



# MClean

**MClean Technologies Berhad**  
201001009003 (893631-T)

Macro Solution Services



**ANNUAL REPORT 2021**



# CONTENTS

Management Discussion & Analysis	2
Corporate Structure	5
Corporate Information	6
Profile of Board of Directors	7
Profile of Key Senior Management	10
Sustainability Statement	11
Corporate Governance Overview Statement	16
Statement on Risk Management and Internal Control	31
Audit Committee Report	35
Additional Compliance Information	38
Audited Financial Statements	40
- Directors' Report	
- Statement by Directors	
- Statutory Declaration	
- Independent Auditors' Report	
- Statements of Financial Position	
- Statements of Profit or Loss and Other Comprehensive Income	
- Statements of Changes in Equity	
- Statements of Cash Flows	
- Notes to the Financial Statements	
List of Properties	107
Analysis of Shareholding	108
Notice of Annual General Meeting	110
Statement Accompanying Notice of Annual General Meeting	117
Administrative Guide for the 12 <sup>th</sup> Annual General Meeting	118
Proxy Form	

# MANAGEMENT DISCUSSION & ANALYSIS



## GROUP PROFILE

MClean provides surface treatment, precision cleaning & packaging services for various industries ranging from the Hard Disk Drive, Consumer Electronics to the Oil & Gas industries. Our Group has an established track record of more than two decades operating in Malaysia, Singapore, Thailand and China.

## VISION

Our group strives to be the choice service solution provider through continuous innovation to deliver sustainable shareholder value to all stakeholders.

## PRINCIPAL ACTIVITIES OF OUR GROUP

- Surface treatment services
  - Precision cleaning in Cleanroom environment
  - Surface treatment & finishing of metal parts
- Cleanroom packaging, assembly & logistics services
  - Clean bulk packaging services
  - Cleanroom packaging services
  - Assembly services



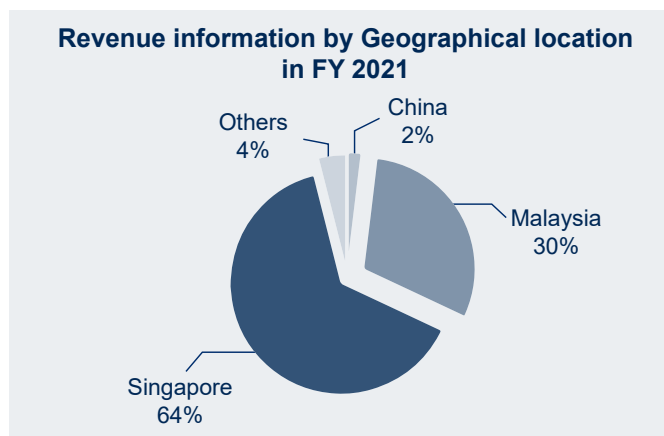
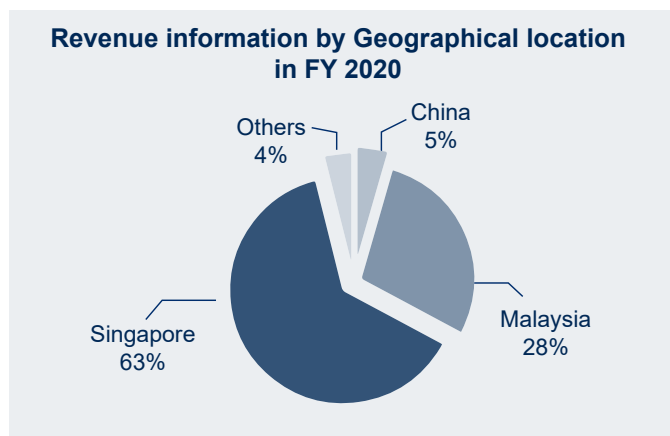
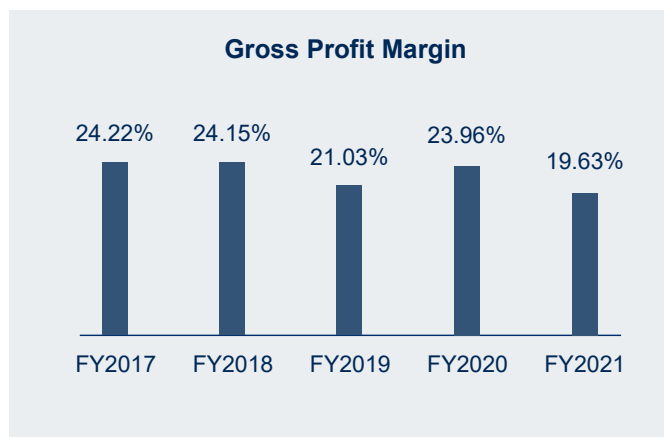
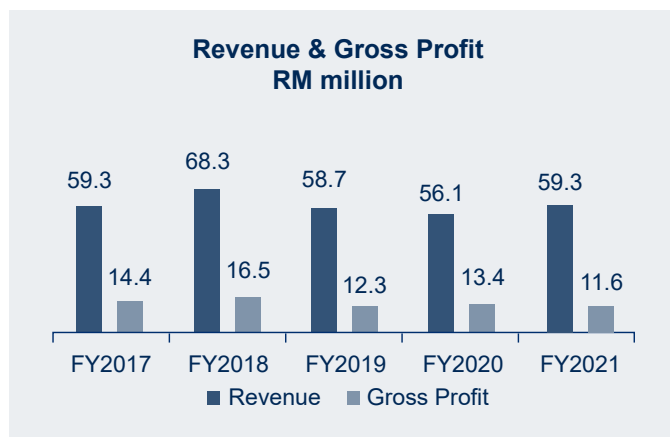
# MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

## OPERATION REVIEW

The Group is organised into geographical operating countries managed by their respective Chief Operating Officers. These officers report directly to the senior management of the Group who regularly review their operating and financial performance.

## HIGHLIGHTS OF OUR GROUP FINANCIAL INFORMATION FOR THE PAST 5 YEARS (RM'000)

	2017	2018	2019	2020	2021
Revenue	59,255	68,341	58,668	56,134	59,318
Gross profit	14,351	16,507	12,335	13,449	11,645
(Loss)/Profit before tax	(3,872)	(6,069)	(5,565)	1,945	(8,235)
Net Asset per share	0.17	0.15	0.13	0.14	0.11
(Loss)/Profit per share ("LPS")/"EPS"(sen)	(2.01)	(2.42)	(1.36)	0.98	(4.17)



# MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

## FINANCIAL ANALYSIS

### **FINANCIAL RESULTS**

As the Covid-19 related restrictions and factories lockdown were less severe in FY2021, sales increased by 5.67% as compared with FY2020. The increase is mainly from surface treatment services.

Gross profit margin decreased from 23.96% to 19.63% mainly due to increase in direct labour costs and utilities in our factories in Singapore.

Other income decreased by RM4.63 million in FY2021 mainly due to the absence of the Covid-19 related government grants received from our Singapore and Malaysia subsidiary companies of approximately RM1.69 million and compensation received by the company of approximately RM2.59 million in the previous financial year.

Impairment loss of financial assets decreased by RM1.43 million mainly due to previous financial year we have provided full allowance for impairment loss on trade receivables on one of the customer.

Administrative expenses decreased by RM0.20 million as compared to the previous financial year mainly due to lower legal and professional fees.

Other expenses for FY2021 increased by RM5.29 million mainly due to impairment loss on our subsidiaries' property, plant and equipment of RM5.37 million.

Overall the Group reported a loss before tax of RM8.24 million as compared to a profit before tax of RM1.94 million in FY2020.

### FINANCIAL POSITION

The Group's property, plant and equipment decreased by approximately RM7.58 million mainly due to depreciation charge for the year of RM3.33 million and impairment loss on property, plant and equipment RM5.37 million, this was partially offset by addition of property, plant and equipment of RM1.24 million.

The right-of-use assets and lease liabilities increased RM5.40 million and RM5.42 million respectively mainly due to the new tenancy agreements executed during the financial year by our Singapore and Thailand factories.

### DIVIDEND

The Group had not adopted any dividend policy. However, the Board will evaluate the Group's profitability, long term plan and cash flows position annually before recommending any dividend payment.

### RISKS ANALYSIS

#### Market risk

HDD market is still a sizable volume industry and remain as the main market for MClean. The demand trend for HDD remain relatively stable and we expect the momentum to maintain into 2022.

#### Foreign currencies exchange risks

MClean operates in four countries and its revenue is highly correlated to the strength of USD and Malaysia Ringgit. MClean relies on natural hedging to partially mitigate such risk and uses forward exchange contracts to further mitigate the net exposure in such currencies exposure. This exchange risks is further detailed in pages 103 to 105, Note 28 to the financial statements.

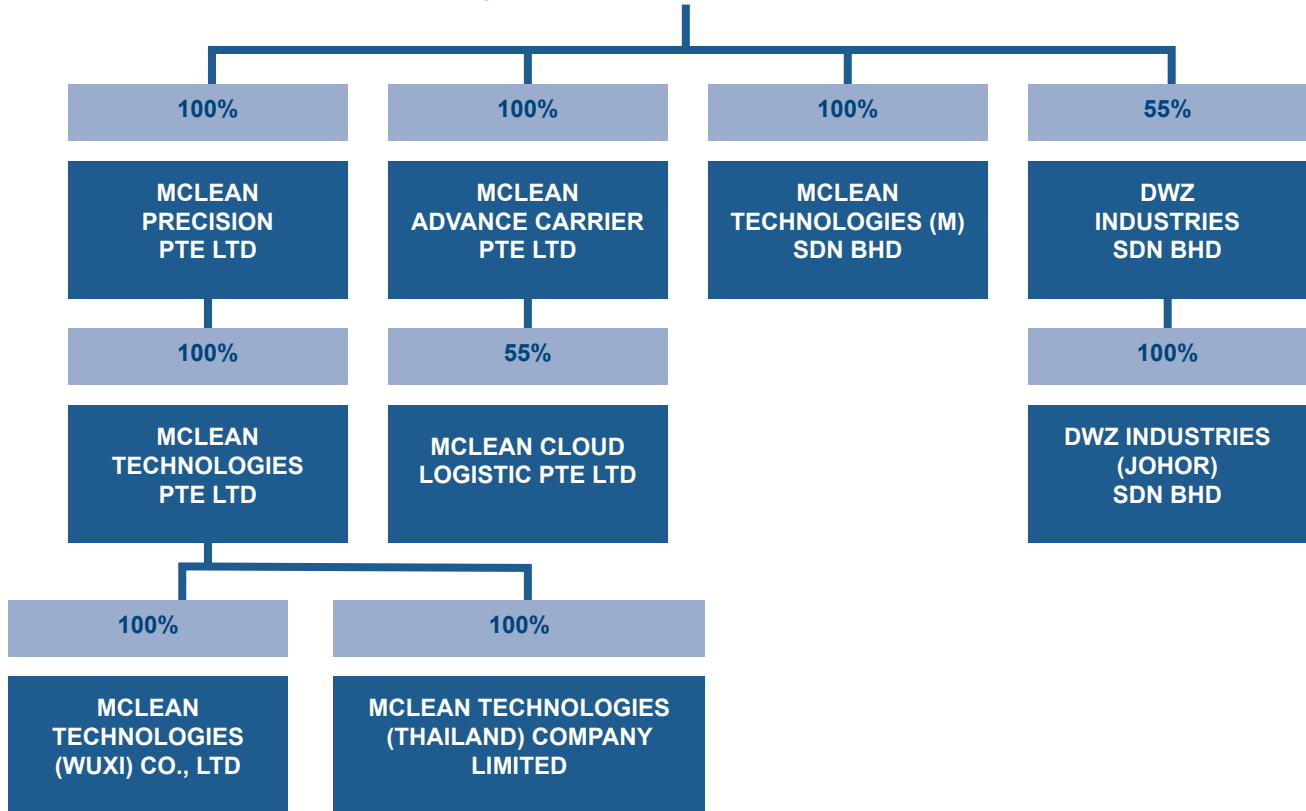
# CORPORATE STRUCTURE



## MClean

**MCLEAN TECHNOLOGIES BERHAD**

Registration No. 201001009003 (893631-T)



Abbreviation	Name of Company	Principal activities
MClean	MClean Technologies Berhad	Investment holding
MPP	MClean Precision Pte Ltd	Investment holding and the provision of management services to subsidiary
MTP	MClean Technologies Pte Ltd	Provide precision cleaning, assembly services, and other related service to hard disk drive industry and investment holding
MTW	MClean Technologies (Wuxi) Co Ltd	Provide precision cleaning, assembly services, clean bulk packaging services and other related services
MAC	MClean Advance Carrier Pte Ltd	Investment holding
MTM	MClean Technologies (M) Sdn Bhd	Provide surface treatment and related services such as surface finishing, precision cleaning and packaging services
MCL	MClean Cloud Logistic Pte Ltd	Supply chain and time to market delivery solution
MTT	MClean Technologies (Thailand) Company Limited	Provide precision cleaning, assembly services, and other related service to hard disk drive industry
DWZ	DWZ Industries Sdn Bhd	Surface treatment and finishing specialist for electrical and electronic industries
DWZ Johor	DWZ Industries (Johor) Sdn Bhd	Surface treatment and finishing specialist for electrical and electronic industries

# CORPORATE INFORMATION

## DIRECTORS

Mr. Yeo Hock Huat	(Executive Chairman, Executive Director)
Mr. Lim Han Kiau	(Chief Executive Officer, Executive Director)
Datuk Wira Mark William Ling Lee Meng	(Senior Independent Non-Executive Director)
Dr. Ho Choon Hou	(Independent Non-Executive Director)
Mr. Pang Kong Chek	(Independent Non-Executive Director)
Ms. Yeo Seow Lai	(Non-Independent Non-Executive Director)

## AUDIT COMMITTEE

Datuk Wira Mark William Ling Lee Meng (Chairman)  
Dr. Ho Choon Hou  
Mr. Pang Kong Chek  
Ms. Yeo Seow Lai (resigned on 16 February 2022)

## LONG TERM INCENTIVE PLAN COMMITTEE

Datuk Wira Mark William Ling Lee Meng (Chairman)  
Mr. Yeo Hock Huat  
Mr. Pang Kong Chek

## NOMINATION COMMITTEE

Datuk Wira Mark William Ling Lee Meng (Chairman)  
Mr. Pang Kong Chek  
Ms. Yeo Seow Lai

## REMUNERATION COMMITTEE

Datuk Wira Mark William Ling Lee Meng (Chairman)  
Mr. Pang Kong Chek  
Dr. Ho Choon Hou

## COMPANY SECRETARIES

Ms. Yong May Li (LS0000295)  
(SSM Practicing Certificate No. 202008000285)

Ms. Wong Chee Yin (MAICSA 7023530)  
(SSM Practicing Certificate No. 202008001953)

## AUDITORS

Grant Thornton Malaysia PLT  
(Registration No. 201906003682, LLP0022494-LCA  
& AF:0737)  
Suite 28.01, 28th Floor, Menara Zurich  
No. 15, Jalan Dato' Abdullah Tahir  
80300 Johor Bahru, Johor, Malaysia  
Tel No.: +607 332 8335

## SHARE REGISTRAR

Tricor Investor & Issuing House Service Sdn. Bhd.  
(Registration No. 197101000970) (11324-H)  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3, Bangsar South,  
No. 8 Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia  
Tel No.: +603 2783 9299  
Fax No.: +603 2783 9222

## PRINCIPAL BANKERS

Malayan Banking Berhad  
United Overseas Bank Limited  
Hong Leong Bank Berhad

## HEAD OFFICE

2 Woodlands Sector 1 #01-22  
Singapore 738068  
Tel No.: +65 6753 8077  
Fax No.: +65 6753 8993  
Website : <http://www.mclean.com.sg>

## REGISTERED OFFICE

Suite 1301, 13th Floor,  
City Plaza, Jalan Tebrau,  
80300 Johor Bahru, Johor, Malaysia  
Tel No.: +607 332 2088  
Fax No.: +607 332 8096

## STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad  
Stock Name : MCLEAN  
Stock Code : 0167  
Sector : Industrial Products and Services  
Listed on : 10 May 2011

# PROFILE OF BOARD OF DIRECTORS

## Yeo Hock Huat

Executive Chairman, Executive Director

59 years of age, Male, Singaporean

Mr. Yeo Hock Huat, was appointed to the Board on 1 June 2010 and is the Executive Chairman of MClean Technologies Berhad ("MClean"). He is a member of Long Term Incentive Plan Committee.

He holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic, Singapore and Executive Masters in Business Administration from both the National University of Singapore & Tsinghua University of China.

Mr. Yeo has more than 20 years of experience in contract services and the equipment manufacturing industry and is currently a Director of MClean Group. Mr. Yeo is primarily responsible for the overall strategic direction and planning of our Group and had started our Group's primary business in precision cleaning for the HDD manufacturers and assemblers through the founding of MClean Singapore.

Mr. Yeo participates actively in community service. He is currently the Chairman of Citizens Consultancy community and President of NUS Business School Chinese Alumni Association. He is also an Advisor to the National Research Foundation of Singapore.

He does not hold any directorship in any other public company. Mr. Yeo is the brother of Madam Yeo Seow Lai who is a director and major shareholder of MClean. Save as mentioned, he has no family relationship with other Directors and/or major shareholders of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences other than traffic offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2021.

Mr. Yeo Hock Huat attended seven (7) Board Meetings of the Company held during the financial year ended 31 December 2021.

## Lim Han Kiau

Chief Executive Officer, Executive Director

62 years of age, Male, Singaporean

Mr. Lim Han Kiau, is the Executive Director and Chief Executive Officer and was appointed to the Board on 12 October 2015. He is responsible for the overall business operations of the Group, including overall sales and finance. He hails from The Chinese High School in Singapore and is a well-respected businessman with extensive experience in the surface treatment industry for more than 30 years.

Mr. Lim Han Kiau does not hold any directorship in any other public company. Save as mentioned, he has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences other than traffic offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2021.

Mr. Lim Han Kiau attended seven (7) Board Meetings of the Company held during the financial year ended 31 December 2021.



## PROFILE OF BOARD OF DIRECTORS (CONT'D)

**Datuk Wira Mark William Ling Lee Meng**  
Senior Independent Non-Executive Director  
59 years of age, Male, Malaysian

Datuk Wira Mark, was appointed to the Board on 16 June 2010. He is the Chairman of the Nomination Committee, Remuneration Committee, Audit Committee and Long Term Incentive Plan Committee.

Upon completing his high school education at The Southport School, Australia, in 1984, Datuk Wira Mark started his career in Kong Ming Bank Berhad (which was restructured to form part of the then EON Bank Group before its merger with Hong Leong Bank Berhad). He left the bank in 1988 and has since focused on the development of greenfield power projects in the Asia Pacific region.

Datuk Wira Mark is highly experienced in regional business development and strategy. He was appointed as the Strategic Planning Advisor for Asia Pacific by Powergen International in 1996. Part of his role as the Advisor was to create proprietary deal flow to develop Powergen's power project portfolio in the Asia Pacific region. Datuk Wira Mark led the execution of the acquisition of Malakoff Berhad, and was appointed its Executive Director in 2001.

Later that year, Datuk Wira Mark left Malakoff Berhad to establish a private equity firm specialising in the energy sector. He has been involved in strategic investments focused primarily in the emerging economies of the Asia Pacific and Africa regions. His ventures include, inter alia, developing proprietary technology in oil and gas drilling and renewable energy power plant utilising biomass waste.

Datuk Wira Mark joined Edra Global Energy Berhad in 2014 as its President & Executive Director and retained that position in 2016 on the subsequent redesignation to Edra Power Holdings Sdn Bhd. Edra Power Holdings Sdn Bhd is one of South East Asia's leading international independent power producers with a portfolio of 13 power and desalination plants in Malaysia, Egypt, Bangladesh, UAE and Pakistan with a gross installed capacity under management of 6,532.5 MW and an effective capacity of 5,529 MW.

Datuk Wira Mark is currently acting as Vice Chairman of Edra Power Holdings Sdn Bhd. He does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of Mclean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences other than traffic offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2021.

Datuk Wira Mark attended seven (7) Board Meetings of the Company held during the financial year ended 31 December 2021.

**Dr. Ho Choon Hou**  
Independent Non-Executive Director  
50 years of age, Male, Singaporean

Dr. Ho Choon Hou, was appointed to the Board on 17 August 2011 and is a member of the Audit Committee and Remuneration Committee.

Dr. Ho holds a Bachelor of Medicine and Surgery (Honours) from the University of Sheffield, UK and a Master of Medicine (Surgery) from the National University of Singapore. He obtained membership into the Royal College of Surgeons (Edinburgh) and his Masters of Business Administration (Honours) from the University of Chicago.

He is currently attached to Southern Capital Group Limited as a Managing Director, a private equity firm, which is principally involved in the management of investments for institutional investors.

Prior to joining Southern Capital Group Limited, Dr. Ho held various portfolios in the healthcare industry. From 2004 to 2007, he served as Executive Director at National Healthcare Group. He was also the co-founder of Medfolders which was acquired by NovaMSC in 2000 and the co-founder of Cordlife listed on the Australian Stock Exchange ("ASX"). He is also the non-executive Chairman of Cordlife Group Limited listed on the Singapore Stock Exchange ("SGX"). Dr. Ho is also the Independent Director of Advanced Holding Ltd. (listed on the SGX).

He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences other than traffic offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2021.

Dr. Ho attended seven (7) Board Meetings of the Company held during the financial year ended 31 December 2021.

## PROFILE OF BOARD OF DIRECTORS (CONT'D)

### Pang Kong Chek

Independent Non-Executive Director

45 years of age, Male, Malaysian

Mr. Pang Kong Chek was appointed to the Board on 16 June 2010 and is a member of the Nomination Committee, Remuneration Committee, Audit Committee and Long Term Incentive Plan Committee.

Mr. Pang holds a Bachelor Degree in Business (Accountancy) from RMIT University, Australia. He is a member of Malaysian Institute of Accountants ("MIA").

Mr. Pang brings with him more than ten (10) years of experience in the field of corporate accounting, finance, banking and administration. He was an Accountant at KZen Solutions Berhad, an ACE Market-listed company, for five (5) years from 2004 to 2009. During his tenure with the company, he handled the initial public offering and financial management of the group.

Prior to his attachment with KZen Solutions Berhad, Mr. Pang worked for a public accounting firm, Ernst & Young as a Senior Associate from 2000 and resigning as a Senior Associate in 2004 whereby he has worked with many clients from various industries such as banking, manufacturing, consultancy, property development, trading, construction, investment holding and information technology. He was attached to Hewlett-Packard Malaysia as a Senior Financial Analyst supporting HP Enterprise Business Asia Pacific Finance from 2009 to 2010.

He moved on to a local private company as a Chief Financial Officer in 2010 before he attached to another private company since 2017 as General Manager - Finance and subsequently sits as the Chief Financial Officer of that company up to this date.

Mr. Pang does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences other than traffic offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2021.

Mr. Pang attended six (6) Board Meetings of the Company held during the financial year ended 31 December 2021.

### Yeo Seow Lai

Non-Independent Non-Executive Director

63 years of age, Female, Singaporean

Madam Yeo Seow Lai was appointed to the Board on 16 June 2010 and is a member of the Nomination Committee. She has been resigned as a member of Audit Committee on 16 February 2022.

Madam Yeo holds a Diploma in Life Insurance from the Singapore College of Insurance.

Madam Yeo commenced her career with Great Eastern Life as a Career Agent on 14 May 1988 and was responsible for the financial planning for companies and individuals up to her resignation as a Career Agent on 30 July 1998. After leaving Great Eastern Life, she joined TM Asia Life (now Tokio Marine Insurance Singapore Ltd.) on 1 August 1998 as a Senior Financial Advisor, whereby she was a Financial Planning Consultant and her role involved financial planning for companies and individuals as well as investment planning at individual and corporate levels. Overall, Madam Yeo has more than 20 years of experience in insurance.

Madam Yeo now does financial planning only on the corporate level, in addition to her position as a certified Real Estate Professional.

Madam Yeo is the sister of Mr. Yeo Hock Huat who is a director and major shareholder of MClean. Save as mentioned, she has no family relationship with other directors and/ or major shareholders of MClean and does not have any conflict of interest with MClean. Further, she has never been convicted of any offences other than traffic offences within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 31 December 2021.

Madam Yeo attended seven (7) Board Meetings of the Company held during the financial year ended 31 December 2021.

# PROFILE OF KEY SENIOR MANAGEMENT

## Loh Weng Yew

Chief Financial Officer (“CFO”)  
58 years of age, Male, Singaporean

Mr. Loh Weng Yew holds a Bachelor of Business (Accounting) degree from Curtin University of Technology, Australia and a Master of Business Administration from Heriot-Watt University, Edinburgh UK. He is an ASEAN CPA and Fellow member of both the Institute of Singapore Chartered Accountants & CPA Australia.

Mr. Loh has been with the Group since November 2009 and has more than 25 years of experience in accounting, finance and administration. He was appointed as CFO of MClean on 1 April 2010 and currently oversees the Group’s financials and participate in the Group’s strategic developments.

He does not hold any directorship in any public company. He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021.

## Chow Kok Meng, Bert

Chief Operating Officer – Precision Cleaning  
62 years of age, Male, Singaporean

Mr. Bert Chow Kok Meng, is the Chief Operating Officer appointed on 1 January 2016 for the Precision Cleaning business operations of the Group. He has been with MClean since its inception in 2003. Mr. Bert Chow obtained his Degree of Bachelor of Engineering (Electrical) in 1986 from the National University of Singapore. He has more than 20 years of experience in the high technology manufacturing industry.

