2. For the purpose of determining a Member who shall be entitled to participate via the RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a Record of Depositors as at **18 June 2021** and only a depositor whose name appears on the Record of Depositors shall be entitled to participate at the meeting or appoint proxy(ies) to participate in his stead.

3. A Member of the Company who is entitled to participate and vote at this meeting is entitled to appoint proxy or attorney or in case of a corporation, to appoint a duly authorised representative to participate and vote instead of him. A proxy may, but need not, be a member of the Company.

4. Where a Member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the SIDCA which is exempted from compliance with the provisions of Section 25A(1) of the SICDA.

5. Where a Member appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment of two (2) or more proxies shall not be valid unless he specifies the proportions of his holdings to be represented by each proxy.

6. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this 22nd AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide for the AGM.

7. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its common seal or the hand of its officer or its duly authorised attorney.

8. The instrument appointing a proxy and power of attorney or other authority, if any, under which it is signed notarially, certified copy of that power of attorney, must be deposited with the Company's Share Registrar's Office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or by electronic appointment via TIIH Online at https://tiih.online not less that twenty-four (24) hours before the time appointed for holdings the meeting or any adjourned thereof. Please refer to the Administrative Guide for the 22nd AGM for further information on electronic submission.

9. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment of authorised representative with the Share Registrar of the Company.

10. All resolutions at the 22nd AGM or any adjournment thereof shall be voted by poll.

ACOUSTECH BERHAD
(COMPANY NO. 199901021765 (496665-W))

UNIT 30-01, LEVEL 30, TOWER A,
VERTICAL BUSINESS SUITE AVENUE 3,
BANGSAR SOUTH, NO. 8, JALAN KERINCHI,
59200 KUALA LUMPUR.

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