Mr. Bert Chow does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021.

## Chua Chee Tiong

Chief Operating Officer – Surface Treatment  
52 years of age, Male, Singaporean

Mr. Chua Chee Tiong, is the Chief Operating Officer appointed on 1 January 2016 for the Surface Treatment business operations of the Group. He has been with DWZ group since 1997, which subsequently become a subsidiary of MClean in 2015. Mr. Chua obtained his business degree from RMIT. He has more than 25 years of experience in the industry engineering and manufacturing industry.

Mr. Chua does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past five years other than traffic offences and has no public sanctions and/or penalties imposed upon him by relevant regulatory bodies for the financial year ended 31 December 2021.

# SUSTAINABILITY STATEMENT

## Our Continued Efforts in Sustainability

Through this report, MClean Technologies Berhad ("MClean") and its subsidiaries (the "Group") communicate its sustainability commitment covering the activities and initiatives on economic, environmental, and social related key sustainability matters identified with its various stakeholders, including staff, investors, customers, suppliers and contractors, business partners, the community, and government and national agencies.

Our sustainability statement is an update of the preceding financial year's statement and it is reported in accordance with the enhanced reporting requirements incorporating the listing requirement for ACE Market, Sustainability Reporting Guide ("SRG"), 2nd Edition issued by Bursa Malaysia Berhad in the year 2018 as well as the Global Reporting Initiative ("GRI") Guidelines 4.0.

## Reporting scope and period

This sustainability statement covers our two main business divisions, Precision Cleaning Division and Surface and Finishing Treatment Division which operate in Malaysia, Singapore, China and Thailand. The reporting period is from 1 January 2021 to 31 December 2021.

## Sustainability Governance

In MClean, the Board of Directors oversee the sustainability matters headed by its senior management team, which is responsible for identifying and discussing sustainability initiatives and bringing them into fruition. Meanwhile, divisional management identifies the sustainable challenges, executes the sustainability initiatives, monitors and collects data as well progressively updates the senior management team.



## Corporate Sustainability Strategies

MClean believes that it is crucial in driving interest and investments towards sustainability to the mutual benefit of the Group and its stakeholders. The Group focus on sustainability is marked on achieving long-term shareholder value by gearing the strategies and harness on the market's potential for sustainable products and services while at the same time minimising costs and mitigating any sustainability risks.

The overall strategy involves continuous integration of long term economic, environmental, governance and social aspects within MClean's business strategies while maintaining competitiveness.

- Financial – Meeting shareholders' demands
- Environmental – Uses resources efficiently, effectively and economically
- Governance & Stakeholder – Embrace standards of corporate governance
- Human capital – Managing human resources and maintain workforce capabilities

## Stakeholder Engagement

MClean identifies our key stakeholders, both internally and externally, after a thorough management review on the Group's business operations and risk areas. The Group engages the following key stakeholders through various communication channels to enable us to understand their expectation:

Key stakeholders	Communication Channels	Frequency of Engagement
Investors/ Shareholders/ Financial analysts	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Annual reports</li> <li>• Corporate announcement through Bursa Malaysia</li> <li>• Company website</li> <li>• Analyst and investor meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Annually</li> <li>• Annually</li> <li>• On-going</li> <li>• On-going</li> <li>• Ad-hoc basis</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Direct engagement with customer representatives</li> <li>• Customer satisfaction survey</li> </ul>	<ul style="list-style-type: none"> <li>• On-going</li> <li>• Annually</li> </ul>
Suppliers/Vendors	<ul style="list-style-type: none"> <li>• Regular interactions through emails and phone calls</li> <li>• Procurement system</li> <li>• Periodic performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>• On-going</li> <li>• On-going</li> <li>• Annually</li> </ul>

# SUSTAINABILITY STATEMENT (CONT'D)

## Stakeholder Engagement (Cont'd)

Key stakeholders	Communication Channels	Frequency of Engagement
Regulatory agencies/ Municipalities	<ul style="list-style-type: none"> <li>• Periodic basis through site visits and meetings</li> <li>• Consultation on regulatory matters</li> <li>• Participation in conferences / forums</li> <li>• Certification and licenses</li> </ul>	<ul style="list-style-type: none"> <li>• On-going</li> <li>• On-going</li> <li>• Annually</li> <li>• Annually</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Daily interactions, and open-door policy</li> <li>• Trainings and development</li> <li>• Staff performance evaluation</li> <li>• Recreation activities and staff gatherings</li> </ul>	<ul style="list-style-type: none"> <li>• On-going</li> <li>• On-going</li> <li>• Annually</li> <li>• On-going</li> </ul>

## Materiality Assessment and Key Sustainability Matters

The Senior Management Team conducts a desktop review to review the key material sustainability matters identified taking into consideration of the overall business environment of the Group's business operations and potential risk identified from the Group's risk management processes. A detailed risk management processes can also be found under our Statement of Risk Management and Internal Control in pages 31 to 32 of this Annual Report.

Areas	
Economic	<ul style="list-style-type: none"> <li>• Sustainable Profitability</li> <li>• Client/ customers satisfaction and engagement</li> <li>• Technological innovation</li> <li>• Anti-bribery and Anti-Corruption</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Waste and pollution management</li> <li>• Compliance with environmental laws and regulations</li> </ul>
Social	<ul style="list-style-type: none"> <li>• Diversity and equal opportunity</li> <li>• Employee compensation, benefits and welfare</li> <li>• Talent retention and management</li> <li>• Safety, health, and environment</li> <li>• Community engagement</li> </ul>

The above sustainability matters are considered material and the proposed actions to mitigate those risks, as well as potential opportunities arising were further elaborated in subsequent sections.

### 1. Economic

#### ***Sustainable Profitability***

MClean is committed to ensuring sustainable shareholders' value through maximising long-term profitability. With our presence in Malaysia, Singapore, China (Wuxi) and Thailand, we would be in close proximity to our key customers enabling us to provide value adding service to our key customers in terms of meeting their delivery schedule and logistic arrangement. Our results are discussed in greater details in Management Discussion and Analysis section of the Annual Report.

#### ***Clients/Customers Satisfaction and Engagement***

One of MClean's core values is to focus in meeting our customers' needs. MClean is committed to deliver high quality and safe product and services, for both of our Surface and Finishing Treatment and Precision Cleaning Divisions. Therefore, customers' feedback is important to help identify issues in products and/or understand expectations. Customers' feedback/non-conformities identified are reviewed to ensure corrective actions are taken on timely manner in achieving meeting customers' satisfaction.

#### ***Product Certification***

Strict adherence with the standard and procedures is a must in MClean. Our Process Control Procedures outlines steps required to identify, control, and monitor key points of potential risks in its operation to consistently deliver high quality and safe product and services to ultimately create value for the customers.

In addition, MClean's Surface and Finishing Treatment and Precision Cleaning Divisions were certified with ISO9001:2015 and ISO14001:2015 standard by accredited certification bodies. It is a testimony and our commitment to produce high quality and safe product and services that meet with customers and regulatory requirements and for continuous improvement.

# SUSTAINABILITY STATEMENT (CONT'D)

## 1. Economic (Cont'd)

### *Technological Innovation*

Technology and innovation are in the heart of many of the things we do. We aspire to continuously embrace production automation and invest for new technologies would create new business opportunities and possibilities for us to better meet our customers' needs as well as enriching the lives of society and being sustainable to the environment.

### *Anti-Bribery and Anti-Corruption Policy*

In line with the Guidelines on Adequate Procedures through Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendments 2018), an external consultant was engaged to assist in establishing its framework, principles and the expected standard of behaviours from our staff and external parties. These guidelines were oriented towards embedding anti-bribery and anti-corruption stance organisation wide, and was approved on 29 May 2020.

### *Whistle-blowing Policy*

To enhance the requirement by the MACC, a whistle-blowing policy and other procedures are in place to enable MClean's employees and external parties, who have dealings with the Group to report any issues on any suspicious practices through a trusted and accessible reporting channel.

During the year, there were no instances or complaints (FY2020: Nil) on suspected corrupt or unethical behaviour reported to us. A more detailed explanation on our whistle-blowing policy is provided in page 18 of our Corporate Governance Overview Statement.

### *Code of Conduct*

MClean's Code of Conduct guides our Board to ensure effective and fair decisions, with the ultimate objective of conducting our businesses in the most appropriate and ethical manner. A more detailed explanation can be found on our Board's Code of Conduct in page 18 of our Corporate Governance Overview Statement.

These efforts are continuously reviewed to ensure their relevancy to our sustainable business practices. More details on our corporate governance framework are provided in our Corporate Governance Overview Statement in pages 16 to 30 in this Annual Report.

## 2. Environmental

### **Waste and Pollution Management**

#### *Surface and Finishing Treatment Division*

As the operations of Surface and Finishing Treatment Division involve the usage of hazardous substances throughout the production process, we manage all the discharges and wastes in compliance with the laws and regulations governing the environmental protection governed by the Department of Environment ("DOE"). Controls in place to handle all these wastes includes:

- Installation of wastewater treatment plant
- Appointment of qualified waste disposal collector for schedule waste i.e. spent solvent and metal hydroxide sludge
- Designated chemical & schedule waste storage to reduce unauthorise access and prevent spillage
- Scrubber system is installed to remove hazardous particulates and/or gases from production operation
- Weekly and monthly monitoring report in accordance with regulation standards [Standard B, under the EQA (Industrial Effluent)] Regulations 2009
- Competent and certified person (i.e. Certified Environmental Professional in Scheduled Waste Management (CePSWaM)) in managing the scheduled waste

#### *Precision Cleaning Division*

Our cleaning business has continuously been operating in a safe, controlled, cleanroom class 100 and 1000 environment. Air in the cleanrooms is constantly filtered through HEPA to maintain a low particulate environment. The positive pressure of the cleanroom will also ensure that contaminant from the outside environment does not enter the cleanroom. Water treatment and recycling system are also in place in our factories to minimize the use of water. We have successfully recycled at least 90% of our water usage in Singapore through the cycling system. The plant in Singapore uses NEWater to reduce the reliance on portable water. NEWater is high-grade reclaimed water produced from treating used water. NEWater cushions our water supply against the dry weather. The water recycling and the usage of NEWater moves our business towards a more sustainable water usage.

# SUSTAINABILITY STATEMENT (CONT'D)

## 2. Environmental (Cont'd)

### Waste and Pollution Management (Cont'd)

#### Precision Cleaning Division (Cont'd)

Precautionary steps are also taken to ensure that hazardous substances are stored in the minimum allowable volume and all usage is monitored closely.

Collection kiosks are set at different parts of the factories in MClean to collect recyclable waste like paper, cardboard boxes, and plastic bottles from daily activities, use of double-sided printing, are part of the 5R strategy – Reuse, Reduce, Recycle, Repair and Recover implemented in MClean's factories and offices. In working towards sustainable business, we will progressively consider and implement more sustainability initiatives across MClean Group.

### Compliance with Environmental Laws and Regulations

It is in our interest to comply with local laws and regulations in the countries where we operate. We ensure that our employees are aware and fully comprehend of our highest standards in all sustainability aspects. Measures and controls such as standard operating procedures, audits and inspections by local authorities are in place, among others, to strengthen compliance with regulations, that could have irrecoverable reputational damage or lead to other costly liabilities.

MClean ensures that only trained and certified personnel oversee to ensure compliance with environmental regulations.

On 5 June 2020, MClean Technologies Pte Ltd had completed the ISO14001:2015 transition assessment for scope of activities assessment on Provision of Precision Micro Contamination Cleaning Services for the Hard Disk Drive, Semiconductor, Pharmaceutical, Automotive and the Aerospace Industries. This certificate allows MClean to serve greater range of industries, while the standard environmental management system adopted enhance our environmental performance, fulfilment of compliance obligations as well as achieve environmentally sustainable in the countries where we operate.

In FY2021, there were zero reported incidents (FY2020: zero incidents) of non-compliance with laws and regulations. No fine or non-monetary sanction was imposed on the Group.

## 3. Social

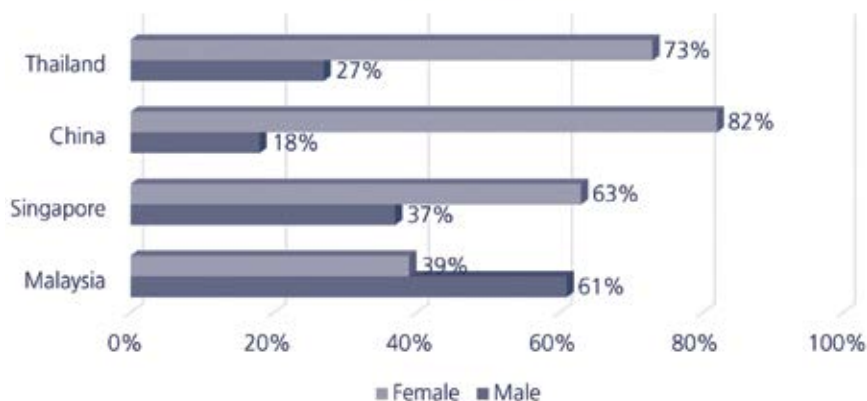
### Diversity and Equal Opportunity

MClean recognises that diversity within employees including gender, age, background and experience, would play a vital role to the Group moving towards achieving long term economic growth. We provide equal employment opportunities and employ based on talent, skills and experience.

As at financial year ended 31 December 2021, MClean reported a total workforce of approximately 326 employees (FYE2020: 300 employees) which included both full time and contractual employees.

At MClean, we do not discriminate between gender for rights and obligations, as well as equal opportunities for development and career progression to leadership positions. Our overall gender split is 52% women and 48% men (FYE2020: 53% women and 47% men). Meanwhile, our employees comprise a mix of age groups with almost 90% (FYE2020: 89%) below 50 years of age.

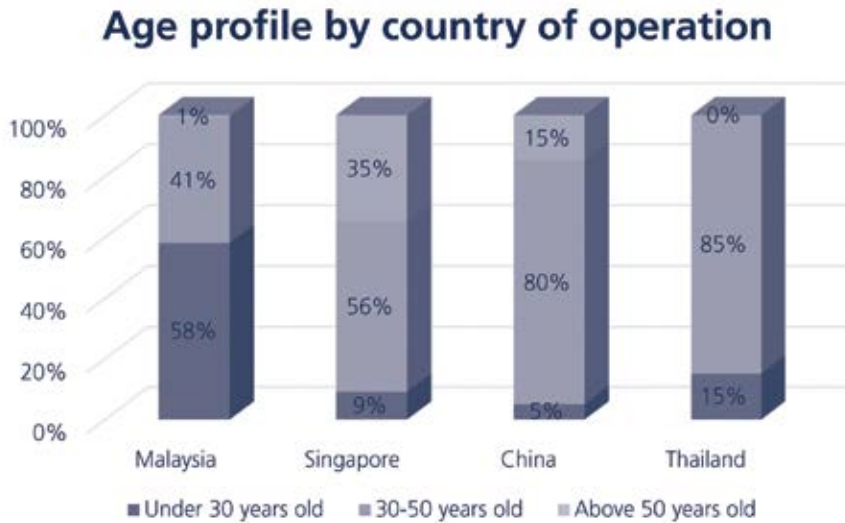
**Employee gender profile by country of operation**



# SUSTAINABILITY STATEMENT (CONT'D)

## 3. Social (Cont'd)

### Diversity and Equal Opportunity (Cont'd)



In FY2021, the employee turnover mainly from voluntary resignation such as permit expiration of foreign workers and pursuing other job opportunities. We are continuously looking into ways to improve our employee talent acquisition through various programmes including enhancement of our compensation and benefit plans and development programmes for our employees.

### Safety, Health and Environment

We recognise that the safety and health for employees are critical in our operation and therefore, significant efforts are undertaken to provide a healthy and safe working environment for our business partners, customers, employees, and relevant stakeholders. In FY2021, the Environmental Occupational Health & Safety Management Committee conducted 2 meetings to monitor and review the Group's safety and health measures, regulatory requirements, best practices in safety, health and environment for our factories and offices across the business locations they operate.

We are pleased to announce that MClean Technologies Pte Ltd on 5 June 2020 had obtained a certification from United Registrar of System that it's Health and Safety Management System which complied with ISO45001:2018 standards.

The proactive measures in place to minimise the risk of job-related hazards and incidents includes:

- Policy and procedures;
- Provision of personal protective equipment;
- Supervision by line leader and supervisor;
- Periodic inspection and audit by local authority and accreditation bodies; and
- Periodic meetings

For the year under review, no major incidents (FY2020: no major incidents) were reported in relation to the safety, health, and environment. We will continue to maintain our focus to uphold stringent health and safety standards throughout our operations.

With the outbreak of COVID-19, MClean have been closely monitoring local regulators' standard operating procedures ("SOP") across the business location where we operate. Strict enforcement of SOPs particularly in social distancing and cleanliness of working environment through regular disinfections, provision of face masks, and constantly reminding our employees on strict cleanliness standards such as cleaning hands and use of sanitisers, amongst others in curbing the spread of the pandemic.

### Community Engagement

MClean commitment to activities that are aligned with its focus on community and stakeholder engagement have come a long way since 2011. During early 2021, MClean participated in a series of "elderly fall prevention program" where the company has scheduled some of our staff to volunteer themselves to assist the elderly during the training session. We are committed to continue similar voluntary work as part of our community engagement.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## INTRODUCTION

The Board of Directors of MClean Technologies Berhad (“the Company”) recognizes the importance of establishing and maintaining good corporate governance and remains committed in ensuring that the Company and its subsidiaries (“the Group”) practices high standard of corporate governance in discharging their fiduciary duties and responsibilities to enhance long-term shareholders’ value whilst taking into account the interests of other stakeholders of the Company.

In line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) the Board of Directors is pleased to provide the Company’s Corporate Governance Overview Statement, of the Company’s approaches which outlines the commitment of the Board to ethical behavior and transparency in business strategy, operations and corporate culture in deriving the intended outcomes and in applying of the principles and practices of the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) to ensure long-term sustainability of the Group. For financial year ended 31 December 2021, the Company complied with most of the principles and practices as set out in the MCCG 2021, apart from departures on practices which were further elaborated and to be read together with the 2021 Corporate Governance Report of the Company which is available on the Company’s website: [www.mclean.com.sg](http://www.mclean.com.sg).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

#### 1.0 Every company is headed by a Board, which assumes responsibility for the Company’s leadership and is collectively responsible for meeting the objectives and goals of the Company.

##### Board Duties

The Board is primarily entrusted with the responsibility of charting the direction of the Group by formulating and reviewing the strategic plans and key policies, whilst providing effective oversight of Management’s performance, risk assessment and controls over business operations to address the sustainability of the Group’s business.

The Board is guided by a Board Charter and amongst others, the Board assumes the following major duties and responsibilities in discharging its fiduciary duties in the pursuit of the best interest of the Company while safeguarding the interest of its shareholders and other stakeholders:

- a) Reviewing and adopting the Company’s Strategic Plans;
- b) Overseeing the conduct of the Company’s businesses;
- c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- d) Ensuring that succession planning of the senior management is in place;
- e) Overseeing the development and implementation of shareholders’ communications policy for the Company; and
- f) Reviewing the adequacy and integrity of management information and Internal Control System of the Company.

##### Board Committee

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors, and Management. In assisting the execution of its responsibilities, the Board has delegated specific responsibilities to the Board Committees as follows:

- (a) Audit Committee (“AC”)
- (b) Remuneration Committee (“RC”)
- (c) Nominating Committee (“NC”)
- (d) Long Term Incentive Plan Committee (“LTIP”)

Each Committee has its functions clearly defined in its respective Terms of Reference and operating procedures which are reviewed on a regular basis. These Committees have the authority to examine particular issues for reporting to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

All matters not specifically reserved to the Board and which are necessary for the day-to-day operations of the Group are delegated to Management to operate within the authorities delegated.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I. Board Responsibilities (Cont'd)

#### 1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

##### Board Committee (Cont'd)

The Non-Executive Directors play supporting roles to contribute their knowledge and experiences towards developing the policies and in the decision-making process. Their responsibilities as Independent Non-Executive Directors include the following:

- a) Provide and enhance the necessary independence and objectivity to the Board;
- b) Ensure effective checks and balances on the Board;
- c) To mitigate any possible conflict of interest between the policy-making process and day-to-day management of the Company;
- d) Constructively challenge and contribute to the development of business strategy and direction of the Company; and
- e) Ensure that adequate systems and controls to safeguard the interest of the Company are in place.

##### Distinction of Roles of Chairman and Chief Executive Officer

There is a clear division of responsibilities between the Executive Chairman of the Board and the Chief Executive Officer ("CEO"). Mr. Yeo Hock Huat is the Executive Chairman whereas Mr. Lim Han Kiau is the Company's CEO. Both of them are Executive Directors of the Company.

The roles and responsibilities, which include the functions and the processes of the Executive Chairman and Chief Executive Officer (CEO) are clearly set out in the Terms of Reference and Board Charter, which are made available in the Company's website at [www.mclean.com.sg](http://www.mclean.com.sg).

The Executive Chairman is responsible for the leadership of the Group and for promoting the highest standards of integrity and probity while in the same leading the strategic planning at the Board level. He acts as facilitator at meetings of the Board to ensure that no directors, whether executive or non-executive, dominate the discussion, that appropriate discussion takes place and that relevant opinion among directors are forthcoming.

The CEO on the other hand, are responsible for making and implementing the policies laid down, operational and corporate decisions as well as developing, coordinating, and implementing business and corporate strategies.

##### Company Secretaries

The Board is supported by two suitably qualified and competent Company Secretaries from Tricor Corporate Services Sdn. Bhd. The Company Secretaries are Chartered and Licensed Secretaries under Section 235(2)(a) of the Companies Act 2016 who had obtained their Practising Certificates under Section 241 of the Companies Act 2016.

The key responsibilities of Company Secretaries include:

- a) Providing support and guidance to the Board on issues relating to compliance with rules and regulations and relevant laws affecting the Company as well as the best practices on governance matters;
- b) Regularly updated and apprised to the Board on new regulation issued by the regulatory authorities; and
- c) Serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares.

Roles of the Company Secretaries are as below:

- a) Attend all Board meetings and Board Committees meetings;
- b) Ensure all issues are deliberated with the decision and conclusion reached are accurately recorded;
- c) Record, prepare and circulate the minutes of the meetings of the Board and Board Committees;
- d) Ensure the minutes are kept at the registered office of the Company and readily available for inspection, if required;
- e) Facilitate the Board in conducting the annual Board Effectiveness Assessment; and
- f) Ensure timely and appropriate information flows within and to the Board and Board Committees.

The Company Secretaries attend relevant development and training programmes to enhance their ability in discharging their duties and responsibilities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I. Board Responsibilities (Cont'd)

#### 1.0 Every company is headed by a Board, which assumes responsibility for the Company's leadership and is collectively responsible for meeting the objectives and goals of the Company. (Cont'd)

##### Board Meetings and Access to Information

The Board holds meeting quarterly and as and when necessary for any matters which may arise between the meetings. Meeting materials are circulated to Directors at least five business days in advance of the Board or Board Committee meetings.

The Minutes of the Board or Board Committees meetings are circulated to all Board/Committee members in a timely manner for review before they are tabled for confirmation. All Board/Committee members reviewed and confirmed the minutes of meetings to ensure accuracy of reflecting the deliberation and decisions made by the Board.

#### 2.0 There is demarcation of responsibilities between the Board, Board Committees and Management. There is clarity in the authority of the Board, its Committees and individual Directors.

##### Board Charter

The Board has adopted the Board Charter on 27 February 2013 and with yearly review and the latest review was on 28 February 2022, which serves as a reference point for Board's activities and to promote the standards of corporate governance. It provides guidance for Directors and Management on the roles and responsibilities of the Board, its CEO and Board Committees.

The Board Charter is subject to regular review to ensure its consistency with the Board's objectives and responsibilities, compliance of relevant laws, regulations, guidelines as well as standards of corporate governance or at least once a year.

The Board Charter is made available at the Company's website at [www.mclean.com.sg](http://www.mclean.com.sg).

#### 3.0 The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, Management, employees and other stakeholders are clear on what are considered acceptable behaviour and practices in the Company.

##### Formalised ethical standards through Directors' Codes of Ethics and Conduct

The Board is guided by the Directors' Codes of Ethics and Conduct ("Code") in discharging its oversight role effectively. The Directors' Codes require all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's businesses and professional practices and act in good faith in the best interests of the Group and its shareholders. Above all, the respective Directors must ensure that their interest and person connected to them in any transaction, be declared to the Board members and notified to the Company Secretary for notation and records in formal register and to update any changes, as and when effected.

##### Adoption of Whistleblowing Policy into Practice

The Company recognises whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in the conduct of its businesses and operations. Hence, the Board has formalised the Company's Whistleblowing Policy whereby all employees are encouraged to disclose any malpractice or misconduct of which they become aware. Upon receipt of the official report via the email stipulated on the Company's website, the designated investigation officer appointed by the Independent Directors would carry out the investigation immediately. All information disclosed during the course of investigation will remain confidential, except as necessary or appropriate to conduct the investigation and to take any remedial action, in accordance with any applicable laws and regulations.

##### Implementation of Anti-Bribery and Anti-Corruption Policy

In accordance with the requirements of Rule 15.25 of ACE Market Listing Requirement and enforcement of new Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Board had adopted an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") to avert and combat the occurrence of bribery and corrupt practices in relation to the Group's businesses and to provide a measure of assurance and defense against corporate liability for corruption.

The Board diligently monitors these procedures to ensure that they meet the objectives of relevant legislations and remain effective for the Group; and, if necessary, implement changes subject to the approval of the Company's Board of Directors. This policy is reviewed periodically and may be amended as it deems appropriate to ensure its relevance and effectiveness.

A summary of the Directors' Codes of Ethics and Conduct, WhistleBlowing and ABAC Policies were published on the corporate website at [www.mclean.com.sg](http://www.mclean.com.sg).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II. Board Composition

#### 4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights

##### Board Composition and Balance

The Board comprises of six (6) members, comprising one (1) Executive Chairman, one (1) CEO, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The composition of the Board fulfills the criteria of Practice 5.2 of MCCG 2021 where half of the board comprises of Independent Directors.

Although the Chairman is not an Independent Non-Executive Director, the Board is of the view that there are sufficient independent views by the Directors with wide board room experiences to provide the necessary check and balance.

The Executive Chairman, as a rule, abstains from all deliberations and voting on matters, which he is directly or deemed interested.

##### Board Diversity

The Board continues to give close consideration to its size, composition, spread of experience and expertise in their yearly review. The Board embraces the importance on the diversity of the Board's composition to facilitate decision making process by harnessing different insights and perspectives. The mixed skills and experience are vital for the successful performance of the Company as with the Directors' combined experiences and knowledge, they provide sound advice and judgement for the benefit of the Company and its shareholders.

The Board agreed that each of the Director meets the criteria under Rule 2.20 of ACE Market Listing Requirement on their character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. Details of each individual Director's and Key Senior Management's skills and experiences are presented on pages 7 to 10 of the 2021 Annual Report.

The current diversity in gender and age of the existing Board is as follows:

	Age Group				Gender	
	30-39	40-49	50-59	60-69	Male	Female
Number of Directors	-	1	3	2	5	1

##### Gender diversity

The Company has one (1) female director representing 16.67% of the Board for the time being as included in Section 2(f) of the Board Charter. Nevertheless, the Board has yet to implement gender diversity policy or has any target and immediate plans to implement such policy and targets as the Board is of the view that gender should not be a basis of evaluation and that candidates should be nominated based on their level of experience and skill set as well as other qualities as stated under the Board diversity above. However, the Board would take necessary steps to ensure that women candidates are sought as part of the recruitment exercise.

##### Continuing in Office as Independent Directors

In line with Practice 5.3 of MCCG 2021, the Company's Board Charter states that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the director's re-designation as a non-independent director or to provide justification and seek for shareholders' approval via two-tier voting process. Section 4.3 of the Board Charter however stated that the Company would seek annual shareholders' approval only through a single-tier voting process as opposed to the two-tier voting process. The explanation of the departure from two tier voting is elaborated on the Corporate Governance Report.

Based on the evaluation on the assessment conducted for FYE 31 December 2021, the Board through the Nominating Committee were of the opinion that all the Independent Directors, namely Datuk Wira Mark William Ling Lee Meng ("Datuk Wira Mark"), Mr. Pang Kong Chek ("Mr. Pang") and Dr. Ho Choon Hou ("Dr. Ho"), who have served the Board for a cumulative term of more than 9 years, would continue in office subject to the shareholders' approval and the basis of the justifications for their retention is stipulated in the explanatory notes in the Notice of 12<sup>th</sup> Annual General Meeting on pages 110 to 116 of the 2021 Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II. Board Composition (Cont'd)

#### 4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights (Cont'd)

##### Board Appointment Process

The Nominating Committee ("NC") was established on 10 November 2010 comprised exclusively of Non-Executive Directors. The NC is primarily responsible for the identification of desired mix of expertise, competencies and experiences for an effective Board and the assessment of the performance of the members of the Board.

For the financial year under review, the NC held one (1) meeting. The members and record of attendance of individual committee members are as follows

Members	Number of Meeting Attended
Datuk Wira Mark William Ling Lee Meng (Chairman)	1/1
Mr. Pang Kong Chek	1/1
Mdm. Yeo Seow Lai	1/1

The NC is guided by specific Terms of Reference, which the same has been published on the Company's website.

In discharge of its duties for the financial year ended 31 December 2021, the NC had performed the following key activities: -

- reviewed the composition and structure of the Board and the Board Committees;
- reviewed the tenure of Independent Non-Executive Directors and their independence;
- evaluated the performance of the Board as a Whole and Board Committees;
- nominated the directors who are due for retirement by rotation and are eligible to stand for re-election; and
- evaluated and determined the training needs of the Directors.

In executing their responsibility in the Board appointment, the recommendation of candidates will be through a transparent and rigorous process in accordance to fit and proper standards before recommending the candidates to the Board for approval.

Although the liberty would rely on external opinions and services for such recommendations, ultimately the Board will have responsibility and final decision on such appointment. Notwithstanding the skills and experiences of each candidate, the NC takes into consideration the following factors for the purposes of the appointment: -

- the candidate's general understanding of the Group's businesses;
- the candidate's integrity, professionalism, skill, qualification, time commitment, experience and background;
- disclosure of existing directorships and commitments;
- other factors that promote diversity in age, gender and experience;
- in the case of candidates for the position of Independent Non-Executive Directors, to ensure such candidate has met the requirements for independence as defined in the Listing Requirements of Bursa Securities;
- independent director shall observe the required cooling-off period of three years if they were previously an existing or former officer of the Company (including non-independent non-executive director), adviser, or transacting party; and
- must undergo an induction programme for a newly appointed director.

##### Retirement and Re-Election of Directors

The Clause 76(3) of the Company's Constitution provides that at least one third (1/3) of the Directors including the managing director are subject to retirement by rotation at least once in every three (3) years but shall be eligible for re-election at each Annual General Meeting ("AGM") and can offer himself/herself for re-election. The Clause also provides that a Director who is appointed by the Board during the financial year is subject to re-election by the shareholders at the next AGM to be held following his/her appointment.

The NC will provide its recommendation to the Board to seek after the approval from the shareholders for the re-election and re-appointment of a Director at the AGM, after evaluating the performance of such individual Director. In determining whether to recommend a Director for re-election, the Director's past attendance at meetings, participation, and contribution to the functioning of the Board and its committee will be duly considered by the NC, including whether the said Director meets the qualification required under Rule 2.20 of ACE Market Listing Requirement.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II. Board Composition (Cont'd)

#### 4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights (Cont'd)

##### Time Commitment

The Directors shall at all times observe the recommendation that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the acceptance of new appointment.

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, none of the Directors holds directorships of more than five (5) public listed companies as guided under Rule 15.06 of the ACE Market Listing Requirement.

The Board meets at quarterly intervals and on other occasions, as and when necessary, to inter-alia approve the quarterly results, the Annual Report and budgets as well as to review the performance of the Group, operating subsidiaries and other business development activities. The Senior Management, Internal Auditors, External Auditors and/or other professional advisors are invited to attend the Board and Board Committee meetings to advise on relevant agenda items to enable the Board and its Committees to arrive at a considered decision.

A total of seven (7) Board meetings were held during the financial year ended 31 December 2021. The details of attendance of the Board members are listed as follows:

Name of Directors	Number of Meetings Attended
Yeo Hock Huat	7/7
Yeo Seow Lai	7/7
Datuk Wira Mark William Ling Lee Meng	7/7
Pang Kong Chek	7/7
Dr. Ho Choon Hou	7/7
Lim Han Kiau	7/7

All Directors have complied with the requirements on minimum 50% attendance of the total Board meetings held as stipulated in Rule 15.05(3)(c) ACE Market Listing Requirements of Bursa Securities.

The Board meetings for each financial year are scheduled and planned ahead before the commencement of a new financial year. This is to allow the Directors to organise their plans and activities ahead to enable them to attend all the Board meetings which have been scheduled. All the Directors have actively participated in the discussions during the Board meetings. There is no Board dominance by any individual and the Directors are free to express their views and opinions during the Board meetings. In arriving at Board decisions, the votes of the majority prevail at all times.

The Directors are aware that they must notify the other Board members of their interest in contracts that is in conflict, or in potential conflict with an interest of the Company or its subsidiaries by disclosing the nature and extent of that interest as arise and they do not participate in the deliberations on the matters of which they have a material personal interest and abstain from voting in such matters.

The Board with NC's recommendation determines and oversees the training needs of the Board members. In line with the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities, all Directors have attended the external professional programmes, which is deemed necessary to ensure that the Directors keep abreast of various issues face in the challenging business environment within which the Group operates.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II. Board Composition (Cont'd)

#### 4.0 Board decisions are made objectively in the best interests of the Company taking into account diverse perspectives and insights (Cont'd)

##### Time Commitment (Cont'd)

During the financial year ended 31 December 2021, the Directors have attended the following training programmes:

No.	Name of Director	Course Attended	Date Attended
1.	Mr. Yeo Hock Huat	• Updates on Malaysian Code of Corporate Governance 2021	• 27 <sup>th</sup> May 2021
2.	Mr. Lim Han Kiau	• Updates on Malaysian Code of Corporate Governance 2021	• 27 <sup>th</sup> May 2021
3.	Datuk Wira Mark William Ling Lee Meng	• Updates on Malaysian Code of Corporate Governance 2021 • MCCG Revision 2021 – Changing the Game in Corporate Governance • Advocacy Session for ACE Market • SC Audit Oversight Board Conversation with Audit Committee Session	• 27 <sup>th</sup> May 2021 • 1 <sup>st</sup> July 2021 • 21 <sup>st</sup> September 2021 • 29 <sup>th</sup> December 2021
4.	Dr. Ho Choon Hou	• Updates on Malaysian Code of Corporate Governance 2021 • Preventing Financial Crime (Global) • Compliance Induction (Global) • Anti-money Laundering (AML) Refresher: Asia-Pacific (APAC) Edition • Introduction to Corporate Social Responsibility and ESG Investing	• 27 <sup>th</sup> May 2021 • 28 <sup>th</sup> December 2021 • 28 <sup>th</sup> December 2021 • 28 <sup>th</sup> December 2021 • 28 <sup>th</sup> December 2021
5.	Mr. Pang Kong Chek	• Updates on Malaysian Code of Corporate Governance 2021	• 27 <sup>th</sup> May 2021
6.	Mdm. Yeo Seow Lai	• Updates on Malaysian Code of Corporate Governance 2021 • Advocacy Sessions Directors Ace Market • Combat the Covid-19 Crisis and impact on Business Interruption	• 27 <sup>th</sup> May 2021 • 15 <sup>th</sup> September 2021 • 23 <sup>rd</sup> September 2021

#### 5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors.

##### Annual Assessment

The NC reviews and evaluates the performance of Individual Directors, the Board as a whole and the performance of Board Committees on an annual basis. The evaluation comprises a Board Assessment, an Individual (Self & Peer) Assessment, Board Committees' Assessment, and an Assessment of Independence of Independent Directors.

The Board assessment is based on specific criteria, covering areas such as the following:

- Board structure;
- Board operations;
- Roles and responsibilities of the Board; and
- Board Committees and the Chairman's roles and responsibilities.

For Individual (Self & Peer) Assessment, the assessment criteria include the below:

- Core competencies of directors;
- Integrity and time commitment;
- Independence of Independent Directors;
- Effectiveness of the Board as a whole; and the Board Committees;
- Contribution to interaction;
- Quality of inputs; and
- Understanding of roles.

The Board put in place performance assessment form for each Board Committees, which assessment covers the below:

- Right composition;
- Assistance in decision making;
- Sufficiency of expertise in fulfilling roles;
- Discharge of responsibility;
- Appointment criteria;
- Quality of communication;
- Quality of minutes; and
- Sufficient time for deliberation.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II. Board Composition (Cont'd)

#### 5.0 Stakeholders are able to form an opinion on the overall effectiveness of the Board and individual Directors. (Cont'd)

##### Annual Assessment (Cont'd)

The Board, through the NC, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director includes the following:

- a) Relationship between the Independent Director and the Company; and
- b) Independent Director's involvement in any significant transaction with the Company.

The results of the assessment would form the basis of the NC's recommendation to the Board for the re-election of Directors at the next forthcoming AGM.

Based on the assessment of the independence of the Independent Non-Executive Directors conducted by the NC, the Board is satisfied that all Independent Non-Executive Directors will provide check and balance to the Board's decision-making process and bring independent and objective judgement to board deliberations.

The Board composition has met with the ACE Market Listing Requirements for a balanced board which is fulfilled with Independent Directors constituting 50% of the Board.

##### Assessment on Performance of Key Management

The NC also undertakes yearly evaluation of the performance of the Finance Director/Chief Financial Officer ("CFO") whose remuneration is directly linked to performance, based on his score sheet. For this purpose, the performance evaluation of the CFO for the year 2021 was reviewed by the NC.

### III. Remuneration

#### 6.0 The level and composition of remuneration of Directors and Senior Management to take into consideration the Company's desire to attract and retain the right talent in the Board and Senior Management to drive the Company's long-term objectives. The remuneration policies and decisions are made through a transparent and independent process.

##### Remuneration Framework and Packages

The Remuneration Committee ("RC") was established on 10 November 2010. The RC is responsible for recommending the remuneration framework and the remuneration packages of the Executive Directors (including Executive Chairman and Chief Executive Officer) and to establish a formal and transparent procedure for developing policy on remuneration packages of Individual Directors and Senior Management.

The RC is guided by specific Terms of Reference, which the same has been published on the Company's website.

For the financial year under review, the RC held one (1) meeting. The members and the record of attendance of individual committee members are as follows:

Members	Number of Meeting Attended
Datuk Wira Mark William Ling Lee Meng (Chairman)	1/1
Mr. Pang Kong Chek	1/1
Dr. Ho Choon Hou	1/1

The RC reviews annually and proposes, subject to the approval of the Board, the remuneration scheme taking into consideration the term of office of each Director as a member of the Board as well as Committees of the Board. The determination of the remuneration packages of Directors are considered and approved by the Board as a whole. The remuneration and benefits of Directors are generally based on market conditions, responsibilities held and the overall financial performance of the Group.

Nevertheless, the interested Directors shall abstain from any discussion on their own remuneration package. Directors' remuneration and benefits are recommended by the RC to the Board and subject to the approval by the shareholders of the Company at Annual General Meeting.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### III. Remuneration (Cont'd)

7.0 Stakeholders are able to assess whether the remuneration of Directors and Senior Management is commensurate with their individual performance, taking into consideration the Company's performance.

#### Directors' Remuneration and benefits

The RC considers the principles recommended by MCCG 2021 in determining the Directors' remuneration and benefits whereby, the Executive Directors' remuneration is designed to link rewards to the Group's and individual performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed.

In ensuring that the Directors' remuneration and benefits are in line with the market expectations and competition with the aim to attract, retain and motivate individuals of highest quality and talents in the Group with reference made to the Directors' remuneration and benefits offered by other public listed companies.

Details of the Directors' remuneration, including benefits received by the Directors from the Company and its subsidiaries and on a Group basis during the financial year ended 31 December 2021 are set out as below:

Directors	Director Fees	Salary	Bonus	EPF Contribution	Benefit in kind	Total
	RM	RM	RM	RM	RM	RM
<b>Executive:-</b>						
Yeo Hock Huat	24,000	351,131	29,261	40,688	36,961	482,041
Lim Han Kiau	24,000	314,171	26,181	27,974	36,961	429,287
<b>Non-Executive:-</b>						
Datuk Wira Mark William Ling Lee Meng	80,000	-	-	-	-	80,000
Dr. Ho Choon Hou	80,000	-	-	-	-	80,000
Pang Kong Chek	36,000	-	-	-	-	36,000
Yeo Seow Lai	30,000	-	-	-	-	30,000
<b>Total:</b>	<b>274,000</b>	<b>665,302</b>	<b>55,442</b>	<b>68,662</b>	<b>73,922</b>	<b>1,137,328</b>

#### Remuneration of Senior Management

The number of Senior Managements whose remunerations fall within the following bands are tabulated as below:-

Range of Remuneration (RM)	No. of Senior Management
500,000 to 650,000	2
650,001 to 800,000	-
800,001 to 950,000	1
Total	3

The Board is of the opinion that the disclosure of the Senior Management Personnel names and the remuneration component including salary, bonus, benefits in-kind and other emoluments would not be the best interest of the Group due to the competitive nature of the human resource market and to support the Group's effort to attract and retain executive.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I Audit Committee

8.0 There is an effective and independent Audit Committee. The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statement is a reliable source of information.

#### Establishment of Audit Committee ("AC") and Relationship with Auditors

The Board on 16 February 2022 had a change in the AC's composition and currently it comprised of exclusively of three (3) Independent Non-Executive Directors, which is line with Practice 9.4 of MCCG 2021.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Audit Committee (Cont'd)

#### 8.0 There is an effective and independent Audit Committee. The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statement is a reliable source of information. (Cont'd)

##### Establishment of Audit Committee ("AC") and Relationship with Auditors (Cont'd)

Datuk Wira Mark William Ling Lee Meng is the Chairman of the Audit Committee ("AC") of the Company and is not the Chairman of the Board. Details of the AC's composition and activities during the financial year ended 31 December 2021 are set out on pages 35 to 37 of the 2021 Annual Report.

The Company acknowledges the need to uphold independence and has incorporated the requirement for the former officers of the Company including former key audit partner of external auditors to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC in the Board Charter. To date, none of the AC members were former key audit partners of the Group's statutory auditors.

The Board through the establishment of AC maintains a formal and transparent relationship with the Company's Internal Auditors ("IA") and External Auditors ("EA") which has been accorded the authority to communicate directly with the IA and EA.

The AC meets with the IA and EA respectively, to discuss the audit plan, audit findings and the Group's financial statements. The EA also meet the AC at least twice a year without the presence of the Executive Directors and Management. In addition, the EA are invited to attend the AGM and to answer the shareholders' questions relating to the audited financial statements which may arise at the AGM.

The AC takes responsibility to ensure that adequate resources are allocated to the IA to carry out their duties in accordance with the annual audit plan.

##### Assessment of Suitability and Independence of External Auditors

The AC assesses the suitability and independence of the EA on an annual basis. Assessment of the areas include amongst others:

- a) Calibre of External Audit Firm;
- b) Quality Processes/ Performance;
- c) Audit Team;
- d) Objectivity and independence;
- e) Audit Scope and Planning;
- f) Audit Fees; and
- g) Audit Communications

The AC has met with the External Auditors at least twice in the absence of Management.

The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC had evaluated the performance of the EA and made recommendations to the Board on their re-appointment and audit fees.

##### Activities Execution

Details of activities carried out by the AC in FY2021 are disclosed on pages 35 to 37 of the 2021 Annual Report.

The Board noted that the EA had expressed their willingness to continue in office for the ensuring year and having reviewed the suitability and independence of the EA, the Board had recommended on the re-appointment of the EA for the shareholders' approval at the forthcoming 12<sup>th</sup> Annual General Meeting.

The Chairman and members of the AC are financially literate and have carried out their duties and responsibilities in accordance with the Terms of Reference of the Audit Committee.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Audit Committee (Cont'd)

**8.0 There is an effective and independent Audit Committee. The Board is able to objectively review the Audit Committee's findings and recommendations. The Company's financial statement is a reliable source of information. (Cont'd)**

#### Activities Execution (Cont'd)

One of the Audit Committee members is a member of Malaysian Institute of Accountants. All the AC members possess the necessary qualification, skill, knowledge and experience to discharge their duties effectively.

Accordingly, the Company complies with Rule 15.09 (1)(c)(i) of the ACE Market Listing Requirements of Bursa Securities. The Members are expected to devote sufficient time to update their knowledge and enhance their skills through continuous professional development programmes to keep themselves abreast of relevant enhancements in accounting and auditing standards, practices and rules.

### II Risk Management and Internal Control ("RM & IC") Framework

**9.0 The Group makes informed decisions on the risk appetite and implement necessary controls to pursue its objectives. The Board is provided with reasonable assurance that any adverse impacts arising from foreseeable future events are identified on a timely basis and managed/mitigated appropriately.**

#### Sound framework to manage risks

The Board has put in place a structured risk management and internal control system for on-going identification, evaluation and managing significant risks that may affect the Company's business objectives. Periodic testing of the effectiveness and efficiency of the risk management and internal control framework are conducted to ensure that the system is effective. Such system covers not only financial controls but also operational and compliance controls.

The risk management framework adopted is in line with ISO31000:2018 principles and generic guidelines on risk management, outlines the risk governance and structure, risk policy, risk assessment process and integration of risk management into key activities and functions.

The AC is guided by its Terms of Reference, in particular, they:

- (a) make recommendations to the Board on the risk appetite and associated risk parameters including risk limits for the Group;
- (b) review and assess compliance with and the adequacy of the risk management framework, policies and strategies to identify, measure, manage and report risks;
- (c) oversee Management in the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that are consistent with Group's approved risk appetite and parameters and report to the Board on their decisions on any material matters concerning the aforementioned;
- (d) make the necessary recommendations to the Board such that an opinion and comment regarding the adequacy and effectiveness of the RM & IC System can be made by the Board in the Annual Report of the Company in accordance with the Listing Requirements and Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; and
- (e) consider and advise on risk matters referred to them by Management or the Board including reviewing and reporting to the Board on any material breaches of approved risk limits, any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

The RM & IC System is reviewed and where appropriate, refined regularly by Management, Audit Committee and the Board.

The Statement on Risk Management and Internal Control set out on pages 31 to 34 of the 2021 Annual Report provides an overview of the state of risk management activities within the Group.

#### Risk Management Team

Established to assist the AC and the Board in its oversight of risk and effectiveness of MClean Group's risk management. The RMT is chaired by CEO and reports to Audit Committee twice a year. The RMT team comprises of the following members:

- a) Chief Executive Officer ("CEO");
- b) Chief Operating Officer ("COO");
- c) Chief Financial Officer ("CFO");
- d) Group Human Resource; and
- e) Risk Manager, who is the Group Finance Manager,

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II Risk Management and Internal Control ("RM & IC") Framework (Cont'd)

#### Risk Management Team (Cont'd)

The RMT shall review and assess the key strategic, operational and financial risks of the MClean Group and subsidiaries identified. They also ensure continuous trainings on risk management methodology are provided to all managerial and executive staff, who are responsible to contribute to the risk reports. Where appropriate, the RMT team shall engage the external risk management consultancy services to supplement in the risk management training and/or to carry out additional scope of risk management reporting.

### 10.0 The Group has an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

#### Risk Management and Internal Control ("RM & IC") Framework

The Board delegates the oversight of RM & IC to the AC. The AC performs the following:

- a) oversees the implementation of the risk management framework of the Group;
- b) advises the Board on areas of high risk faced by the Group;
- c) advises the adequacy of compliance and control throughout the organization;
- d) assesses all material and key risks associated with the Group's businesses and operation as well as corporate proposals;
- e) reviews the action plan implemented; and
- f) makes relevant recommendations to the Board.

The IAs assists the AC in discharging its duties and responsibilities with respect to adequacy and integrity of internal controls within the Group and undertakes the following activities:

- (i) carrying out the internal auditing of the subsidiaries;
- (ii) facilitating the improvement of business processes within the Group;
- (iii) develop a follow up process in monitoring the implementation of audit recommendation to Management; and
- (iv) monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.

#### Internal Audit Function

An outsourced independent professional service provider was appointed to assist the Audit Committee and the Board in performing their duties by independently assessing the adequacy and effectiveness of the internal control system established by the Management. The internal audits were conducted in accordance with an approved risk-based internal audit plan and were guided by the International Professional Practice Framework.

IA conduct reviews that involve testing the effectiveness of the material internal controls for the Group addressing financial, operational, compliance and information technology risks. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the IA are reported to and reviewed by the AC. The adequacy and effectiveness of the measures taken by Management in response to the recommendations made by the IA are also reviewed by the AC.

The Board has received assurance from the CEO and CFO that the RM & IC System in place for the Group is adequate and effective in addressing the material risks faced by the Group in its current business environment including material financial, operational, compliance and information technology risks. The CEO and CFO have obtained similar assurances from the respective risk and control owners.

The Board recognizes that the RM & IC System established by Management provides reasonable, but not absolute, assurance, that the Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. However, the Board also acknowledges that no RM & IC System can provide absolute assurance in this regard or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

The detailed processes of risk management are described in the Statement on Risk Management and Internal Control on pages 31 to 32 of the 2021 Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Communication with Stakeholders

**11.0 There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are made informed on decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility.**

#### Financial Reporting

The Board of Directors is responsible to present a balanced and understandable assessment of the Group's position and prospects through the annual financial statements, quarterly and half yearly announcements of results to the shareholders as well as the Chairman's statement and review of operations in the Annual Report.

The Board is responsible to ensure that the financial statements of the Group and its subsidiaries give a true and fair view of the states of affairs of the Group at the end of the financial year and of their operations and cash flows for the financial year then ended. The AC of the Board assists by scrutinizing the information to be disclosed to ensure accuracy and adequacy. A full Statement of Directors' Responsibility is enclosed in page 38 of the 2021 Annual Report.

#### Directors' Responsibility Statement

The financial statements of the Group and of the Company are drawn up in accordance with the requirements of the Companies Act 2016 and applicable approved accounting standards in Malaysia to give a true and fair view of the states of affairs of the Group as at the financial year end and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2021 the Directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured adoption of applicable approved accounting standards; and
- Prepared the financial statements on a going concern basis, as the Board has reasonable expectations that the Group and Company have adequate resources to continue in operational existence for foreseeable future.

The Directors are responsible for ensuring that the Group maintains proper accounting records that disclose with reasonable accuracy the financial position of the Group. The Directors also have the general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

#### Corporate Disclosure Policy and Procedures

The Board shall ensure that all communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws.

The CEO and CFO are responsible for determining materiality of information and ensuring timely, completeness and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures.

Sufficient information would be provided to the Company Secretary for drafting of necessary announcement.

The Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

#### Leverage on information technology for effective dissemination of information

The Company's website, [www.mclean.com.sg](http://www.mclean.com.sg) provides all relevant corporate information which is accessible by the public. The Company's website includes all announcements made by the Company, Annual Reports and Group Financial Highlights.

Through the Company's website, the stakeholders will be able to direct queries to the Company.

#### Effective communication with Shareholders

The Board acknowledges the importance of accountability and timely communications with its shareholders and investors. Timely releases of the financial results on a quarterly basis, press releases and announcements provide an overview of the Group's performance and operations to its shareholders.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### I Communication with Stakeholders (Cont'd)

**11.0 There is continuous communication between the Company and stakeholders to facilitate mutual understanding of each other's objectives and expectations. Stakeholders are made informed on decisions with respect to the business of the Company, its policies on governance, the environment and social responsibility. (Cont'd)**

#### Effective communication with Shareholders (Cont'd)

The Annual Reports and announcements to Bursa Securities remain the key channel of communication with shareholders and investors, which highlights the corporation information and financial highlights of the Group, to facilitate shareholders' easy access to such key information.

The AGM is the primary forum for dialogue with the shareholders. At the AGM, the Chairman and Board members present the progress and performance of the business and the shareholders are invited to raise questions pertaining to the resolutions being proposed before putting them to vote.

The Chairman informs shareholders that all resolutions set out in the notice of AGM and any other general meetings will be voted by poll. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll. The outcome of the AGM and any other general meeting will be announced to Bursa Securities via Bursa Link on the same day the general meeting is held.

The following are some of the channels used by the Company to disseminate information on a timely basis to the shareholders and the investing public: -

- a) Annual Report communicates comprehensive information of the financial results and activities undertaken by Group;
- b) Quarterly announcements and corporate disclosures to Bursa Securities are available on the Company's website: <http://www.mclean.com.sg>;
- c) Press releases provide up-to-date information on the Group's key corporate initiatives and new product and service launches; and
- d) The Company's website provides corporate information of the Group, where information on the Company's announcements and financial information can be accessed.

The Board also recognizes the need to fully disclose to shareholders all major developments in relation to the Group on a timely basis. Therefore, in addition to the mandatory disclosure requirement by Bursa Securities as well as other corporate disclosures, the Company also maintains at Company's website: [www.mclean.com.sg](http://www.mclean.com.sg) for access by the public and shareholders.

Where possible and applicable, the Group provides additional disclosure of information on a voluntary basis.

### II. Conduct of General Meeting

**12.0 Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at general meetings**

#### Notice of Annual General Meeting

The notice period given for the 12<sup>th</sup> Annual General Meeting ("AGM") to shareholders prior to the meeting is more than the minimum mandated period of 28 days. The Notice of AGM, which sets out the businesses to be transacted at the AGM, is also published in a major local newspaper.

#### Voting by Poll

In line with the ACE Market Listing Requirements of Bursa Securities all resolutions put forth for shareholders' approval at the 12<sup>th</sup> AGM to be held on 27 May 2022 will be voted by poll through online remote voting.

#### Leverage of Technology for Voting and Remote Shareholders' Participation

In view of the COVID-19 outbreak and in line with the Guidance Note on the Conduct of General Meetings for Listed Corporations issued by the Securities Commission Malaysia on 18 April 2020, the last 11<sup>th</sup> AGM was conducted on a virtual basis through live streaming from the broadcast venue ("FVM").

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

### II. Conduct of General Meeting (Cont'd)

#### 12.0 Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at general meetings (Cont'd)

##### Leverage of Technology for Voting and Remote Shareholders' Participation (Cont'd)

The Company wishes to inform that the online remote voting and live streaming will maintain for this 12th AGM due to the evolving issue of COVID-19 pandemic. The FVM will be carried out in the manner as guided by the Securities Commission Malaysia Guidance on the Conduct of General Meetings for Listed Issuers dated 13 January 2021 including any amendment guideline issued subsequent thereto. Pursuant to the SC Guidance and Section 327 (2) of the Companies Act, 2016. The Chairman shall be present at the broadcast venue and the shareholders shall not be physically present at the broadcast venue on the day of the AGM. However, shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting ("RPV") Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH") via TIIH Online website at <https://tiih.online>.

Shareholders who are unable to attend the remote General Meetings, may appoint their proxies to attend and vote on their behalf. The appointment of proxy(ies) can be made electronically via Share Registrars' website, TIIH Online website. This electronic voting option allows real time appointment of proxy(ies) without discerning those shareholders in remote locations and from other countries. The procedures for registration are set out in the Administrative Guide in pages 118 to 121 of the 2021 Annual Report.

##### Scrutineering Procedures

Independent Scrutineers will be appointed to observe the poll voting process to ensure voting procedures are carried properly by the poll administrator and verify the results of poll voting prior to declaration of results by the Chairman.

## COMPLIANCE STATEMENT

The Board believes that the Company has adopted the Principles and Recommendations of the MCCG 2021 in all material aspects, save as disclosed therein, for the financial year ended 31 December 2021.

This Corporate Governance Overview Statement was approved by the Board of Directors on 7 April 2022.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Rule 15.26(b) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements for the ACE Market requires directors of public listed companies to include a statement in the annual report with respect to the state, nature and scope of the internal control and risk management system of MClean Technologies Berhad (“MClean”) for the financial year ended 31 December 2021.

Pursuant to this, the Board of Directors (“the Board”) of MClean is pleased to provide its Statement on Risk Management and Internal Control, which has been prepared with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The statement below outlines the nature and scope of internal control and risk management system of MClean Group during the financial year ended 31 December 2021 up to the date of approval of this Statement.

## BOARD’S RESPONSIBILITIES

The Board affirms its overall responsibility and commitment to maintain a sound risk management and internal control system to safeguarding shareholders’ investment and assets of the Group.

The Board recognises the important of establishing a governance structure that ensures effective oversight of risks and internal controls within the Group. The Audit Committee is responsible to provide independent oversight of internal control and risk management function in the Group. The Risk Management Team is empowered by the Board to oversee the implementation of Enterprise Risk Management (“ERM”) policy and framework and to ensure that appropriate infrastructure, resources and systems are put in place to support the implementation of risk management activities.

Due to inherent limitations in any system of internal control and risk management, the Board acknowledges that these systems are designed to manage rather than to eliminate all the risks that may hinder the Group from achieving its business objectives, and hence, these systems can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

## RISK MANAGEMENT

In ensuring the roles and responsibilities are clearly defined and communicated at all levels, the Board has put in place a structured ERM framework to outlines the ERM process, key infrastructure to support the ERM implementation and also integration of risk management elements into decision making and strategic processes. The Group’s ERM framework is guided by ISO31000:2018, Risk Management – Guidelines.

Embracing an effective risk management will enhance the Group in responding to the changing operating environment and to make better decisions. Since the adoption of our risk management policy on 29 August 2018, a set of guidance is provided to Management in dealing with risks to achieve the following:

- To integrate risk management into the management culture, business activities and decision-making process.
- To anticipate and respond to the changing operational, social, environmental and regulatory requirements proactively.
- To manage risks pragmatically to an acceptable level given the particular circumstances of each situation.
- To require that all papers submitted to the Board by Management relating to strategy, key project approval, significant action or investment must include a risk assessment report.
- To continuously strive towards strengthening the risk management practices through continuous learning and improvement.

Whilst the Board approves and oversees the implementation of risk management practices, Audit Committee is responsible to provide independent oversight on the effectiveness of ERM and internal control system to the Board. The Risk Management Team, who comprises of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Group Human Resource and Risk Manager, is responsible to monitor ERM policy implementation, communicate and continuously educating the employees on the importance of risks of ERM framework to the employees, to ensure accountability of risk identified to risk owners and facilitate the reporting to AC.

## Risk Assessment Process

The Group’s ERM Process are set out as below:

1. *Risk Identification*
  - Identify new risks and changes that affect existing risks faced by each division and the Group as a whole.
2. *Risk analysis*
  - Assess the consequences and the likelihood of occurrence of risks.



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

## RISK MANAGEMENT (CONT'D)

### Risk Assessment Process (Cont'd)

The Group's ERM Process are set out as below (Cont'd):

3. *Risk evaluation & response*
  - Determine the significance of each of the risks and risk level; and
  - Address the risk by implementing action plans/controls to monitor, mitigate and minimize the risk exposures.
4. *Risk monitoring and review*
  - monitor the effectiveness of risk controls; and
  - review the material risks and risk levels and that there are appropriate controls in place for the activities and the controls are understood and followed.

AC members deliberates on the risk assessments result and presented to the Board on twice a year, i.e. 26 August 2021 and 26 November 2021. A risk register is maintained and updated to identify the possible root causes, to ensure the existing controls are in place and to understand the risk impact for the significant risk identified.

### Managing Key Risks

The Group's key risk have been identified, monitored and deliberated by AC. The top 3 risks of MClean identified and its mitigation actions are as summarized below:

- *Risk of customer concentration*, cleaning service is one of the core services offered by MClean. The Group has been constantly assessing and planning for business development and expansion activities in managing possible of "over concentration" risk due to the business nature.
- *Products/ service obsolescence risk – technology disruption*, MClean is supported by related party on the technology and equipment design for its cleaning division.
- *Lack of business growth & competition*, one of the Group's strategies are to competitive prices through effective operation and quality control measures.

The abovementioned ERM processes serve as the on-going processes used to identify, evaluate and manage risks faced by the Group during the financial year under review and up to the date of approval of this statement. The Audit Committee shall continue to monitor the Group's ERM processes to ensure that they remain relevant to the Group's working environment.

## INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to a professional services firm, Tricor Axcelasia Sdn Bhd and the internal audit staffs on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence. They provide an independent assessment on the adequacy and effectiveness of the Group's internal control system and reports directly to the Audit Committee.

During the financial year under review, the Internal Auditors conducted audits on corporate functions, and it was accordance to the internal audit plan approved by the Audit Committee, covering the below audit matters:

Entity Audited	Audited Matters
MClean Technologies (Thailand) Company Limited	1) Sales and Marketing
MClean Technologies Pte Ltd	1) Procurement Management 2) Human Resources Management

The results of the audit reviews were discussed with the Senior Management and subsequently the audit findings and recommendations for improvement were presented to the Audit Committee at the scheduled meetings. These were being followed up and presented to the Audit Committee to ensure corrective actions on the reported observations were implemented on a timely manner. Although certain internal control weaknesses were identified, none of the weaknesses has resulted in any material losses or contingencies that would require additional disclosure in this annual report.

The cost incurred for the internal audit function for the financial year under review was RM44,000 for two (2) audit visits performed.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## (CONT'D)

### OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The other key elements of the Group's risk management and internal control system are:

a) Organisation Structure and Authorisation Procedures

The Group maintains a well-defined organisation structure with clear lines of accountability and responsibility to provide a sound framework in facilitating proper decision making at the appropriate authority levels of Management including matters that require Board's attention and approval.

b) Monitoring and Review

The daily running of the businesses is entrusted to the Executive Directors and their Management teams. The Executive Directors are closely involved in the management of the business and operations of the Group and report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large.

c) Business Strategic Plan

Any new business opportunity is reviewed diligently by the Board of Directors, taking into consideration the risks of the new business, return of investment, cash flow position of the Company, profit guarantee and pay-back period.

d) Regular Management Meetings

Management meetings are conducted regularly with the Executive Directors, Senior Management and/or Heads of Department in attendance.

e) Periodical and Annual Budget

A comprehensive business planning and budgeting process which establishes plans and targets for the Group, is performed on a periodic basis. The business planning process of the Group determines its business objectives, examines the Group's strengths, weaknesses, opportunities, threats and key business risks of the Group.

f) Group Policies and Procedures

Policies and procedures, handbook, guidelines and authority limits have been established for employees within the Group in respect of day-to-day operations.

g) Code of Conduct and Ethics

Directors' Code of Conduct and Ethics is in place to serve as a guidance which is to be complied by the Directors to uphold accountability at all times and exercise highest level of business ethical standards and practices in the conduct of its businesses and operations.

h) Whistleblowing Policy

The Group acknowledges whistleblowing as an important mechanism in the prevention and detection of improper conduct, harassment or corruption in handling of its businesses and operations. A whistleblowing policy is designed to encourage employees to disclose any malpractice or misconduct of which they become aware and importantly to provide protection accorded to such whistle blowers.

i) ISO Certification

Certain parts of the Group's operations are ISO 9001:2015 and ISO 14001:2015 certified. Periodic ISO audits are conducted by external parties so as to ensure compliance with the standards of certification.

j) Related Party Transactions

Related party transactions are reviewed and monitored by the Audit Committee and presented to the Board on a periodic basis.

The Group's system of risk management and internal control applies principally to the Group and its subsidiaries.

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

## REVIEW THE STATEMENT BY EXTERNAL AUDITORS

As required by Rule 15.23 of the ACE Market Listing Requirement of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the year ended 31 December 2021. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, Assurance Engagements Other than Audits or Review of Historical Financial Information and Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

## CONCLUSION

The Board had received assurance from the Chief Executive Officer and Chief Financial Officer on 7 April 2022 that the Group's internal control and risk management system are in place for the financial year ended 31 December 2021 and are operating adequately and effectively, in all materials aspects, based on the risk management framework adopted by the Company.

The Board is of the view that the internal control and risk management system is satisfactory and has no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

This statement was approved by the Board of Directors on 7 April 2022.

# AUDIT COMMITTEE REPORT

## OBJECTIVES

The principal objectives of Audit Committee ("AC") are to assist the Board in discharging its duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Company and to ensure proper disclosure to the shareholders of the Company.

## MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee was established on 10 November 2010 and its composition complies with the ACE Market Listing Requirements ("AMLR"). The composition of the Audit Committee are as follows:

AC Members	Designation	Directorship
Datuk Wira Mark William Ling Lee Meng	Chairman	Independent Non-Executive Director
Dr. Ho Choon Hou	Member	Independent Non-Executive Chairman
Pang Kong Chek	Member	Independent Non-Executive Director

Ms. Yeo Seow Lai has resigned as a member of AC on 16 February 2022.

## Composition

The Company has complied with Rule 15.09 and 15.10 of the Bursa Malaysia's AMLR as well as Step Up Practice 9.4 of MCGG 2021 which required all the AC members to solely Independent Directors, including the AC Chairman and none of them are alternate directors.

All AC members shall be financially literate with at least one (1) member must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad.

Details of the members of the AC are contained in the Profile of Directors as set out in the pages 8 to 9 of this Annual Report.

## MEETINGS AND ATTENDANCE

During the financial year, a total of five (5) AC meetings were held on the following dates:

Meeting No.	Date
1/2021	23 February 2021
2/2021	8 April 2021
3/2021	27 May 2021
4/2021	26 August 2021
5/2021	26 November 2021

The details of attendance of each member at the AC meetings held were as follows:

Name of Members	Attendance at Meeting
Datuk Wira Mark William Ling Lee Meng (Chairman)	5/5
Dr. Ho Choon Hou	5/5
Pang Kong Chek	5/5
Yeo Seow Lai	5/5

The quorum for the meeting shall be majority of members present, who shall be independent directors.

The meetings were appropriately structured through the use of agenda and board papers containing information relevant to the matters for deliberation, which were distributed to members with sufficient notice. The minutes of each Audit Committee meeting was recorded by the secretary and submitted at the next Audit Committee meeting for confirmation, and thereafter presented to the Board for notation.

The Group's External Auditors, Internal Auditors and certain designated members of Senior Management also attended the AC meetings to provide updates and developments on issues arising from the audit reports.

# AUDIT COMMITTEE REPORT (CONT'D)

## TERMS OF REFERENCE

The Audit Committee is guided by its Terms of Reference, which are made available on the Company's website at [www.mclean.com.sg](http://www.mclean.com.sg).

## SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2021, the works carried out by the Audit Committee are summarized as follows:

### *Financial Reporting*

- Reviewed the unaudited quarterly results of the Group.
- Reviewed the audited financial statements for financial year ended 31 December 2021 of the Group focusing particularly on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with accounting standards and other legal requirements.

### *Related Party Transactions*

- Reviewed the Company's processes of monitoring potential recurrent related party transactions entered into by the Group.
- Reviewed related party transactions that occurred within the Group to ensure that the transactions entered into were at arm's length basis every quarter.

### *Internal Audit Function*

- Reviewed the Internal Audit plans and adequacy of coverage.
- Reviewed Internal Audit Reports and Management's responses on recommendations raised in IA Reports.

### *External Auditors*

- Reviewed the External Auditors' audit planning memorandum including the nature and scope of the audit plan.
- Reviewed the External Auditors' management letter and the Management's responses.
- Reviewed the External Auditors' findings arising from their audits and in particular the responses and appropriate actions taken by Management.
- Held at least two (2) private session(s) with the External Auditors without the presence of Management or Board.
- Review the audit fees and non-audit fees of the External Auditors prior to the approval of the Board of Directors.
- Reviewed and approved the Audit Committee's Terms of Reference.

### *Compliance*

- To review the Audit Committee's Terms of Reference to coincide with latest changes in ACE Market Listing Requirements and Malaysian Code on Corporate Governance 2021.
- Reviewed the existing Group's Anti- Bribery and Anti-Corruption Policy & Guidelines on updates and amendments thereon for approval of the Board.
- Reviewed the existing Whistleblowing Policy, its updates and amendments thereon for approval of the Board.

### *Risk Management & Internal Control*

- Reviewed reports on the Corruption Risk Assessment by the Company and its subsidiaries prepared by an outsourced consultant.
- Assessed the performance, suitability, objectivity and independence of External and Internal Auditors and recommended to the Board for their re-appointment.
- Reviewed and discussed on the proposal and execution of fund-raising corporate exercise under Private Placement.

### *Other matters*

- Reviewed the Audit Committee Report and the Statement on Risk Management & Internal Control as contained in the Annual Report and recommended to the Board for approval.
- Review the Management's proposed acquisition (reverse take-over) of new target companies.

## INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential to independently assesses and provides assurance to the Board on the adequacy and effectiveness of the Group's systems and the internal audit function for the Group. This internal audit has been outsourced to an external consultant, Tricor Axcelasia Sdn. Bhd and reported directly to the Audit Committee.

The internal audit activities have been carried out according to the internal audit plan that was approved by the Audit Committee. The Board had via the Audit Committee evaluated the effectiveness of the outsourcer by reviewing the results of its works in Audit Committee meetings.

The formulation of auditable areas in the annual audit plan is premised on risk-based approach and guidance from the International Professional Practice Framework to ensure that the higher risk matters in the Group are audited periodically. The audit plan at the same time covered the review of the adequacy of operational controls, compliance with applicable laws and regulations, established policies and procedures as well as governance processes. The Internal Audit also conducts ad-hoc assignments and special reviews as instructed by the Audit Committee as and when necessary.

# AUDIT COMMITTEE REPORT (CONT'D)

## INTERNAL AUDIT FUNCTION (CONT'D)

The number of staff deployed by Tricor Axcelasia Sdn. Bhd. for the internal audit reviews is ranging from 4 to 5 staff per visit including the Engagement Director. The staff involved in the internal audit reviews holds professional qualifications and/or a university degree. Most of them are also the members of the Institute of Internal Auditors Malaysia.

The Engagement Director is Mr. Chang Ming Chew, who has over 20 years of wide-ranging professional experiences that includes statutory audit, transaction reporting for IPO, share registration & IPO processing, internal audit, risk management, IT/cybersecurity advisory, operational risk and control review, financial due diligence, management consulting and corporate governance advisory. He is a Certified Internal Auditor (USA) and Certified Information Systems Auditor (USA). He is also a member of the Malaysian Institute of Accountants and a member of Association of Chartered Certified Accountants.

During the financial year ended 31 December 2021, the Internal Audit carried out reviews in accordance with the Internal Audit Plan. The Internal Audit Plan had been taken into cognizance, the Group's objectives, and business strategies. The Internal Auditors conducted audits on corporate functions covering the processes below:

Entity Audited	Audited Matters
MClean Technologies (Thailand) Company Limited	1) Sales and Marketing
MClean Technologies Pte Ltd	1) Procurement Management 2) Human Resources Management

The result of the audit reviews is discussed with Senior Management and subsequently the audit findings and recommendations for improvement are presented to the Audit Committee at their scheduled meetings. These are being followed up and presented to the Audit Committee to ensure corrective actions on the reported weaknesses are implemented on a timely manner.

The cost incurred for the internal audit function for the financial year under review was RM44,000 for two (2) audit visits performed. In this respect, the Board through the Audit Committee had received and reviewed reports on internal control from its internal audit function.

This report was approved by the Board of Directors on 7 April 2022.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and its Subsidiaries ("the Group") at the end of the financial year and also the results and cash flows for the financial year then ended.

The Directors consider that, in preparing the audited financial statements for the financial year ended 31 December 2021, the Company has adopted appropriate accounting policies and applied them consistently and made judgments and estimates that are prudent and reasonable. The Directors also ensured that all applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016 have been followed and the audited financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose reasonable accuracy at any time on the financial position of the Group which enable them to ensure that the financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

## 2. NON-AUDIT FEES

There were audit and non-audit fees paid or payable by the Group to the External Auditors and its affiliated company for review of Statement on Internal Control, provision of taxation services and provision of due diligence services for the financial year ended 31 December 2021. The details of the fees are as follows: -

<u>Audit Fees paid or payable to:-</u>	<u>RM</u>
- Auditors of the Company	173,000
- Other Auditors	130,211
 <u>Non Audit Fees paid or payable to:-</u>	
- Auditors of the Company	23,500
- Other Auditors	-

## 3. MATERIAL CONTRACTS

Other than the recurrent related party transactions of revenue or trading nature as disclosed under related party disclosures set out in Note 27 to the audited financial statements, there were no material contracts entered into by the Company and its subsidiaries involving Directors, chief executive who is not a director or major shareholders' interests which were still subsisting at the end of the financial year or since the end of the previous financial year.

## 4. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE OR TRADING NATURE

At the last Annual General Meeting held on 27 May 2021, the Company had obtained a general mandate from its shareholders to enter into RRPT with persons who are considered as Related Parties as defined in Rule 10.09 of ACE Market Listing Requirement ("ACE LR"). Details of the RRPT for financial year ended 31 December 2021 pursuant to Shareholders' Mandate are as follows:

No.	Name of company	Transacting party	Nature of transactions	Estimated Value from the Existing Shareholders' Mandate (from 27 May 2021 to the date of 12 <sup>th</sup> AGM)	Actual Value transacted from 27 May 2021 (being the date of the 11 <sup>th</sup> AGM) until Latest Practicable Date
1.	DWZ Industries Sdn. Bhd. ("DWZ")	Decor Industries Pte. Ltd. ("Decor")	(i) Provision of surface treatment and finishing services by DWZ to Decor	Up to RM2.0 million	RM0.166 million
			(ii) Provision of support services by Decor to DWZ	Up to RM2.0 million	NIL

## ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

### 4. RECURRENT RELATED PARTY TRANSACTIONS (“RRPT”) OF REVENUE OR TRADING NATURE (CONT'D)

At the last Annual General Meeting held on 27 May 2021, the Company had obtained a general mandate from its shareholders to enter into RRPT with persons who are considered as Related Parties as defined in Rule 10.09 of ACE Market Listing Requirement (“ACE LR”). Details of the RRPT for financial year ended 31 December 2021 pursuant to Shareholders’ Mandate are as follows (Cont’d):

No.	Name of company	Transacting party	Nature of transactions	Estimated Value from the Existing Shareholders’ Mandate (from 27 May 2021 to the date of 12 <sup>th</sup> AGM)	Actual Value transacted from 27 May 2021 (being the date of the 11 <sup>th</sup> AGM) until Latest Practicable Date
2.	MClean Technologies Pte. Ltd. (“MTPL”)	JCS Biotech Pte. Ltd. (“JCS Biotech”)	Provision of cleanroom packaging services by MTPL to JCS Biotech	Up to RM10.0 million	RM0.472 million (in SGD equivalent)
3.	MClean Technologies (Wuxi) Co., Ltd (“MTWCL”)	JCS Biotech	Provision of cleanroom packaging services by MTWCL to JCS Biotech	Up to RM5.0 million	NIL
4.	MClean Technologuess Pte. Ltd. (“MTPL”)	DW Clean Tech Pte. Ltd. (“DW Clean Tech”)	Provision of turnkey parts supply by DW Clean Tech to MTPL for the moulding, “stamping to contract” assembling and packaging stages which allows MTPL to offer such one-stop service through its network of contractors and service providers	Up to RM20.0 million	RM0.085 million (in SGD equivalent)
5.	MClean Technologies Pte. Ltd. (“MTPL”)	Hui Technologies Pte, Ltd. (“Hui Tech”)	Purchase of surface treatment and precision cleaning machineries by MTPL from Hui Tech for expansion of MTPL’s precision cleaning business in Thailand	Up to RM1.6 million	NIL

### 5. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year.



# DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6(a) to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

## RESULTS

	Group RM	Company RM
Loss for the financial year	(8,603,706)	(8,205,683)
Attributable to:-		
Owners of the Company	(8,222,939)	(8,205,683)
Non-controlling interests	(380,767)	-
	(8,603,706)	(8,205,683)

## DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

## RESERVES AND PROVISIONS

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

## DIRECTORS OF THE COMPANY AND SUBSIDIARIES

The names of the Directors in office during the financial year and during the period commencing from the end of the financial year to the date of this report are as follows:-

Yeo Hock Huat \*  
Lim Han Kiau \*  
Datuk Wira Mark William Ling Lee Meng  
Dr. Ho Choon Hou  
Pang Kong Chek  
Yeo Seow Lai \*

\* Directors of the Company and certain subsidiaries.

The name of the Directors of subsidiaries in office during the financial year and during the period commencing from the end of the financial year to the date of this report are as follows:-

Nijhof Edwin Hendricus Bernardus Franciscus  
Chow Kok Meng, Bert  
Loh Weng Yew  
Chua Chee Tiong  
Teoh Kim Guan  
Quek Chin Lai  
Hee Suh Ling  
Law Fah Soon

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in shares of the Company and its related corporations were as follows:-

	Number of ordinary shares			At 31.12.2021
	At 1.1.2021	Bought	Sold	
<b>Interest in the Company</b>				
<b>Direct interest</b>				
Yeo Hock Huat	10,117,000	-	-	10,117,000
Yeo Seow Lai	600,062	-	-	600,062
Lim Han Kiau	80,000	-	-	80,000
<b>Indirect interest</b>				
Yeo Hock Huat	39,748,004*	-	-	39,748,004
Yeo Seow Lai	10,517,000**	-	-	10,517,000
Lim Han Kiau	56,378,000***	-	-	56,378,000

\* Deemed interest by virtue of the shareholdings held by his siblings, Yeo Seow Lai (600,062 ordinary shares) and Yeo Lian Cheng (400,000 ordinary shares) in the Company, and his shareholdings in JCS Group Pte. Ltd. (38,747,942 ordinary shares), a shareholder of the Company pursuant to Section 8 of the Companies Act 2016.

\*\* Deemed interest by virtue of the shareholdings held by her siblings, Yeo Hock Huat (10,117,000 ordinary shares) and Yeo Lian Cheng (400,000 ordinary shares) in the Company pursuant to Section 8 of the Companies Act 2016.

\*\*\* Deemed interest by virtue of his indirect shareholdings in Decor Industries Pte. Ltd. (56,378,000 ordinary shares), a shareholder of the Company pursuant to Section 8 of the Companies Act 2016.

By virtue of Yeo Hock Huat, Yeo Seow Lai and Lim Han Kiau's direct and indirect interest in the shares of the Company, they are also deemed to have interest in the shares of all subsidiaries to the extent that the Company has an interest under Section 8 of the Companies Act 2016.

Other than the above, no other Directors in office at the end of financial year had any interest in shares in the Company or its related corporations during the financial year.

## DIRECTORS' REMUNERATIONS AND BENEFITS

During the financial year, the remunerations received and receivable by the Directors of the Company are as follows:-

	Incurring by the Company	Incurring by the Subsidiaries	Group
	RM	RM	RM
Directors' fees	274,000	-	274,000
Directors' emoluments	-	863,328	863,328

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

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than as disclosed in Note 27 to the Financial Statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

# DIRECTORS' REPORT (CONT'D)

## LONG TERM INCENTIVE PLAN ("LTIP") AND EMPLOYEES' SHARE OPTION SCHEME

At an Extraordinary General Meeting held on 20 June 2017, the Company's shareholders approved the establishment of LTIP for the eligible employees, Executive Directors and Non-Executive Directors of the Company and non-dormant subsidiaries. The LTIP shall be in force for a period of ten (10) years commencing from 30 October 2017 and will expire on 29 October 2027.

The salient features of the LTIP are disclosed in Note 23 to the financial statements.

However, the LTIP has not been granted as at 31 December 2021.

## OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amount written off 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 substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

## SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

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

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

During the financial year, the total amount of insurance premium paid for the Directors and Officers of the Company is RM15,000. No other indemnity coverage paid for Directors and Officers of the Company during the financial year.

# DIRECTORS' REPORT (CONT'D)

## AUDITORS

Auditors' remuneration for the Group and the Company is as follows:-

	Group RM	Company RM
Grant Thornton Malaysia PLT:-		
- current year	173,000	23,000
Other services	23,500	8,500
	<u>196,500</u>	<u>31,500</u>

To the extent permitted by law, the Company has agreed to indemnify its Auditors, Grant Thornton Malaysia PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 December 2021.

The Auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

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

LIM HAN KIAU	)	
	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
	)	
	)	
	)	
YEO HOCK HUAT	)	

Singapore  
12 April 2022

# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 48 to 106 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and their cash flows for the financial year then ended.

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

LIM HAN KIAU

YEO HOCK HUAT

Singapore  
12 April 2022

# STATUTORY DECLARATION

I, Loh Weng Yew, being the Officer primarily responsible for the financial management of MClean Technologies Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 48 to 106 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Notaries Public Rules.

Subscribed and solemnly declared by        )  
the abovenamed at Singapore this day        )  
of 12 April 2022                                        )

LOH WENG YEW

Before me:

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MCLEAN TECHNOLOGIES BERHAD (Incorporated in Malaysia) Registration No: 201001009003 (893631-T)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of MClean Technologies Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 106.

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 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

### Allowance for expected credit losses of trade receivables

(Refer to Notes 2.5.1.5 and 10 to the financial statements)

### The risk

The Group has significant trade receivables as at the reporting date and is subject to credit risk exposures. We focus on this area as deriving the expected credit losses of receivables involves management's judgement and estimates in determining the probability of default occurring by considering the ageing of receivables, historical loss experience and forward-looking information.

Our audit procedures included, amongst others:-

- Obtained an understanding of the Group's control over the trade receivables' collection process; how the Group identifies and assesses the loss allowance of trade receivables; and how the Group makes the accounting estimates for loss allowance.
- Reviewed the application of the Group's policy for calculating the expected credit loss;
- Considered the ageing of the trade receivables and testing the reliability thereon;
- Evaluated techniques and methodology applied for the expected credit loss approach; and
- Assessed the estimated future cash flows by examining the historical repayment records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors, evidence of subsequent settlements and other relevant information.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (CONT'D)

## MCLEAN TECHNOLOGIES BERHAD (Incorporated in Malaysia) Registration No: 201001009003 (893631-T)

### Key Audit Matters (Cont'd)

#### Impairment assessment on property, plant and equipment ("PPE") and right-of-use assets ("ROU") (Refer to Notes 2.5.1.4, 4 and 5 to the financial statements)

##### The risk

The Group is required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. As at 31 December 2021, the aggregate carrying amount of PPE and ROU assets of the Group was approximately RM28 million, representing approximately 50% of the Group's total assets. Due to the increased risk of impairment due to the deteriorated market outlook, the Group has estimated the recoverable amount of the cash-generating unit ("CGU") relating to the PPE and ROU assets using value-in-use ("VIU") method or based on its fair value less costs of disposal ("FVLCD").

We consider this to be an area of audit focus due to the significance of the amount and the complexity and subjectivity involved in the impairment assessment. Our procedures in reviewing the recoverable amount determined via VIU of the CGU include, amongst others:-

- Evaluated and assessed the appropriateness of the methodology and approach applied;
- Assessed the reasonableness of key assumptions used particularly the projected growth rates and gross profit margins; and
- Assessed whether the discount rate used to determine the present value of the cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive.

Our procedures in reviewing the recoverable amount determined via FVLCD of the CGU include, amongst others:-

- Assessed the reasonableness of the value determined by the Directors of the Company by comparing to recent market information which involves comparing and adopting recent transactions as a yardstick and sale evidences involving other similar properties in the vicinity; and
- Assessed the extent and direction of the significant unobservable input that depends on the number and characteristics of the observable market transactions.

As a result, during the financial year, the Group recognised impairment of PPE of RM5,374,252.

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

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

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

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

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

#### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of 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.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (CONT'D)

## MCLEAN TECHNOLOGIES BERHAD (Incorporated in Malaysia) Registration No: 201001009003 (893631-T)

### 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:-

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

We communicated 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 identified during our audit.

We also provided 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, action taken to eliminate threats or related safeguards applied.

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

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as Auditors, are disclosed in Note 6 to the financial statements.

### Other Matter

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.

GRANT THORNTON MALAYSIA PLT  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

MOHAMAD HEIZRIN BIN SUKIMAN  
(NO: 03046/05/2023 J)  
CHARTERED ACCOUNTANT

Johor Bahru  
12 April 2022



# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	18,179,991	25,755,166	-	-
Right-of-use assets	5	9,746,388	4,342,324	-	-
Investment in subsidiaries	6	-	-	21,071,103	28,617,464
Deferred tax assets	7	639,278	888,352	-	-
Other receivables	8	-	1,293,175	-	1,293,175
Total non-current assets		28,565,657	32,279,017	21,071,103	29,910,639
<b>Current assets</b>					
Inventories	9	1,300,245	814,346	-	-
Trade receivables	10	15,422,359	15,421,509	-	-
Other receivables	8	5,652,875	4,734,892	2,060,547	1,313,842
Tax recoverable		4,638	1,359	2,515	1,359
Deposits with licensed banks	11	549,882	540,132	-	-
Cash and bank balances	12	3,891,234	3,885,616	118,340	63,885
Total current assets		26,821,233	25,397,854	2,181,402	1,379,086
<b>TOTAL ASSETS</b>		<b>55,386,890</b>	<b>57,676,871</b>	<b>23,252,505</b>	<b>31,289,725</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	13	50,973,332	50,973,332	50,973,332	50,973,332
Reserves	14	(21,404,409)	(22,112,017)	-	-
Accumulated losses		(8,531,823)	(308,884)	(28,059,230)	(19,853,547)
Non-controlling interests		21,037,100	28,552,431	22,914,102	31,119,785
		8,585,759	8,966,526	-	-
Total equity		29,622,859	37,518,957	22,914,102	31,119,785
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Other payables	15	-	159,343	-	-
Borrowings	16	1,969,554	2,102,663	-	-
Lease liabilities	5	6,059,731	1,769,984	-	-
Deferred tax liabilities	7	270,244	63,638	-	-
Total non-current liabilities		8,299,529	4,095,628	-	-

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Current liabilities</b>					
Trade payables	17	5,852,234	5,437,034	-	-
Other payables	15	5,765,515	6,067,508	243,538	169,940
Amount due to a subsidiary	18	-	-	94,865	-
Borrowings	16	2,044,989	1,830,775	-	-
Lease liabilities	5	3,788,147	2,661,826	-	-
Tax payable		13,617	65,143	-	-
		<u>17,464,502</u>	<u>16,062,286</u>	<u>338,403</u>	<u>169,940</u>
Total current liabilities					
		<u>17,464,502</u>	<u>16,062,286</u>	<u>338,403</u>	<u>169,940</u>
Total liabilities		<u>25,764,031</u>	<u>20,157,914</u>	<u>338,403</u>	<u>169,940</u>
		<u>25,764,031</u>	<u>20,157,914</u>	<u>338,403</u>	<u>169,940</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>55,386,890</u>	<u>57,676,871</u>	<u>23,252,505</u>	<u>31,289,725</u>

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 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	19	59,317,879	56,133,507	-	-
Cost of sales		(47,673,359)	(42,684,871)	-	-
Gross profit		11,644,520	13,448,636	-	-
Other income		500,422	5,134,000	93,052	2,586,350
Finance income		11,714	23,736	57	3,459
Net impairment loss of financial assets		(599)	(1,429,498)	-	-
Selling and distribution expenses		(883,172)	(805,460)	-	-
Administrative expenses		(12,967,864)	(13,171,010)	(659,378)	(975,428)
Other expenses		(6,092,567)	(800,350)	(7,639,414)	(32,250)
Finance costs		(447,917)	(455,347)	-	-
(Loss)/Profit before tax	20	(8,235,463)	1,944,707	(8,205,683)	1,582,131
Tax expense	21	(368,243)	(519,317)	-	-
(Loss)/Profit for the financial year		(8,603,706)	1,425,390	(8,205,683)	1,582,131
<b>Other comprehensive income, net of tax</b>					
<b>Item that will be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations, net of tax		707,608	238,746	-	-
<b>Other comprehensive income for the financial year, net of tax</b>		707,608	238,746	-	-
<b>Total comprehensive (loss)/income for the financial year</b>		<u>(7,896,098)</u>	<u>1,664,136</u>	<u>(8,205,683)</u>	<u>1,582,131</u>
<b>(Loss)/Profit for the financial year attributable to:-</b>					
Owners of the Company		(8,222,939)	1,926,995	(8,205,683)	1,582,131
Non-controlling interests		(380,767)	(501,605)	-	-
		<u>(8,603,706)</u>	<u>1,425,390</u>	<u>(8,205,683)</u>	<u>1,582,131</u>
<b>Total comprehensive (loss)/income for the financial year attributable to:-</b>					
Owners of the Company		(7,515,331)	2,165,741	(8,205,683)	1,582,131
Non-controlling interests		(380,767)	(501,605)	-	-
		<u>(7,896,098)</u>	<u>1,664,136</u>	<u>(8,205,683)</u>	<u>1,582,131</u>
<b>(Loss)/Earnings per share attributable to the owners (sen)</b>					
- Basic	24	<u>(4.17)</u>	<u>0.98</u>		
- Diluted	24	<u>N/A</u>	<u>N/A</u>		

Note:

N.A – Not applicable. There are no potentially dilutive equity instruments that would affect the basic earnings per share.

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Attributable to owners of the Company										Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Merger deficit RM	Non-distributable		Distributable			Other reserve RM	Accumulated losses RM	Total RM			
			Warrant reserve RM	Currency fluctuation reserve RM									
At 1 January 2020	48,114,582	(22,246,256)	92,704	3,841,953	(3,946,460)	(2,328,583)	23,527,940	9,468,131	32,996,071				
<b>Transactions with owners:-</b>													
Warrants conversion exercise	233,750	-	(3,740)	-	-	3,740	233,750	-	233,750				
Private placement exercise	2,625,000	-	-	-	-	-	2,625,000	-	2,625,000				
Warrants expired	-	-	(88,964)	-	-	88,964	-	-	-				
Total transactions with owners	2,858,750	-	(92,704)	-	-	92,704	2,858,750	-	2,858,750				
Profit for the financial year	-	-	-	-	-	1,926,995	1,926,995	(501,605)	1,425,390				
Other comprehensive income for the financial year	-	-	-	238,746	-	-	238,746	-	238,746				
Total comprehensive income for the financial year	-	-	-	238,746	-	1,926,995	2,165,741	(501,605)	1,664,136				
At 31 December 2020	50,973,332	(22,246,256)	-	4,080,699	(3,946,460)	(308,884)	28,552,431	8,966,526	37,518,957				
Loss for the financial year	-	-	-	-	-	(8,222,939)	(8,222,939)	(380,767)	(8,603,706)				
Other comprehensive income for the financial year	-	-	-	707,608	-	-	707,608	-	707,608				
Total comprehensive loss for the financial year	-	-	-	707,608	-	(8,222,939)	(7,515,331)	(380,767)	(7,896,098)				
At 31 December 2021	50,973,332	(22,246,256)	-	4,788,307	(3,946,460)	(8,531,823)	21,037,100	8,585,759	29,622,859				

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	← Non-distributable →		Distributable	Total equity RM
	Share capital RM	Warrant reserve RM	Accumulated losses RM	
<b>Company</b>				
At 1 January 2020	48,114,582	92,704	(21,528,382)	26,678,904
<b>Transactions with owners:-</b>				
Warrants conversion exercise	233,750	(3,740)	3,740	233,750
Private placement exercise	2,625,000	-	-	2,625,000
Warrants expired	-	(88,964)	88,964	-
Total transactions with owners	2,858,750	(92,704)	92,704	2,858,750
Profit for the financial year	-	-	1,582,131	1,582,131
Other comprehensive income for the financial year	-	-	-	-
Total comprehensive income for the financial year	-	-	1,582,131	1,582,131
At 31 December 2020	50,973,332	-	(19,853,547)	31,119,785
Loss for the financial year	-	-	(8,205,683)	(8,205,683)
Other comprehensive income for the financial year	-	-	-	-
Total comprehensive loss for the financial year	-	-	(8,205,683)	(8,205,683)
At 31 December 2021	50,973,332	-	(28,059,230)	22,914,102

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax		(8,235,463)	1,944,707	(8,205,683)	1,582,131
<b>Adjustments for:-</b>					
Allowance for impairment loss on trade receivables		39,625	1,467,584	-	-
Impairment loss on property, plant and equipment		5,374,252	-	-	-
Impairment loss on investment in subsidiaries		-	-	7,639,413	-
Allowance for inventories written down		6,262	105,151	-	-
Bad debts written off		-	44,910	-	-
Depreciation of property, plant and equipment		3,325,974	3,490,703	-	-
Depreciation of right-of-use assets		3,680,741	3,562,206	-	-
Gain on termination of lease		-	(616)	-	-
GST/VAT receivables written off		402,570	-	-	-
(Gain)/Loss on disposal of property, plant and equipment		(76)	70,165	-	-
Loss on disposal of right-of-use assets		-	8,013	-	-
Property, plant and equipment written off		37,550	-	-	-
Reversal of impairment loss on trade receivables		(39,026)	(38,086)	-	-
Reversal of inventories written down		(105,151)	-	-	-
Interest expenses		156,856	223,051	-	-
Interest income		(11,714)	(23,736)	(57)	(3,459)
Net unrealised loss/(gain) on foreign exchange		614,683	85,717	(93,052)	-
Rent concession received		(57,673)	(500)	-	-
Lease liability interest expense		291,061	232,296	-	-
Operating profit/(loss) before working capital changes		5,480,471	11,171,565	(659,379)	1,578,672
<b>Changes in working capital:-</b>					
Inventories		(403,317)	(221,578)	-	-
Payables		368,342	(5,534,197)	168,463	(23,046)
Receivables		69,020	(1,755,792)	546,470	(4,530,653)
Cash generated from/(used in) operations		5,514,516	3,659,998	55,554	(2,975,027)
Tax refunded		74,052	1,598	-	239
Tax paid		(55,839)	(14,859)	(1,156)	-
Net cash generated from/(used in) operating activities		5,532,729	3,646,737	54,398	(2,974,788)
<b>INVESTING ACTIVITIES</b>					
Interest received		11,714	23,736	57	3,459
Purchase of property, plant and equipment		(1,241,102)	(1,380,111)	-	-
Proceeds from disposal of property, plant and equipment		7,922	17,393	-	-
Proceeds from disposal of right-of-use assets		-	68,000	-	-
Placements of deposits pledged with licensed banks		(9,750)	(17,495)	-	-
Net cash (used in)/generated from investing activities		(1,231,216)	(1,288,477)	57	3,459

# STATEMENTS OF CASH FLOWS (CONT'D)

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>FINANCING ACTIVITIES</b>					
Proceed from issuance of share capital		-	2,625,000	-	2,625,000
Warrants conversion exercise		-	233,750	-	233,750
Interest paid		(156,856)	(223,051)	-	-
Lease liability interest paid		(291,061)	(232,296)	-	-
Proceed from receivable financing		616,020	456,345	-	-
Repayment of receivable financing		(462,015)	(1,871,015)	-	-
Repayment to Directors		(317,506)	(1,768,954)	-	-
Repayment of term loan		(167,532)	(68,325)	-	-
Difference in addition to right-of-use assets in exchange for increased lease liabilities		-	41,148	-	-
Repayment of lease liabilities		(3,610,855)	(3,675,567)	-	-
Net cash (used in)/generated from financing activities		(4,389,805)	(4,482,965)	-	2,858,750
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		(88,292)	(2,124,705)	54,455	(112,579)
Brought forward		3,885,616	6,030,330	63,885	176,464
Effects of exchange translation differences on cash and cash equivalents		93,910	(20,009)	-	-
Carried forward	A	3,891,234	3,885,616	118,340	63,885

### NOTES TO THE STATEMENTS OF CASH FLOWS

#### A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances		3,891,234	3,885,616	118,340	63,885
Deposits with licensed banks		549,882	540,132	-	-
		4,441,116	4,425,748	118,340	63,885
Less: Deposits pledged		(549,882)	(540,132)	-	-
		3,891,234	3,885,616	118,340	63,885

As disclosed in Note 11 to the financial statements, the above deposits with licensed banks are pledged for bank guarantee facilities granted to a subsidiary and hence, are not available for general use.

# STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Amount due to Directors RM	Lease liabilities RM	Borrowings RM	Total RM
<b>Group</b>				
<b>Balance at 1 January 2020</b>	2,250,557	4,451,069	5,342,482	12,044,108
Non-cash changes:				
Addition	-	3,659,383	-	3,659,383
Cash flows:				
Proceed	-	-	456,345	456,345
Accretion of interest	57,482	232,296	165,569	455,347
Repayment				
- Principal	(1,768,954)	(3,675,567)	(1,939,340)	(7,383,861)
- Interest	(57,482)	(232,296)	(165,569)	(455,347)
Rent concession received	-	(500)	-	(500)
Termination of lease	-	(34,296)	-	(34,296)
Foreign exchange movement	(7,844)	31,721	73,951	97,828
<b>Balance at 31 December 2020</b>	473,759	4,431,810	3,933,438	8,839,007
Non-cash changes:				
Addition	-	9,023,986	-	9,023,986
Cash flows:				
Proceed	-	-	616,020	616,020
Accretion of interest	26,091	291,061	130,765	447,917
Repayment				
- Principal	(317,506)	(3,610,855)	(629,547)	(4,557,908)
- Interest	(26,091)	(291,061)	(130,765)	(447,917)
Rent concession received	-	(57,673)	-	(57,673)
Foreign exchange movement	2,574	60,610	94,632	157,816
<b>Balance at 31 December 2021</b>	158,827	9,847,878	4,014,543	14,021,248

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 1. GENERAL INFORMATION

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

The principal place of business of the Company is located at 2, Woodlands Sector 1 #01-22, Singapore 738068. The registered office of the Company is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor.

The Company is principally an investment holding company. The principal activities of the subsidiaries are disclosed in Note 6(a) to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 12 April 2022.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

### 2.1 Statement of compliance

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 Companies Act 2016 in Malaysia.

### 2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured on the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:-

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2021

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### 2.2 Basis of measurement (Cont'd)

The Group and the Company have established control framework in respect to the measurement of fair values of financial instruments. The Directors has overall responsibility for overseeing all significant fair value measurements. The Directors regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

#### 2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

#### 2.4 MFRSs

##### 2.4.1 Adoption of New Standards/Amendments/Improvements to MFRSs

The accounting policies adopted by the Group and the Company are consistent with those of the prior financial year except for the new and revised MFRSs and IC Interpretations approved by Malaysian Accounting Standards Board ("MASB") and applicable for current financial year. Application of the new and revised MFRSs and interpretations has no material impact on financial statements of the Group and of the Company.

The Group and the Company have applied the following amendments to published standards and IC Interpretations approved by MASB for the first time for the financial year beginning on 1 January 2021:-

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4\* and MFRS 16 – Insurance Contracts: Interest Rate Benchmark Reform-Phase 2

\* Not applicable to the Group's and the Company's operations.

The adoption of the above amendments to MFRSs and IC Interpretation did not have any material impact on the current and prior year financial statements of the Group and of the Company.

##### 2.4.2 Standards issued but not yet effective

The Group and the Company have not applied the following standards that have been issued by the MASB but are not yet effective for the Group and for the Company:-

###### Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts-Cost of Fulfilling a Contract
- Annual Improvements to MFRSs contained in the document entitled – Annual improvements to MFRS Standards 2018-2020

###### Effective for annual periods beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts\*
- Amendments to MFRS 4 Insurance Contracts – Extension of the Temporary Exemption for Applying MFRS 9\*
- Amendments to MFRS 17 Insurance Contracts\*
- Amendments to MFRS 17 – Initial Application of MFRS 17 and MFRS 9 – Comparative Information\*
- Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### 2.4 MFRSs (Cont'd)

#### 2.4.2 Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following standards that have been issued by the MASB but are not yet effective for the Group and for the Company (Cont'd):-

##### Effective date yet to be confirmed

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

\* Not applicable to the Group's and the Company's operations.

The initial application of the above standards is not expected to have any material impact to the current period and prior period financial statements of the Group and of the Company upon adoption.

### 2.5 Significant accounting estimates and judgements

Accounting estimates and judgements are being constantly reviewed against historical experience and other factors, such as expectations of future events that are believed to be reasonable under the circumstances. However, because of uncertainty in determining future events and its impact, actual result could differ from the estimates reported.

#### 2.5.1 Key sources of estimation uncertainty

Key assumptions concerning the future and accounting estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### 2.5.1.1 Useful lives of depreciable assets

The management estimates the useful lives of the property, plant and equipment to be within 3 to 50 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and developments, which resulting adjustment to the Group's assets.

The management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimation and hence it would not result in material variance in the Group's result for the financial year.

##### 2.5.1.2 Income taxes/Deferred tax liabilities

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is difference from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### 2.5.1.3 Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

##### 2.5.1.4 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2021

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### 2.5 Significant accounting estimates and judgements (Cont'd)

##### 2.5.1 Key sources of estimation uncertainty (Cont'd)

##### 2.5.1.4 Impairment of non-financial assets (Cont'd)

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its VIU calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a zero long-term growth rate is calculated and applied to project future cash flows after the fifth year. However, the Group does not determine VIU for certain CGU that is in historical loss trend with negative earnings before interest, taxes, depreciation and amortisation which would not generate net cash inflows in near future.

The FVLCD of certain CGU is not determinable as most of the non-financial assets are made up of plant and machinery where the recent transaction prices for similar plant and machinery are difficult to determined and management's basis and assumptions on the market estimation are also not made available.

Following the assessment, the Group recognised full impairment loss on property, plant and equipment for certain CGU amounting to RM5,374,252 in profit or loss. The information about the impairment loss on the Group's property, plant and equipment is disclosed in Note 4 to the financial statements.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

##### 2.5.1.5 Allowance for expected credit losses ("ECL") for trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The allowance rates are based on days past due for grouping of various customer segments that have similar loss patterns such as customer type and rating, and coverage by letters of credit and other forms of credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every quarterly reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECL is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default rate in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 10 to the financial statements.

##### 2.5.2 Significant management judgement

The following is significant management judgement in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

##### 2.5.2.1 Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unutilised capital allowances and unutilised tax credits to the extent that it is probable that taxable profit will be available against which all deductible temporary differences, unutilised tax losses and unutilised capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with future tax planning strategies.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied to financial statements for the periods presented, unless otherwise stated.

### 3.1 Consolidation

#### 3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. In circumstances when the voting rights are not more than half or when voting rights are not the dominant determinant of control, the Company uses judgements to assess whether it has de facto control, control by other arrangements, or by holding substantive potential voting rights.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when control over the subsidiary is lost.

Investment in subsidiaries is stated at cost in the Company's statement of financial position. Where an indication of impairment exists, the carrying amount of the subsidiaries is assessed and written down immediately to their recoverable amount.

Upon disposal of investment in subsidiaries, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies.

#### 3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

#### Merger method

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current and previous years. The combined assets and liabilities are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves. This is not applicable to MClean Technologies (Wuxi) Co., Ltd., MClean Technologies (M) Sdn. Bhd., DWZ Industries Sdn. Bhd., DWZ Industries (Johor) Sdn. Bhd., MClean Cloud Logistic Pte. Ltd., MClean Advance Carrier Pte. Ltd. and MClean Technologies (Thailand) Company Limited which are accounted for under acquisition method.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.1 Consolidation (Cont'd)

#### 3.1.2 Basis of consolidation (Cont'd)

##### Acquisition method

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

#### 3.1.3 Business combinations and goodwill

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date's fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRSs.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

#### 3.1.4 Loss of control

When the Group ceases to have control of a subsidiary, the Group derecognises the assets and liabilities, non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### 3.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary company not attributable directly or indirectly to the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.2 Property, plant and equipment

#### 3.2.1 Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to a property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing property, plant and equipment, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated assets are retained in the books of accounts until they are no longer in use.

Capital work-in-progress consists of plant and machinery under construction for intended use as production facilities. The amount is stated at cost and includes capitalisation of interest incurred on borrowings (if any) related to property, plant and equipment under construction until the property, plant and equipment are ready for their intended use. It is reclassified to property, plant and equipment once it is available for use.

#### 3.2.2 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed separately and if a component has useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready to use.

No depreciation is provided on freehold land as it has indefinite life. No depreciation is provided on capital work-in-progress until it is completed and ready for their intended used.

Depreciation of property, plant and equipment is computed over estimated useful life shown below:-

	<u>Estimated useful lives</u>
Buildings	50 years
Motor vehicles	5 years
Plant and machinery	5 – 10 years
Renovation	5 years
Office equipment, electrical fittings, and furniture and fittings	5 – 10 years
Computers	3 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

### 3.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of consumables goods is determined using the first-in-first-out method.

Net realisable value is the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.3 Inventories (Cont'd)

Write-down to net realisable value and inventory losses are recognised as an expense when it occurred and any reversal is recognised in the profit or loss in the period when related inventory was subsequently used or was sold above its carrying amount.

### 3.4 Financial instruments

#### 3.4.1 Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

#### 3.4.2 Financial assets

##### 3.4.2.1 Classification and subsequent measurement

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with MFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:-

- (i) amortised cost;
- (ii) fair value through profit or loss ("FVTPL"); and
- (iii) fair value through other comprehensive income ("FVOCI").

The classification is determined by both:-

- (i) the entity's business model for managing the financial asset; and
- (ii) the contractual cash flow characteristics of the financial asset.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. The assessment is called SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determined whether cash flows will result from collecting contractual cash flow, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented as net loss on impairment of financial assets in statements of profit or loss and other comprehensive income.

During the financial year, the Group and the Company do not have any financial assets categorised as FVOCI and FVTPL.

#### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):-

- (i) they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- (ii) the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method and are subject to impairment. Gain or loss are recognised in profit or loss when the asset is derecognised, modified or impaired. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's trade and most of the other receivables, deposits with licensed banks and cash and bank balances fall into this category of financial instruments.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.4 Financial instruments (Cont'd)

#### 3.4.2 Financial assets (Cont'd)

##### 3.4.2.2 Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost and debt investments measured at fair value through other comprehensive income. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

#### 3.4.3 Financial liabilities

##### Classification and subsequent measurement

The Group's and the Company's financial liabilities include trade and most of other payables, borrowings and amount due to a subsidiary.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.4 Financial instruments (Cont'd)

#### 3.4.4 Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset has expired or control of the asset is not retained or substantially all of the risk and rewards of ownership of the financial asset are transferred to another party. If the Group and the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group and the Company recognise its retained interest in the asset and associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of transferred assets, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

The Group and the Company derecognise a financial liability when its contractual obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### 3.4.5 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

### 3.5 Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, bank balances, deposits with licensed banks which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits.

### 3.6 Leases

The Group assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:-

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group.
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

The Group has applied the amendment to MFRS 116 *Leases: Covid-19-Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether a rent concession related to Covid-19 is a lease modification. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

#### 3.6.1 Group as a lessee

The Group apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.6 Leases (Cont'd)

#### 3.6.1 Group as a lessee (Cont'd)

##### 3.6.1.1 Right-of-use assets

The Group recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

	<u>Estimated useful lives</u>
Properties	2-6 years
Motor vehicles	5 years
Plant and equipment	2-5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, amortisation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Section 3.11 Impairment of non-financial assets.

##### 3.6.1.2 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments unpaid at that date. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

##### 3.6.1.3 Short-term leases and leases of low-value assets

The Group apply the short-term lease recognition exemption to their short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that is not explicitly specific in an arrangement.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.6 Leases (Cont'd)

#### 3.6.2 Group as a lessor

Where the Group acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight-line basis over the period of the lease.

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

### 3.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

### 3.8 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 3.9 Tax expense

Tax expense comprises of current tax and deferred tax but exclude taxes arising from business combinations and items recognised directly in equity or other comprehensive income. Current tax and deferred tax are recognised as an expense or income in the profit or loss.

#### 3.9.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Tax payable (recoverable) for current and prior periods is recognised as liability (or asset) to the extent that it is unpaid (or refundable).

#### 3.9.2 Deferred tax

Deferred tax are provided for under liability method in respect of temporary differences between carrying amount of an asset or liability in the statements of financial position and its tax base at reporting date. However, deferred tax on temporary difference arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination is not recognised because they affect neither accounting nor taxable profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.9 Tax expense (Cont'd)

#### 3.9.2 Deferred tax (Cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group and the Company expect, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reversed, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax credit and tax carried forward losses can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to offset against part or the entire deferred tax asset, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as deferred tax asset to the extent that it is probable that the future taxable profits will be available to offset against the unutilised tax incentive credit.

#### 3.9.3 Indirect taxes

The Goods and Services Tax ("GST") has been replaced with Sales and Services Tax ("SST") effective from 1 September 2018. The rate for sales tax is fixed at 5% or 10% while the rate for service tax is fixed at 6%.

The Statements of Profit or Loss and Other Comprehensive Income and Statements of Cash Flows have been prepared so all components are stated exclusive of sales tax except where service tax is not recoverable. All items in the Statements of Financial Position are stated net of sales tax with the exception of receivables and payables, which includes sales/service tax invoiced. Sales tax includes GST, Value Added Tax ("VAT") and SST where applicable.

### 3.10 Employee Benefits

#### 3.10.1 Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### 3.10.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligations to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial year.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes.

Obligations for contributions to defined contribution plans are recognised as expenses in the profit or loss as incurred.

#### 3.10.3 Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entities that provides key management personnel services to the Group. Directors are considered as key management personnel.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.10 Employee Benefits (Cont'd)

#### 3.10.4 Retirement benefits scheme

Pursuant to the relevant regulations of Royal Thai Government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. The Directors do not regard the provision under this scheme to have significant impact to the Group's financial statements and therefore no provision has been made during the financial year.

#### 3.11 Impairment of non-financial assets

The carrying amounts of the Group's and of the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss immediately.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

#### 3.12 Revenue recognition

Revenue arises mainly from the sale of goods and services. To determine whether to recognise revenue, the Group follows a 5-step process:-

- (i) Identify contracts with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group allocates transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group satisfies a performance obligation. An asset is transferred when (or as) the customer obtains control of the asset.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.12 Revenue recognition (Cont'd)

The Group satisfies a performance obligation and recognises revenue over time if the Group's performance:-

- (i) Do not create an asset with an alternative use to the Group and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group performs.

For performance obligations where none of the above conditions are met, revenue is recognised at a point in time at which the performance obligation is satisfied.

The Group transfers control of goods or services at a point in time, generally on delivery of the items completed with required services. Given the nature of the service provided by the entity is not a straightforward routine or recurring services and another entity will need to re-perform the work that the Group has completed to date if customer request the in-progress items to be completed by another entity, the customer does not receive and consume any benefit as the Group performs the service.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

### 3.13 Revenue from other sources

Interest income is recognised on a time-apportioned basis using the effective interest method.

Dividend income recognised in profit or loss when right to receive payment is established.

### 3.14 Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into the functional currency at rates of exchange closely approximating those ruling at reporting date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit or loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial statements of foreign subsidiaries are translated at year-end exchange rates with respect to assets and liabilities. All resulting translation differences are included in the exchange fluctuation reserve in shareholders' equity. Operating results are translated to RM at average exchange rates during the financial year.

On disposal of a foreign entity, the cumulative amount of exchange differences deferred in equity relating to that foreign entity is recognised in profit or loss as a component of gain or loss on disposal. All other foreign exchange differences are taken to the profit or loss in the financial year in which they arise.

### 3.15 Equity, reserves and distributions to owners

#### 3.15.1 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Share capital are recorded at the proceeds from ordinary shares issued, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Accumulated losses include all current and prior periods' losses.

Foreign currency translation differences arising on the translation of the Group's foreign entities are included in the exchange translation reserve.

Interim dividends are simultaneously proposed and declared, because the constitution of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.15 Equity, reserves and distributions to owners (Cont'd)

#### 3.15.1 Share capital (Cont'd)

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as dividend payable when the dividend was approved by shareholders. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year and on the settlement date, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

#### 3.15.2 Warrant reserve

The fair value of the warrants arising from the issuance of warrants, net of issue costs, are credited to warrant reserve which is non-distributable. Warrant reserve is transferred to the accumulated losses upon the exercise of warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to accumulated losses.

#### 3.15.3 Statutory reserve

In accordance with the relevant laws and regulations of the People's Republic of China ("PRC"), the subsidiaries established in the PRC are required to transfer 10% of its profit after tax prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the registered capital of the subsidiaries in PRC. Such reserve may be used to offset accumulated losses or increase the registered capital of the subsidiaries in PRC, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

### 3.16 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

### 3.17 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by respective segment managers responsible for the performance of the respective segments under their charge. The segment manager reports directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 26 to the financial statements, including factors used to identify the reportable segments and the measurement basis of segment information.

For intersegment transfers, segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are on negotiated basis. These transfers are eliminated on consolidation.

### 3.18 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as by deducting against cost of the assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

### 3.19 Related parties

A related party is a person or entity that is related to the Group and to the Company and they could be:-

- (a) A person or a close member of that person's family is related to the Group if that person:-
  - (i) Has control or joint control over the Group;
  - (ii) Has significant influence over the Group; or
  - (iii) Is a member of the key management personnel of the Company, or the Group.
  
- (b) An entity is related to the Group if any of the following conditions applies:-
  - (i) The entity and the Group are members of the same group.
  - (ii) The entity is an associate or joint venture of the Group.
  - (iii) Both the Group and the entity are joint ventures of the same third party.
  - (iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity.
  - (viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group.

A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land		Buildings		Motor vehicles		Plant and machinery		Renovation and fittings		Office equipment, electrical fittings, and furniture		Computers		Work-in-progress		Total		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Cost</b>																			
At 1 January 2020	7,178,000	4,486,477	444,398	46,152,732	6,722,508	14,364,323	1,297,983	2,586,488	83,232,909										
Additions	-	-	-	800,148	99,488	333,002	147,473	-	1,380,111										
Reclassification	-	-	-	2,263,433	-	-	-	(2,263,433)	-										
Disposal	-	-	(69,204)	(875,589)	-	(148,336)	(36,308)	-	(1,129,437)										
Written off	-	-	(46,955)	(332,000)	(124,380)	(512,289)	(75,443)	-	(1,091,067)										
Transfer from right-of-use assets	-	-	-	-	-	-	-	-	216,459										
Currency translation differences	-	-	4,127	342,477	148,585	130,264	699	(35,830)	590,322										
At 31 December 2020	7,178,000	4,486,477	548,825	48,351,201	6,846,201	14,166,964	1,334,404	287,225	83,199,297										
Additions	-	-	-	975,172	5,000	207,713	53,217	-	1,241,102										
Reclassification	-	-	-	277,266	-	-	-	(277,266)	-										
Disposal	-	-	-	-	-	(15,845)	-	-	(15,845)										
Written off	-	-	-	(780,365)	(19,589)	(1,537,638)	(100,300)	-	(2,437,892)										
Currency translation differences	-	-	5,727	354,055	23,812	148,339	15,226	(9,959)	537,200										
At 31 December 2021	7,178,000	4,486,477	554,552	49,177,329	6,855,424	12,969,533	1,302,547	-	82,523,862										

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

Group (Cont'd)	Freehold land	Buildings	Motor vehicles	Plant and machinery	Renovation	Office equipment, electrical fittings, and furniture	Computers	Work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Accumulated depreciation</b>									
At 1 January 2020	-	431,200	435,898	37,943,213	5,808,507	9,612,012	1,134,298	-	55,365,128
Charge for the financial year	-	59,262	43,292	2,116,651	372,296	757,427	141,775	-	3,490,703
Disposal	-	-	(69,204)	(788,031)	-	(148,336)	(36,308)	-	(1,041,879)
Written off	-	-	(46,955)	(332,000)	(124,380)	(512,289)	(75,443)	-	(1,091,067)
Transfer from right-of-use assets	-	-	155,129	-	-	-	-	-	155,129
Currency translation differences	-	-	3,715	320,108	141,956	99,718	620	-	566,117
At 31 December 2020	-	490,462	521,875	39,259,941	6,198,379	9,808,532	1,164,942	-	57,444,131
Charge for the financial year	-	105,023	18,037	2,110,563	348,900	654,008	89,443	-	3,325,974
Disposal	-	-	-	-	-	(7,999)	-	-	(7,999)
Written off	-	-	-	(780,031)	(19,589)	(1,500,499)	(100,223)	-	(2,400,342)
Currency translation differences	-	-	5,149	553,900	18,362	123,741	13,673	-	714,825
At 31 December 2021	-	595,485	545,061	41,144,373	6,546,052	9,077,783	1,167,835	-	59,076,589

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

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

Group (Cont'd)	Freehold land	Buildings	Motor vehicles	Plant and machinery	Renovation	Office equipment, electrical fittings, and furniture	Computers	Work-in-progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Accumulated impairment</b>									
At 1 January 2020, 31 December 2020 and 1 January 2021	-	-	-	-	-	-	-	-	-
Impairment loss	-	-	9,257	4,832,653	120,329	404,593	7,420	-	5,374,252
Currency translation differences	-	-	231	(111,952)	820	4,169	(238)	-	(106,970)
At 31 December 2021	-	-	9,488	4,720,701	121,149	408,762	7,182	-	5,267,282
<b>Net carrying amount</b>									
At 31 December 2021	7,178,000	3,890,992	3	3,312,255	188,223	3,482,988	127,530	-	18,179,991
At 31 December 2020	7,178,000	3,996,015	26,950	9,091,260	647,822	4,358,432	169,462	287,225	25,755,166

### Impairment loss

At the reporting period, the management performed an impairment indicator review and assessed that there was objective evidences or indications that the property, plant and equipment in certain cash generating units ("CGUs") may be impaired as a result of weakening market conditions which registered a loss during the year and its operations did not achieve ideal capacity in the current financial year.

In performing the impairment assessment of these CGUs, management applied their judgement in determining appropriate method in estimating recoverable amount of CGUs based on the higher of its value-in-use using a projected discounted cash flow model at rates ranging from 9.01% to 9.87% on a pre-tax basis or its fair value less costs of disposal.

As a result, during the financial year, the Group recognised impairment of property, plant and equipment of RM5,374,252 in the profit or loss.

### Security

As at 31 December 2021, certain land and building with a carrying amount of RM2,150,872 (2020: RM2,187,055) are pledged to secure bank loans granted to the Group (see Note 16).

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

### 5.1 Group as a lessee

The Group has lease contracts for various items of properties, motor vehicles and other equipment used in its operations. Leases of properties generally have lease terms of 2 and 6 years (2020: 2 and 3 years), motor vehicles generally have lease terms of 5 years (2020: 5 years), while plant and equipment generally have lease terms of 2 and 5 years (2020: 2 and 5 years). There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The Group had total cash outflows for leases of RM4,234,199 in 2021 (2020: RM4,119,985) and lease interest paid of RM291,061 (2020: RM232,296). The Group also had non-cash additions to right-of-use assets and lease liabilities of RM9,023,986 (2020: RM3,659,383). The future cash outflows relating to leases that have not yet commenced are disclosed in Note 5.1.5.

5.1.1 Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:-

	Properties RM	Motor vehicles RM	Plant and equipment RM	Total RM
<b>Group</b>				
At 1 January 2020	4,172,001	148,468	105,738	4,426,207
Addition	3,421,336	196,899	-	3,618,235
Depreciation	(3,461,329)	(34,095)	(66,782)	(3,562,206)
Disposal	-	(76,013)	-	(76,013)
Fully settled	-	(61,330)	-	(61,330)
Termination of lease	(33,680)	-	-	(33,680)
Currency translation differences	31,111	-	-	31,111
At 31 December 2020	4,129,439	173,929	38,956	4,342,324
Addition	8,918,056	-	105,930	9,023,986
Depreciation	(3,554,823)	(50,127)	(75,791)	(3,680,741)
Currency translation differences	59,149	-	1,670	60,819
At 31 December 2021	9,551,821	123,802	70,765	9,746,388

5.1.2 Set out below are the carrying amounts of lease liabilities and the movements during the period:-

	2021 RM	2020 RM
<b>Group</b>		
At 1 January	4,431,810	4,451,069
Addition	9,023,986	3,659,383
Accretion of interest	291,061	232,296
Payments	(3,901,916)	(3,907,863)
Rent concession	(57,673)	(500)
Termination of lease	-	(34,296)
Currency translation differences	60,610	31,721
At 31 December	9,847,878	4,431,810

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

### 5.1 Group as a lessee (Cont'd)

5.1.3 Lease liabilities are presented in the statements of financial position as follows:-

	Group	
	2021 RM	2020 RM
Current	3,788,147	2,661,826
Non-current	6,059,731	1,769,984
	<u>9,847,878</u>	<u>4,431,810</u>

5.1.4 Future minimum lease payments at 31 December were as follows:-

	Minimum lease payment due		
	Within 1 year RM	2 to 5 years RM	Total RM
<b>Group</b>			
<b><u>31 December 2021</u></b>			
Lease payments	4,131,332	6,354,312	10,485,644
Finance charges	(343,185)	(294,581)	(637,766)
	<u>3,788,147</u>	<u>6,059,731</u>	<u>9,847,878</u>
<b><u>31 December 2020</u></b>			
Lease payments	2,784,701	1,867,723	4,652,424
Finance charges	(122,875)	(97,739)	(220,614)
	<u>2,661,826</u>	<u>1,769,984</u>	<u>4,431,810</u>

5.1.5 Lease payments not recognised as a liability

The Group elected not to recognise a lease liability for short-term leases of machinery and equipment (leases with an expected term of 12 months or less from the commencement date and do not contain a purchase option) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis over the lease term. Certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The following amounts are recognised in profit or loss:-

	Group	
	2021 RM	2020 RM
Lease payments not recognised as a liability:-		
- Short-term leases	327,132	166,486
- Leases of low-value assets	5,151	33,481
- Variable lease payments	-	12,155
	<u>332,283</u>	<u>212,122</u>
Total amount recognised in profit or loss		

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

### 5.1 Group as a lessee (Cont'd)

#### 5.1.5 Lease payments not recognised as a liability (Cont'd)

Variable lease payments expensed on the basis that they are not recognised as a lease liability include excess use charges on office equipment. Variable payment terms are used for a variety of reasons, including minimising costs for IT equipment with infrequent use. Variable lease payments are expensed in the period they are incurred.

Each lease generally imposes a restriction that the right-of-use asset can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to extend the lease for a further term. The Group are prohibited from selling or pledging the underlying leased assets as security. For leases over forklift and hostel, the Group must keep those assets in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Group must incur maintenance fees on forklift in accordance with the lease contracts.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on statements of financial position:-

Group Type	Number of right-of-use assets leased	Range of remaining term	Number of lease with extension options
<b>2021</b>			
Forklift	2	20 months	-
Hostel	2	9 – 31 months	1
Motor vehicles	1	18 months	-
Warehouse	7	7 – 61 months	2
Office equipment	3	35 months	-
<b>2020</b>			
Forklift	4	7 - 48 months	-
Hostel	2	12 - 30 months	1
Motor vehicles	2	7 months	-
Warehouse	5	7 - 48 months	2
Office equipment	3	8 months	-

## 6. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	46,786,498	46,786,498
Quasi loans	4,911,148	4,818,096
	<u>51,697,646</u>	<u>51,604,594</u>
Less: Impairment losses		
Brought forward	(22,987,130)	(22,987,130)
Impairment loss during the year	(7,639,413)	-
	<u>(30,626,543)</u>	<u>(22,987,130)</u>
Carried forward	<u>21,071,103</u>	<u>28,617,464</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

### Quasi loans

Quasi loans represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The quasi loans are stated at cost less accumulated impairment losses, if any.

#### (a) The particulars of the subsidiaries are as follows:-

Name of companies	Effective equity interest		Principal activities	Country of incorporation
	2021	2020		
	%	%		
*MClean Advance Carrier Pte. Ltd. ("MAC")	100	100	Investment holding.	Singapore
*MClean Precision Pte. Ltd. ("MPP")	100	100	Investment holding and the provision of management services to subsidiary.	Singapore
DWZ Industries Sdn. Bhd. ("DWZ")	55	55	Surface treatment and finishing specialist for electrical and electronic industries.	Malaysia
MClean Technologies (M) Sdn. Bhd. ("MTM")	100	100	Provide surface treatment and related services such as surface finishing, precision cleaning and packaging services.	Malaysia
<b>Held by MAC</b>				
*@MClean Cloud Logistic Pte. Ltd. ("MCL")	55	55	Supply chain and time to market delivery solution.	Singapore
<b>Held by DWZ</b>				
DWZ Industries (Johor) Sdn. Bhd. ("DWZ Johor")	55	55	Surface treatment and finishing specialist for electrical and electronic industries.	Malaysia
<b>Held by MPP</b>				
**MClean Technologies Pte. Ltd. ("MTP")	100	100	Provide precision cleaning, assembly services and other related services to hard disk drive industry and investment holding.	Singapore
**MClean Technologies (Wuxi) Co., Ltd. ("MTW")	100	100	Provide precision cleaning, assembly services, clean bulk packing services and other related services.	People's Republic of China
*MClean Technologies (Thailand) Company Limited ("MTT")	100	100	Provide precision cleaning, assembly services and other related services to hard disk drive industry.	Thailand

\* Audited by a firm other than Grant Thornton Malaysia PLT.

# Component audit has been carried out by Grant Thornton Malaysia PLT for the purposes of enabling to form a group opinion.

@ Unaudited management account was used as this company is exempted from audit in Singapore and the financial result is immaterial to the Group.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (b) Non-controlling interest in subsidiaries

The Group's subsidiaries that have material non-controlling interests are as follows:-

	DWZ Group	
	2021	2020
	RM	RM
Percentage of ownership interest and voting interest (%)	45%	45%
Carrying amount of non-controlling interest	8,592,470	8,970,936
Total comprehensive loss allocated to non-controlling interests	(378,466)	(500,564)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests is as below:-

	DWZ Group	
	2021	2020
	RM	RM
<b>Summary of financial position</b>		
Non-current assets	15,364,035	16,084,541
Current assets	10,607,689	11,586,268
Non-current liabilities	(733,711)	(470,215)
Current liabilities	(3,195,541)	(4,317,087)
Net assets	22,042,472	22,883,507
<b>Summary of financial performance</b>		
Total comprehensive loss for the financial year	(841,035)	(1,112,367)
Included in the total comprehensive income is:		
Revenue	25,045,036	20,049,434
<b>Summary of cash flows</b>		
Net cash inflow from operating activities	3,571,975	86,760
Net cash outflow used in investing activities	(1,220,610)	(1,256,869)
Net cash outflow used in financing activities	(2,586,186)	(340,221)
Net cash outflows	(234,821)	(1,510,330)

There was no dividend paid to the non-controlling interest in year 2021 and 2020.

### (c) Significant restrictions

Cash and bank balances of RM356,396 (2020: RM681,895) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

### (d) Impairment loss and subsequent reversal of impairment loss

During year 2018, a subsidiary was in accumulated losses position and the management estimated the recoverable amount of that subsidiary based on its fair value less costs of disposal ("FVLCD"). In year 2019, following certain improvement in business performance of that subsidiary, the Company reassessed its estimates and reversed the initially recognised impairment. In year 2020, the Company assessed the recoverable amount of the cash-generating-unit ("CGU") related to this subsidiary is estimated to be higher than its carrying amount and therefore no impairment is required.

In year 2021, certain CGUs were in accumulated losses position and negative tangible assets and the management estimated the recoverable amount of these CGUs based on their FVLCD to be lower than its carrying amount and therefore the Company recognised additional impairment amounting to RM7,639,413.

## 7. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2021 RM	2020 RM
At 1 January	824,714	1,267,125
Recognised in profit or loss (Note 21)	(468,415)	(442,411)
Currency translation differences	12,735	-
	<u>369,034</u>	<u>824,714</u>
At 31 December		
Presented after appropriate offsetting as follows:-		
Deferred tax assets	639,278	888,352
Deferred tax liabilities	(270,244)	(63,638)
	<u>369,034</u>	<u>824,714</u>

The components of deferred tax assets and liabilities as at the end of the financial year comprise tax effect of:-

	Group	
	2021 RM	2020 RM
<b>Deferred tax:-</b>		
Unabsorbed donations	4,725	7,241
Expected credit loss	14,810	5,901
Deferred lease payments under MFRS 116	11,012	12,177
Unabsorbed tax losses	615,247	560,611
Unutilised reinvestment allowance	23,991	8,609
Unutilised capital allowances	707,729	633,750
Unrealised loss on foreign exchange translation	(4,076)	-
Property, plant and equipment	(1,004,404)	(403,575)
	<u>369,034</u>	<u>824,714</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 7. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability (stated at gross amount):-

	Group	
	2021 RM	2020 RM
Unabsorbed tax losses	12,652,218	10,761,058
Excess of tax base over net carrying amount of qualified property, plant and equipment	851,573	181,404
	<u>13,503,791</u>	<u>10,942,462</u>

The unabsorbed tax losses and unutilised capital allowances are available for offset against future taxable profits of the subsidiaries in which those items arose. Deferred tax assets have not been recognised in respect of unabsorbed tax losses and unutilised capital allowances as they may not be used to offset against taxable profits of that subsidiary.

The analysis of unabsorbed tax losses and their expiry dates for which no deferred tax asset is recognised is as below:-

	China RM Note (a)	Thailand RM Note (b)	Malaysia RM Note (c)	Total RM
<b>2021</b>				
Year of assessment 2022	-	70,768	-	70,768
Year of assessment 2023	-	3,061,636	-	3,061,636
Year of assessment 2024	2,031,697	1,466,084	-	3,497,781
Year of assessment 2025	1,248,692	1,565,740	-	2,814,432
Year of assessment 2026	524,069	1,600,728	-	2,124,797
Year of assessment 2028	-	-	271,366	271,366
Year of assessment 2029	-	-	419,109	419,109
Year of assessment 2030	-	-	392,329	392,329
	<u>3,804,458</u>	<u>7,764,956</u>	<u>1,082,804</u>	<u>12,652,218</u>
<b>2020</b>				
Year of assessment 2022	-	75,724	-	75,724
Year of assessment 2023	-	3,276,036	-	3,276,036
Year of assessment 2024	1,909,045	1,568,752	-	3,477,797
Year of assessment 2025	1,180,187	1,668,510	-	2,848,697
Year of assessment 2028	-	-	271,366	271,366
Year of assessment 2029	-	-	419,109	419,109
Year of assessment 2030	-	-	392,329	392,329
	<u>3,089,232</u>	<u>6,589,022</u>	<u>1,082,804</u>	<u>10,761,058</u>

(a) Unabsorbed tax losses of a subsidiary incorporated in the People's Republic of China is subject to a 5 years time limit under the tax legislation of the People's Republic of China.

(b) Net losses carried forward of a subsidiary incorporated in the Kingdom of Thailand for the last five accounting periods is deductible from taxable income.

The subsidiary has been granted with income tax exemption on the net profit arising from manufacturing of plastic packages and antistatic plastic packaging. The exemption will be applicable for a period of 5 years since the income is first derived from the said activities and any losses incurred during the exemption period is allowed to be carried forward for a period of not more than 5 years. The said activities had commenced during the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 7. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

- (c) Effective from Year of Assessment 2019, the unabsorbed tax losses can be carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unabsorbed tax losses will be disregarded.

## 8. OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Non-current asset:-</u>				
Indemnity receivables*	-	1,293,175	-	1,293,175
<u>Current assets:-</u>				
Non-trade receivables	992,869	1,240,134	-	-
Deposits	1,533,946	1,276,693	-	-
Prepayment	1,342,067	320,023	767,372	20,667
Advance to supplier	139,079	-	-	-
GST/VAT receivables	351,739	604,867	-	-
Indemnity receivables*	1,293,175	1,293,175	1,293,175	1,293,175
	<u>5,652,875</u>	<u>4,734,892</u>	<u>2,060,547</u>	<u>1,313,842</u>
	<u>5,652,875</u>	<u>6,028,067</u>	<u>2,060,547</u>	<u>2,607,017</u>

- \* The Company has on 30 October 2020 entered into an Indemnity Agreement with Decor Industries Pte. Ltd. ("Decor") in relation to the compensation settlement arising from the Petronas Gas Berhad's case (Note 15). Under the agreement, Decor shall indemnify the Company for the amount of RM2,586,350 to be paid in 24 equal monthly payment of RM107,764 per calendar month in 24 equal post-dated cheques make payable to the Company. In the event of any default, the entire sum of RM2,586,350 or balance outstanding thereof would be immediately due and payable.

## 9. INVENTORIES

	Group	
	2021 RM	2020 RM
<u>At cost:-</u>		
Consumable goods	<u>1,300,245</u>	<u>814,346</u>
<u>Recognised in profit or loss:-</u>		
Inventories recognised as cost of sales	26,301,883	21,752,190
Inventory written down	6,262	105,151
Reversal of inventories written down	<u>(105,151)</u>	<u>-</u>

The reversal of inventories written down was made when the related inventories were consumed.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 10. TRADE RECEIVABLES

	Group	
	2021 RM	2020 RM
<b>Gross carrying amount</b>		
Third parties	15,525,476	16,865,409
Amount due from corporate shareholder	-	82,276
Amount due from company in which a Director has interest	-	42,950
	15,525,476	16,990,635
Less: Allowance for expected credit loss	(103,117)	(1,569,126)
Net carrying amount	15,422,359	15,421,509

- (a) The normal trade credit terms granted by the Group to the trade receivables ranging from 30 to 120 days (2020: 30 to 120 days). The Group determines concentration of credit risk by comparing the amount due from each individual customer against the total trade receivables.
- (b) On 3 September 2019, the Group entered into an agreement with a debtor for the settlement of outstanding balance whereby the debtor will repay 37 monthly instalments of SGD15,000 each from September 2019 and a final instalment of SGD17,384. In year 2020, the management assessed the outstanding balance amounted to SGD482,384 as credit impaired. At the reporting date, the management decided to write off the allowance for expected credit loss due to irrecoverable.
- (c) Amount due from corporate shareholder amounted to RMNil (2020: RM82,276) is unsecured, bears no interest and generally on terms of None (2020: 180 days) in accordance with ordinary credit terms.
- (d) Amount due from company in which a Director has interest amounted to RMNil (2020: RM42,950) is unsecured, bears no interest and generally on terms of None (2020: 30 days) in accordance with ordinary credit terms.
- (e) The credit risk concentration profile of the Group's trade receivables as at the reporting date are as follows:-

	Group			
	2021 RM	%	2020 RM	%
Top 5 customers	8,859,727	57	9,933,934	64

(f) Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of these balances have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM2,301,792 (2020: RM2,691,153) that are past due at the reporting date but not impaired.

Although these balances are unsecured in nature, they are mostly due from customers which have a long term relationship with the Group. The Group considers these customers have low credit risk, and there was no default payment record for the customers, hence no impairment was provided on these balances.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 10. TRADE RECEIVABLES (CONT'D)

### (f) Receivables that are impaired

An impairment analysis performed at each reporting date using a provision of matrix to measure expected credit losses. The allowance rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Generally, trade receivables are written-off individually if there is evidence indicating that the receivable is in severe financial difficulty and has no realistic prospect of recovery. Trade receivables with a contractual amount of RMNil (2020: RM1,467,584) impaired during the period are still subject to enforcement activity. The Group does not hold collateral as security.

### (g) The following table provides information about the credit risk exposure on the Group's trade receivables which are group together as they are expected to have similar risk nature:-

Group	Gross carrying amount RM	Loss allowance RM	Net balances RM
<b>2021</b>			
Current	13,135,538	14,971	13,120,567
1-30 days	1,752,550	13,427	1,739,123
31-90 days	489,737	11,268	478,469
More than 90 days	147,651	63,451	84,200
	15,525,476	103,117	15,422,359
<b>Credit impaired at the reporting date</b>			
Individually impaired	-	-	-
	15,525,476	103,117	15,422,359
<b>2020</b>			
Current	12,777,419	47,063	12,730,356
1-30 days	2,368,965	9,724	2,359,241
31-90 days	131,160	875	130,285
More than 90 days	245,507	43,880	201,627
	15,523,051	101,542	15,421,509
<b>Credit impaired at the reporting date</b>			
Individually impaired	1,467,584	1,467,584	-
	16,990,635	1,569,126	15,421,509

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 10. TRADE RECEIVABLES (CONT'D)

(h) The movements in the allowance for expected credit loss in respect of trade receivables during the financial year were as follows:-

	Group	
	2021 RM	2020 RM
At 1 January	1,569,126	139,628
Allowance recognised during the year		
- Individually assessed	-	1,467,584
- Collectively assessed	39,625	-
	1,608,751	1,607,212
Allowance reversed during the year		
- Collectively assessed	(39,026)	(38,086)
- Written off	(1,466,608)	-
At 31 December	103,117	1,569,126

## 11. DEPOSITS WITH LICENSED BANKS

The entire deposits with licensed banks of the Group are pledged as a security for bank guarantee facility granted to a subsidiary.

The average effective interest rates per annum for deposits with licensed banks of the Group ranging from 1.60% to 2.35% (2020: 1.60% to 3.10%) per annum.

The deposits with licensed banks are on fixed rate basis and will mature within months 6 to 12 months (2020: 6 to 12 months) period.

## 12. CASH AND BANK BALANCES

Included in the cash and bank balances of the Group, there is an amount denominated in Renminbi ("RMB") of RM356,396 (2020: RM681,895). The RMB is not freely convertible into foreign currencies. Under the People's Republic of China Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

## 13. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
<b>Issued and fully paid up with no par value:-</b>				
Ordinary shares				
At 1 January	197,213,000	50,973,332	178,778,000	48,114,582
Warrants exercised	-	-	935,000	233,750
Shares issued	-	-	17,500,000	2,625,000
At 31 December	197,213,000	50,973,332	197,213,000	50,973,332

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 13. SHARE CAPITAL (CONT'D)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual value.

## 14. RESERVES

	Group	
	2021 RM	2020 RM
Merger deficit	(22,246,256)	(22,246,256)
Currency fluctuation reserve	4,788,307	4,080,699
Other reserve	(3,946,460)	(3,946,460)
	<u>(21,404,409)</u>	<u>(22,112,017)</u>

### Merger deficit

The merger deficit arises from the difference between the purchase consideration and the carrying value of the share capital acquired under the pooling-of-interests method of consolidation.

### Currency fluctuation reserve

The currency fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### Other reserve

Other reserve relates to fair value adjustment to the shares issued for the acquisition of subsidiaries.

## 15. OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<u>Non-current liability:-</u>				
Amount due to Directors	-	159,343	-	-
<u>Current liabilities:-</u>				
Non-trade payables	2,121,067	1,172,272	85,838	12,240
Amount due to companies in which a Director has interest	25,618	419,503	-	-
Amount due to Directors	158,827	314,416	-	-
Accruals of expenses	3,402,535	2,908,618	157,700	157,700
Deposit received	2,832	11,000	-	-
Legal liabilities payable	-	1,181,250	-	-
GST/VAT payable	54,636	60,449	-	-
	<u>5,765,515</u>	<u>6,067,508</u>	<u>243,538</u>	<u>169,940</u>
	<u>5,765,515</u>	<u>6,226,851</u>	<u>243,538</u>	<u>169,940</u>

Amount due to companies in which a Director has interest is unsecured and bears no interest.

Included in the amount due to Directors are amounts due to certain Directors of the Company with balance of SGDNil or approximately at RMNil (2020: SGD35,724 or approximately at RM108,683) at effective interest rate of None (2020: 4.68%) per annum.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 15. OTHER PAYABLES (CONT'D)

On 27 October 2016, Petronas Gas Berhad ("PGB") commenced a civil suit against the Group's subsidiaries, DWZ Industries Sdn. Bhd. and DWZ Industries (Johor) Sdn. Bhd. (collectively known as "DWZ Entities"). The DWZ Entities had on 9 January 2020 entered into a settlement agreement with PGB to pay the sum of RM3,150,000 in 24 equal consecutive monthly instalments of RM131,250 each month by way of post-dated cheques, with the first payment commencing 1 October 2019. In the event of any default, the entire sum of RM3,150,000 or balance outstanding thereof would be immediately due and payable. The post-dated cheques have been delivered to solicitors for PGB. This has been accrued for as legal liabilities payable.

## 16. BORROWINGS

	Group	
	2021 RM	2020 RM
<u>Non-current</u>		
<b>Secured:-</b>		
Term loan	1,969,554	2,102,663
<u>Current</u>		
<b>Secured:-</b>		
Account receivable financing	1,942,272	1,761,227
Term loan	102,717	69,548
	2,044,989	1,830,775
	4,014,543	3,933,438

The account receivable financing is charged at an effective interest rate of approximately 3.25% (2020: 3.25%) per annum.

The term loan bears interest at the rate of 3.20% (2020: 4.58%) per annum and is denominated in Ringgit Malaysia.

The banking facilities of the Group are secured against the following:-

- a) Corporate guarantee of SGD3,028,000 (approximately at RM9,351,372) and RM2,169,508 (2020: SGD3,028,000 or approximately at RM9,212,084 and RM2,169,508)
- b) First floating charge over the receivables of MTP amounted to RM4,165,230 (2020: RM5,752,560)
- c) Jointly and severally guaranteed by certain Directors
- d) Fixed charge over land and building of the Group (see Note 4)

## 17. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted by the trade payables ranging from cash term to 120 days (2020: cash term to 120 days).

	Group	
	2021 RM	2020 RM
<u>Trade payables, gross</u>		
Third parties	5,852,234	5,369,414
Amount due to company in which a Director has interest	-	67,620
	5,852,234	5,437,034

Amount due to company in which a Director has interest amounted to RMNil (2020: RM67,620) is unsecured, bears no interest and generally on terms of 60 days (2020: 60 days) in accordance with ordinary credit terms.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 18. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

	Company	
	2021 RM	2020 RM
Amount due to a subsidiary	94,865	-

## 19. REVENUE

Revenue of the Group represents invoiced sales to customers for precision cleaning of plastic and metal components, clean bulk packing services, surface treatment and finishing services of metal parts for electrical and electronic industries and related services excluding sales and services tax, goods and services tax and value-added tax.

### 19.1 Disaggregation of MFRS 15 revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition in the following table:-

Group	2021 RM	2020 RM
<b>Major products/service lines</b>		
Surface treatment and precision cleaning	59,317,879	56,133,507
<b>Primary geographical markets</b>		
Malaysia	17,846,370	15,929,169
Singapore	37,993,416	35,510,118
The People's Republic of China	1,130,942	2,499,816
Thailand	611,730	340,012
Others	1,735,421	1,854,392
	<u>59,317,879</u>	<u>56,133,507</u>
<b>Timing of revenue recognition</b>		
Products and services transferred at a point in time		
- Sale of goods and services	<u>59,317,879</u>	<u>56,133,507</u>

### 19.2 Contract balances

Trade receivables represents the entire contract balances as at 31 December 2021 and 31 December 2020. Trade receivables are non-interest bearing and are generally on terms of 30 to 120 days (2020: 30 to 120 days). In 2021, RM103,117 (2020: RM1,569,126) was recognised as allowance for expected credit losses on trade receivables.

### 19.3 Performance obligations

The performance obligation for surface treatment and precision cleaning service is satisfied upon delivery of the processed items and payment is generally due within 30 to 120 days from delivery. Some contracts provide customers with a right of return as general assurance for high quality services, which give rise to variable consideration.

There was no unsatisfied performance obligations as at the end of the reporting period and therefore no transaction price allocated to unsatisfied performance obligations.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 20. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax has been determined after charging/(crediting), amongst other, the following items:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:				
- Grant Thornton Malaysia PLT				
- statutory audit	173,000	173,000	23,000	23,000
- others	23,500	23,500	8,500	8,500
- other external auditors	130,211	105,585	-	-
Bad debts written off	-	44,910	-	-
Allowance for impairment loss on trade receivables	39,625	1,467,584	-	-
Allowance for inventories written down	6,262	105,151	-	-
Interest expenses:				
- Lease liabilities	291,061	232,296	-	-
- Account receivable financing	63,173	94,541	-	-
- Directors	26,091	57,482	-	-
- Term loan	67,592	71,028	-	-
Realised loss on foreign exchange	102,088	421,207	-	-
Interest income:				
- deposits with licensed banks	(9,750)	(17,495)	-	-
- bank balances	(1,964)	(6,241)	(57)	(3,459)
Net unrealised loss/(gain) on foreign exchange	614,683	85,717	(93,052)	-
(Gain)/Loss on disposal of property, plant and equipment	(76)	70,165	-	-
Loss on disposal of right-of-use assets	-	8,013	-	-
Impairment loss on property, plant and equipment	5,374,252	-	-	-
Impairment loss on investment in subsidiaries	-	-	7,639,413	-
Insurance claim received	-	(411,290)	-	-
Gain on termination of lease	-	(616)	-	-
Property, plant and equipment written off	37,550	-	-	-
Reversal of impairment loss on trade receivables	(39,026)	(38,086)	-	-
Reversal of inventories written down	(105,151)	-	-	-
Government grants expense				
- rent concessions	12,180	-	-	-
Government grants received				
- rent concessions <sup>#</sup>	(57,673)	(500)	-	-
GST/VAT receivables written off	402,570	-	-	-
Indemnity receivable	-	(2,586,350)	-	(2,586,350)
Wages subsidies received <sup>*</sup>	(157,424)	(1,689,891)	-	-
Rental of hostel	67,700	-	-	-
Rental of photocopier	13,151	17,890	-	-
Rental of forklift	66,849	-	-	-
Rental of warehouse	145,291	5,000	-	-
Rental income	(109,670)	(193,560)	-	-
Scrap sales income	(50,339)	-	-	-

\* The Group received financial assistance from Wage Subsidy Program ("PSU") and Wage Subsidy Program 2.0 ("PSU 2.0") implemented by Malaysia Social Security Organisation ("SOCSO") as well as Support Scheme implemented by Inland Revenue Authority of Singapore ("IRAS") and Ministry of Manpower of Singapore ("MOM").

# For COVID-19 related rent concessions received from lessor, the Group and the Company applied the practical expedient as disclosed in Note 3.6.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 21. TAX EXPENSE

### Tax recognised in profit or loss

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Tax expense for the year:-				
Malaysian income tax	33,050	45,000	-	-
Foreign income tax	-	6,090	-	-
(Over)/Under provision of tax in prior financial year	(133,222)	25,816	-	-
	(100,172)	76,906	-	-
Deferred tax:-				
Origination and reversal of temporary differences	408,027	655,506	-	-
Under/(Over) provision of deferred tax in prior financial year	60,388	(213,095)	-	-
	468,415	442,411	-	-
	368,243	519,317	-	-

### Reconciliation of tax expense

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(Loss)/Profit before tax	(8,235,463)	1,944,707	(8,205,683)	1,582,131
Tax at Malaysian statutory tax rate of 24%	(1,976,511)	466,730	(1,969,364)	379,711
Tax effects in respect of:-				
Expenses not deductible for tax	3,124,184	778,744	1,991,710	241,013
Income not subject to tax	(49,605)	(1,035,230)	(22,346)	(620,724)
Deferred tax assets not recognised	1,004,073	806,926	-	-
(Over)/Under provision of tax in prior financial year	(133,222)	25,816	-	-
Under/(Over) provision of deferred tax in prior financial year	60,388	(213,095)	-	-
Different tax rates of subsidiaries in overseas	(1,661,064)	(310,574)	-	-
	368,243	519,317	-	-

Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 22. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021 RM	2020 RM
Salaries, wages and other emoluments	28,927,332	27,738,112
Defined contribution plan	1,397,038	1,269,355
Other staff related expenses	840,926	948,586
	<u>31,165,296</u>	<u>29,956,053</u>

Included in the staff costs is the Directors' remunerations and key management personnel emoluments as below:-

	Group	
	2021 RM	2020 RM
<b>Executive Directors:-</b>		
Salaries and other emoluments	739,224	657,741
Bonus	55,442	54,811
Fees	48,000	48,000
Defined contribution plans	68,662	73,706
Estimated monetary value of benefit-in-kind	-	73,082
Total Executive Directors' remunerations	<u>911,328</u>	<u>907,340</u>
<b>Non-Executive Directors:-</b>		
Fees	<u>226,000</u>	<u>226,000</u>
Total Non-Executive Directors' remunerations	<u>226,000</u>	<u>226,000</u>
Total	<u>1,137,328</u>	<u>1,133,340</u>

	2021	2020
	RM	RM
<b>Key management personnel:-</b>		
Salaries and other emoluments	1,835,579	1,753,539
Defined contribution plan	<u>107,729</u>	<u>107,333</u>
Total	<u>1,943,308</u>	<u>1,860,872</u>

## 23. LONG TERM INCENTIVE PLAN ("LTIP") AND EMPLOYEES' SHARE OPTION SCHEME

The Company's LTIP is governed by the By-Laws which were approved by the shareholders at Extraordinary General Meeting held on 20 June 2017. The LTIP shall be in force for a period of ten (10) years commencing from 30 October 2017 and will be expired on 29 October 2027.

The salient feature of the LTIP are as follows:-

- (1) the maximum number of new shares of the Company which may be issued and allotted pursuant to the exercise of the share options shall not exceed in aggregate thirty per cent (30%) of the total issued and paid-up share capital of the Company (excluding any treasury shares) at any point of time during the duration of the LTIP.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 23. LONG TERM INCENTIVE PLAN ("LTIP") AND EMPLOYEES' SHARE OPTION SCHEME (CONT'D)

The salient feature of the LTIP are as follows (Cont'd):-

- (2) any employee (including Executive and Non-Executive Directors) shall be eligible to participate in the LTIP if as at the date of offer, that person is at least eighteen (18) years of age or above and is employed full time.
- (3) not more than ten per cent (10%) (or such percentage as allowable by the relevant authorities) of the shares available under the LTIP should be allocated to any individual Director or employee who, either single or collectively through his/her associates, holds twenty per cent (20%) or more in the issued and paid-up share capital of the Company.
- (4) the option price shall be based on the 5-day volume weighted average market price of the Company's shares, immediately preceding the date of offer with a discount of not more than 10% or such other percentage of discount as may be permitted by relevant authorities and/or any other relevant authorities from time to time during the duration of the LTIP or the par value of the Company's share.
- (5) the options shall not vary any voting rights at any general meeting of the Company and shall not be entitled to any dividends, rights and/or other distributions.
- (6) the new shares to be allotted and issued upon exercise of any option shall upon allotment rank pari passu in all respects with the existing shares of the Company.

The LTIP has not been granted as at 31 December 2021.

## 24. (LOSS)/EARNINGS PER SHARE

### Group

#### Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net (loss)/profit, for the financial year attributable to ordinary equity holders of the Company over the weighted average number of ordinary shares in issue during the year.

	2021 RM	2020 RM
(Loss)/Profit for the financial year attributable to owners used in the computation of basic (loss)/earnings per share	(8,222,939)	1,926,995

	2021 Units	2020 Units
Weighted average number of ordinary shares	197,213,000	196,163,382
Basic (loss)/earnings per share (sen)	(4.17)	0.98

#### Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is not computed as there were no potentially dilutive equity instrument in issue.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 25. COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:-

	Group	
	2021	2020
	RM	RM
Authorised and contracted for:-		
Office and hostel equipment, electrical fittings and furniture and fittings	-	23,135
Plant and machineries	-	14,445
	-	37,580

Commitments on rental expense are as follows:-

	Group	
	2021	2020
	RM	RM
Within one year	137,571	257,205
Within two years to five years	9,178	2,410
	146,749	259,615

## 26. SEGMENT INFORMATION

### (i) Business segment

Management currently identifies the Group's surface treatment and precision cleaning as operating segment. This operating segment is monitored and strategic decisions is made on the basis of adjusted segment operating results. The following summary describes the operation in each of the Group's reportable segment:-

Surface treatment and precision cleaning : Surface treatment, precision cleaning, clean bulk pack and related services mainly in the hard disk drive & consumer electronics industries.

Others : Investment holding

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the services.

Transfer prices between operating segment is on negotiated basis.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 26. SEGMENT INFORMATION (CONT'D)

### (i) Business segment (Cont'd)

2021	Surface treatment and precision cleaning RM	Others RM	Adjustments and eliminations RM	Total RM
<b>Revenue:-</b>				
External customers	59,317,879	-	-	59,317,879
Inter segment	19,022,424	3,392,419	(22,414,843)	-
<b>Total revenue</b>	<b>78,340,303</b>	<b>3,392,419</b>	<b>(22,414,843)</b>	<b>59,317,879</b>
<b>Income/(expenses):-</b>				
Interest income	11,657	57	-	11,714
Interest expenses	(447,917)	-	-	(447,917)
Depreciation of property, plant and equipment	(3,321,388)	(4,586)	-	(3,325,974)
Depreciation of right-of-use assets	(3,680,741)	-	-	(3,680,741)
Impairment loss on property, plant and equipment	(5,374,252)	-	-	(5,374,252)
Tax expenses	(368,868)	625	-	(368,243)
Segment loss	(7,669,193)	93,109	-	(7,576,084)
<b>2020</b>				
2020	Surface treatment and precision cleaning RM	Others RM	Adjustments and eliminations RM	Total RM
<b>Revenue:-</b>				
External customers	56,133,507	-	-	56,133,507
Inter segment	20,732,355	3,695,384	(24,427,739)	-
<b>Total revenue</b>	<b>76,865,862</b>	<b>3,695,384</b>	<b>(24,427,739)</b>	<b>56,133,507</b>
<b>Income/(expenses):-</b>				
Interest income	20,277	3,459	-	23,736
Interest expenses	(455,347)	-	-	(455,347)
Depreciation of property, plant and equipment	(3,490,703)	-	-	(3,490,703)
Depreciation of right-of-use assets	(3,562,206)	-	-	(3,562,206)
Tax expenses	(519,317)	-	-	(519,317)
Segment (loss)/profit	(95,048)	3,015,183	-	2,920,135

Inter-segment revenues are eliminated upon consolidation and reflected in the adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 26. SEGMENT INFORMATION (CONT'D)

### (i) Business segment (Cont'd)

#### Adjustments and eliminations

Inter-segment revenues are eliminated on consolidation.

Certain administrative expenses have not been disclosed by segment as they are also managed on a group basis, and are not provided to the chief operating decision maker at the operating segment level.

#### Reconciliation of (loss)/profit

	2021 RM	2020 RM
<b>Segment (loss)/profit:-</b>		
- Surface treatment and precision cleaning	(7,669,193)	(95,048)
- Others	93,109	3,015,183
	(7,576,084)	2,920,135
Administrative expenses	(659,379)	(975,428)
<b>(Loss)/Profit before tax</b>	<b>(8,235,463)</b>	<b>1,944,707</b>

It was not practicable to separate out the segment assets and liabilities for its business segments as the assets and liabilities were jointly used by the business segments.

### (ii) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	2021		2020	
	Revenue RM	Non-current assets RM	Revenue RM	Non-current assets RM
Malaysia*	17,846,370	18,697,439	15,929,169	21,734,592
Singapore	37,993,416	7,151,669	35,510,118	3,238,662
People's Republic of China	1,130,942	1,015,004	2,499,816	3,006,397
Thailand	611,730	1,701,545	340,012	4,299,366
Other	1,735,421	-	1,854,392	-
	<b>59,317,879</b>	<b>28,565,657</b>	<b>56,133,507</b>	<b>32,279,017</b>

\* Company's home country

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 26. SEGMENT INFORMATION (CONT'D)

### (ii) Geographical information (Cont'd)

Non-current assets information presented above consist of the following items as presented in the statements of financial position:-

	2021 RM	2020 RM
Property, plant and equipment	18,179,991	25,755,166
Right-of-use assets	9,746,388	4,342,324
Deferred tax assets	639,278	888,352
Other receivables	-	1,293,175
	<u>28,565,657</u>	<u>32,279,017</u>

### (iii) Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

	Segment	Revenue	
		2021 RM	2020 RM
Customer A	Surface treatment and precision cleaning	<u>19,201,698</u>	<u>16,806,861</u>

## 27. RELATED PARTY DISCLOSURES

(a) The transactions of the Group and of the Company with the related parties are as follows:-

Group	2021 RM	2020 RM
Subcontract fee to a corporate shareholder	-	1,381
Sales to a corporate shareholder	135,535	211,782
Indemnity receivable from a company in which a Director has interest	-	2,586,350
Interest charged by Directors	(26,091)	(57,482)
Services provided to company in which a Director has interest	585,961	486,918
Purchases from a corporate shareholder	-	(5,623)
Purchases from a company in which a Director has interest	-	(341,208)
Purchase of property, plant and equipment from a company in which a Director has interest	-	(79,292)

Company	2021 RM	2020 RM
Indemnity receivable from a company in which a Director has interest	<u>-</u>	<u>2,586,350</u>

(b) The remuneration of Directors and other key management personnel are disclosed in Note 22 to the financial statements. Other key management personnel comprise persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly and entities that provides key management personnel services to the Group.

(c) Outstanding balances arising from related party transactions are disclosed in Notes 10, 15 and 17 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

### Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC"):-

Group	Carrying amount RM	AC RM
<u>2021</u>		
<b>Financial assets</b>		
Trade receivables	15,422,359	15,422,359
Other receivables	5,652,875	3,819,990
Deposits with licensed banks	549,882	549,882
Cash and bank balances	3,891,234	3,891,234
Total	25,516,350	23,683,465
<b>Financial liabilities</b>		
Trade payables	5,852,234	5,852,234
Other payables	5,765,515	5,710,879
Borrowings	4,014,543	4,014,543
Total	15,632,292	15,577,656
<b>Company</b>		
<u>2021</u>		
<b>Financial assets</b>		
Other receivables	2,060,547	1,293,175
Cash and bank balances	118,340	118,340
Total	2,178,887	1,411,515
<b>Financial liabilities</b>		
Other payables	243,538	243,538
Amount due to a subsidiary	94,865	94,865
Total	338,403	338,403

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost ("AC") (Cont'd):-

Group	Carrying amount RM	AC RM
<u>2020</u>		
<b>Financial assets</b>		
Trade receivables	15,421,509	15,421,509
Other receivables	6,028,067	5,103,177
Deposits with licensed banks	540,132	540,132
Cash and bank balances	3,885,616	3,885,616
Total	25,875,324	24,950,434
<b>Financial liabilities</b>		
Trade payables	5,437,034	5,437,034
Other payables	6,226,851	6,166,402
Borrowings	3,933,438	3,933,438
Total	15,597,323	15,536,874
<b>Company</b>		
<u>2020</u>		
<b>Financial assets</b>		
Other receivables	2,607,017	2,586,350
Cash and bank balances	63,885	63,885
Total	2,670,902	2,650,235
<b>Financial liability</b>		
Other payables	169,940	169,940

### Net gains/(losses) arising from financial instruments

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Net gain/(losses) on:-				
- Financial assets categorised as AC	11,714	23,736	57	3,459
- Financial liabilities categorised as AC	(873,627)	(729,975)	93,052	-

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Included in gain/(losses) on financial instruments measured at amortised cost are:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total interest income for financial assets as AC	11,714	23,736	57	3,459
Total interest expense for financial liabilities as AC	<u>(156,856)</u>	<u>(223,051)</u>	<u>-</u>	<u>-</u>

The Board of Directors meet periodically to analyse and formulate measures to manage the Group's exposure to credit risk, liquidity risk, interest rate risk and currency risk. Generally, the Group employs a conservative strategy regarding its risk management.

At reporting date, the Group's financial instruments mainly consist of cash and cash equivalents, borrowings, receivables and payables.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange except as stated below.

### 28.1 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

It is the Group's policy to enter into transactions with diverse credit worthy counterparties.

The Group and the Company are exposed to credit risk primarily from trade and other receivables and cash and bank balances with financial institutions.

The Group has concentration of credit risk from trade receivables and are disclosed in Note 10(e) to the financial statements.

The Company provides unsecured advances to subsidiaries and related company. The Company monitors the ability of the subsidiaries and related company to repay the loans and advances on an individual basis. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. Advances provided are not secured by any collateral or supported by any other enhancements.

Generally, the Company considers balances with subsidiaries and related company have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's or related company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the intercompany balance when they are payable, the Company considers the balances to be in default when the related companies are not able to pay when demanded. The Company considers a subsidiary or related company's advance to be credit impaired when the subsidiary or related company is unlikely to repay its balances to the Company in full. At the end of the reporting period, the Company did not recognise any allowance for impairment loss other than amount disclosed in Note 10.

Credit risks on other receivables are mainly arising from sundry receivable and deposit. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. The Group does not consider it is necessary to recognise any allowance for impairment losses.

Deposits with licensed banks and balances with banks is held with financial institutions of good standing.

The Company provides unsecured financial guarantees to banks in respect of the borrowings granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 28.1 Credit risk (Cont'd)

For financial guarantees, the maximum exposure to credit risk is amounted to RM4,014,543 (2020: RM3,933,438), represented by the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

Financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancements to the subsidiaries' secured borrowings.

#### 28.1.1 Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of financial assets recognised at reporting date summarised below:-

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Classes of financial assets:-</b>				
Trade receivables	15,422,359	15,421,509	-	-
Other receivables	3,819,990	5,103,177	1,293,175	2,586,350
Deposits with licensed banks	549,882	540,132	-	-
Cash and bank balances	3,891,234	3,885,616	118,340	63,885
Carrying amount	<u>23,683,465</u>	<u>24,950,434</u>	<u>1,411,515</u>	<u>2,650,235</u>

The Group continuously monitors credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls.

### 28.2 Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group and the Company manage their liquidity risk by ensuring the availability of adequate funds to meet all their obligations in a timely and cost-effective manner.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 28.2 Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities:-

	Carrying amount RM	Contractual cash flows RM	Less than 1 year RM	Between 1 to 5 years RM	More than 5 years RM
<b>2021</b>					
<b>Group</b>					
Trade payables	5,852,234	5,852,234	5,852,234	-	-
Other payables	5,765,515	5,765,515	5,765,515	-	-
Borrowings (secured)	4,014,543	4,583,816	2,109,804	670,129	1,803,883
Lease liabilities	9,847,878	10,485,644	4,131,332	6,354,312	-
Total undiscounted financial liabilities	<u>25,480,170</u>	<u>26,687,209</u>	<u>17,858,885</u>	<u>7,024,441</u>	<u>1,803,883</u>
Financial guarantee*	<u>-</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>
<b>Company</b>					
Other payables	243,538	243,538	243,538	-	-
Amount due to a subsidiary	94,865	94,865	94,865	-	-
Total undiscounted financial liabilities	<u>338,403</u>	<u>338,403</u>	<u>338,403</u>	<u>-</u>	<u>-</u>
Financial guarantee*	<u>-</u>	<u>12,220,320</u>	<u>12,220,320</u>	<u>-</u>	<u>-</u>
<b>2020</b>					
<b>Group</b>					
Trade payables	5,437,034	5,437,034	5,437,034	-	-
Other payables	6,226,851	6,226,851	6,067,508	159,343	-
Borrowings (secured)	3,933,438	5,061,931	1,928,759	670,128	2,463,044
Lease liabilities	4,431,810	4,652,424	2,784,701	1,867,723	-
Total undiscounted financial liabilities	<u>20,029,133</u>	<u>21,378,240</u>	<u>16,218,002</u>	<u>2,697,194</u>	<u>2,463,044</u>
Financial guarantee*	<u>-</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>	<u>-</u>
<b>Company</b>					
Other payables	169,940	169,940	169,940	-	-
Total undiscounted financial liabilities	<u>169,940</u>	<u>169,940</u>	<u>169,940</u>	<u>-</u>	<u>-</u>
Financial guarantee*	<u>-</u>	<u>11,381,592</u>	<u>11,381,592</u>	<u>-</u>	<u>-</u>

\* The exposure to liquidity risk is included for illustration purpose only as the related financial guarantee has not crystallised as at the end of the reporting period. The amount represents the maximum amount of the Group and of the Company has guaranteed under the respective contracts. They are allocated to the earliest date they can be drawn down, irrespective of whether it is likely that those guarantees will be drawn or the amount that is expected to be paid.

The financial guarantee of the Group and of the Company include bank guarantee given to the Royal Malaysian Customs Department and is secured by marginal fixed deposits placed with a subsidiary's bankers.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31 DECEMBER 2021

### 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

#### 28.3 Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instrument of the Group. The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowings at variable rates are exposed to the risk of change in cash flow due to changes in interest rate.

#### Interest rate sensitive analysis

As at financial year end, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

	Group	
	2021	2020
	RM	RM
<b>Fixed rate instruments</b>		
<u>Financial asset</u>		
Deposits with licensed banks	549,882	540,132
<u>Financial liability</u>		
Other payable	-	(108,683)
Net financial assets	<u>549,882</u>	<u>431,449</u>
<b>Floating rate instrument</b>		
<u>Financial liability</u>		
Borrowings	<u>(4,014,543)</u>	<u>(3,933,438)</u>
Net financial liability	<u>(4,014,543)</u>	<u>(3,933,438)</u>

The following table illustrates the sensitivity of (loss)/profit to a reasonably possible change in interest rates of +/-100 (2020: +/-100) basis point ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Effect on loss	Effect on profit
	2021	2020
	RM	RM
<u>Effect on (loss)/profit for the year</u>		
+100bp (2020: +100bp)	40,145	(39,334)
-100bp (2020: -100bp)	<u>(40,145)</u>	<u>39,334</u>

#### 28.4 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group operates and sells its products/services in Malaysia, Singapore, Thailand and People's Republic of China and transacts in foreign currencies mainly United States Dollar ("USD"), Thailand Baht ("THB"), Singapore Dollar ("SGD"), Renminbi ("RMB") and Euro Dollar ("EUR"). As a result, the Group is exposed to movements in foreign currency exchange rates.



# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 28.4 Currency risk (Cont'd)

The Group monitors its currency risk closely and where appropriate, enters into currency forward contracts to manage currency exposure.

The Group does not hedge its currency risk of its investments in overseas subsidiaries. Such investments are long term in nature and therefore not feasible and economical to hedge.

The Group's currency exposure based on information provided is as follows:-

	USD RM	SGD RM	EUR RM
<u>2021</u>			
<b>Financial assets</b>			
Trade receivables	4,244,212	987,734	-
Other receivables	-	330,672	139,079
Cash and bank balances	557,210	10,938	-
	<u>4,801,422</u>	<u>1,329,344</u>	<u>139,079</u>
<b>Financial liabilities</b>			
Trade payables	-	(202,784)	(43,276)
Other payables	(24,822)	(197,498)	-
	<u>(24,822)</u>	<u>(400,282)</u>	<u>(43,276)</u>
Net currency exposure	<u>4,776,600</u>	<u>929,062</u>	<u>95,803</u>
<u>2020</u>			
<b>Financial assets</b>			
Trade receivables	3,240,846	1,255,147	-
Cash and bank balances	281,062	3,751	-
	<u>3,521,908</u>	<u>1,258,898</u>	<u>-</u>
<b>Financial liabilities</b>			
Trade payables	-	(78,487)	(224,041)
Other payables	-	(400,817)	-
	<u>-</u>	<u>(479,304)</u>	<u>(224,041)</u>
Net currency exposure	<u>3,521,908</u>	<u>779,594</u>	<u>(224,041)</u>

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

### 28.4 Currency risk (Cont'd)

#### Sensitivity analysis

#### **Group**

The following table demonstrates the sensitivity of the Group's (loss)/profit for the financial year to a reasonably possible change in the USD, SGD and EUR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

	Increase/(Decrease)			
	2021		2020	
	Loss after tax RM	Equity RM	Profit after tax RM	Equity RM
USD - strengthened 4% (2020: 7%)	191,064	191,064	(246,534)	(246,534)
- weakened 4% (2020: 7%)	(191,064)	(191,064)	246,534	246,534
SGD - strengthened 4% (2020: 7%)	37,162	37,162	(54,572)	(54,572)
- weakened 4% (2020: 7%)	(37,162)	(37,162)	54,572	54,572
EUR - strengthened 4% (2020: 7%)	3,832	3,832	15,683	15,683
- weakened 4% (2020: 7%)	(3,832)	(3,832)	(15,683)	(15,683)

## 29. FAIR VALUES MEASUREMENT

The carrying amounts of financial assets and financial liabilities of the Group and of the Company as at the reporting date approximate their fair values due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

#### **Fair value hierarchy**

As at the end of the reporting period, the Group and the Company have no financial instruments that are measured subsequent to initial recognition at fair value and hence fair value hierarchy is not presented.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2021

## 30. CAPITAL MANAGEMENT

The primary capital management objective of the Group is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to sustain future development of the business. There is no change to the objective in the financial years ended 2021 and 2020.

The Group manage their capital by regularly monitoring their current and expected liquidity requirement and modify the combination of equity and financing from time to time to meet the need. Capital of the Group areas follows:-

	Group	
	2021	2020
	RM	RM
Borrowings	4,014,543	3,933,438
Lease liabilities	9,847,878	4,431,810
	<u>13,862,421</u>	<u>8,365,248</u>
Total equity	<u>29,622,859</u>	<u>37,518,957</u>
Debt-to-equity ratio	<u>0.47</u>	<u>0.22</u>

## 31. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The Malaysia Government has again imposed the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") for selected states which are severely affected by the novel coronavirus ("COVID-19 pandemic") on 11 January 2021. Besides, the Malaysia King declared state of emergency for the country until 1 August 2021 to curb the spread of Covid-19 on 12 January 2021.

The restrictions imposed have not, however, negatively impacted the Group's financial performance as our operations in Malaysia were allowed to continue throughout the MCO/ CMCO, under guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group and the Company have implemented several measures to weather through this current challenging time, including applying for the relevant wage and other subsidies in Malaysia and Singapore, and also implementing cost minimisation strategies. The Group is closely monitoring the evolving situation of the COVID-19 pandemic and its related financial effects, if any, on the financial statements of the Group will be reflected in the annual financial statements for the financial year ending 31 December 2022.

# LIST OF PROPERTIES

Registered owner	Location	Description/ Existing use	Date of certificate of fitness/ Year of Acquisition	Approximate age of building years/Tenure	Land/area built-up area sq.ft.	Audited net book value as at 31-Dec-21 RM '000
MClean Technologies (M) Sdn. Bhd.	No 12, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	30 Jan 1999 / 26 Dec 2019	23	14,402.10	2,151
DWZ Industries Sdn. Bhd.	No 30, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	17 Jan 2006 / 21 Feb 2006	16	12,604.53	1,795
DWZ Industries Sdn. Bhd.	No 20, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Spray painting]	30 Jan 1999 / 26 Sep 2007	23	9,601.40	1,367
DWZ Industries Sdn. Bhd.	No 22, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Inspection, packing & storage]	30 Jan 1999 / 9 May 2011	23	9,601.40	1,350
DWZ Industries Sdn. Bhd.	No 25, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	30 Jan 1999 / 31 Mar 1998	23	10,505.57	1,552
DWZ Industries Sdn. Bhd.	No 27, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Electroplating and surface treatment]	30 Jan 1999 / 31 Mar 1998	23	8,998.62	1,334
DWZ Industries Sdn. Bhd.	No 30, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory (Freehold) [Business activities - Inspection, packing & storage]	30 Jan 1999 / 30 Jun 2011	23	10,796.20	1,520

# ANALYSIS OF SHAREHOLDINGS

as at 30 March 2022

Issued and fully paid-up capital	:	RM50,973,332.00 comprising 197,213,000 ordinary shares
Class of shares	:	Ordinary shares
Voting rights	:	One (1) vote per ordinary share
Number of shareholders	:	2,716

## ANALYSIS OF SHAREHOLDINGS

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	12	196	0.442
100 – 1,000	331	211,300	12.187
1,001 – 10,000	1,272	7,636,400	46.834
10,001 – 100,000	984	32,034,700	36.230
100,001 – less than 5% of issued shares	114	49,533,062	4.197
5% of issued shares and above	3	107,797,342	0.110
<b>TOTAL</b>	<b>2,716</b>	<b>197,213,000</b>	<b>100.000</b>

## LIST OF SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

(Holding 5% or more of the share capital)

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Décor Industries Pte. Ltd.	56,378,000	28.59	-	-
JCS Group Pte. Ltd.	38,747,942	19.65	-	-
Yeo Hock Huat	10,117,000	5.13	39,748,004 <sup>[1]</sup>	20.15
Lim Han Kiau	80,000	0.04	56,378,000 <sup>[2]</sup>	28.59
DGC Holdings Pte Ltd	-	-	56,378,000 <sup>[3]</sup>	28.59
Yeo Seow Lai	600,062	0.30	10,517,000 <sup>[4]</sup>	5.33
Yeo Lian Cheng	400,000	0.20	10,717,062 <sup>[5]</sup>	5.43

Notes:

- Deemed interested by virtue of the shareholdings of his siblings, Yeo Seow Lai and Yeo Lian Cheng, and his shareholdings in JCS Group Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.
- Deemed interested by virtue of his shareholdings in Decor Industries Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.
- Deemed interest by virtue of its shareholding in Decor Industries Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.
- Deemed interested by virtue of the shareholdings of her siblings, Yeo Hock Huat and Yeo Lian Cheng pursuant to Section 8 of the Companies Act 2016.
- Deemed interested by virtue of the shareholdings of her siblings, Yeo Seow Lai and Yeo Hock Huat pursuant to Section 8 of the Companies Act 2016.

## DIRECTORS' SHAREHOLDINGS

(Based on the Register of Directors' Shareholdings)

Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Yeo Hock Huat	10,117,000	5.13	39,748,004 <sup>[1]</sup>	20.15
Lim Han Kiau	80,000	0.04	56,378,000 <sup>[2]</sup>	28.59
Dr Ho Choon Hou	-	-	-	-
Pang Kong Chek	-	-	-	-
Dato' Mark William Ling Lee Meng	-	-	-	-
Yeo Seow Lai (f)	600,062	0.30	10,517,000 <sup>[3]</sup>	5.33

Notes:

- Deemed interested by virtue of the shareholdings of his siblings, Yeo Seow Lai and Yeo Lian Cheng, and his shareholdings in JCS Group Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.
- Deemed interested by virtue of his shareholdings in Decor Industries Pte. Ltd. pursuant to Section 8 of the Companies Act 2016.
- Deemed interested by virtue of the shareholdings of her siblings, Yeo Hock Huat and Yeo Lian Cheng pursuant to Section 8 of the Companies Act 2016.

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

as at 30 March 2022

## LIST OF 30 LARGEST SHAREHOLDERS REGISTERED

(Based on Record of Depositories)

Name	No. of shares held	Percentage (%)
1. UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	58,932,400	29.88
2. JCS GROUP PTE LTD	38,747,942	19.65
3. YEO HOCK HUAT	10,117,000	5.13
4. CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	8,012,000	4.06
5. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	7,591,700	3.85
6. HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CACEIS BANK (SW-CSG-FGN)	4,000,000	2.03
7. CHIN CHIN SEONG	1,838,800	0.93
8. LIM WU CHEN	1,000,000	0.51
9. PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KARAMJIT KAUR A/P PALL SINGH (E-KLC)	1,000,000	0.51
10. OOI ENG BEE	970,000	0.49
11. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FAMI TAUF EQ BIN FAKARUDIN	738,000	0.37
12. PUBLIC INVEST NOMINEES (ASING) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	632,700	0.32
13. YEO SEOW LAI	600,062	0.30
14. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JULIAN CHEAH WAI MENG	600,000	0.30
15. ONG BENG KEE	600,000	0.30
16. KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR SOLEHAN BIN SALIKIN	550,000	0.28
17. CHAI MIN YEW	500,000	0.25
18. LIM WEE HUN	471,000	0.24
19. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHIAH CHEANG	439,300	0.22
20. LOKE PEK YOKE	420,000	0.21
21. MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MANIKANDAMURTHY VELAYOUDAM	410,000	0.21
22. KHOO GEIK SEE	405,200	0.21
23. KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LIM KUEE POH	400,000	0.20
24. KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MARTIN PAU KIN LOONG	400,000	0.20
25. RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEY JIIN CHYUAN	400,000	0.20
26. YEO LIAN CHENG	400,000	0.20
27. KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR SAM YAU FUJ	377,400	0.19
28. CHIAM KIA CHEE	357,300	0.18
29. SIAH TIAN HUAT	350,000	0.18
30. CHIN LIN SHENG	347,100	0.18
	<b>141,607,904</b>	<b>71.80</b>

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 12<sup>th</sup> Annual General Meeting of MClean Technologies Berhad (“the Company” or “MClean”) will be conducted entirely through live streaming from the broadcast venue at **Manuka 2 & 3, Unit 29-01, Level 29, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8 Jalan Kerinchi 59200 Kuala Lumpur, Malaysia** (“Broadcast Venue”) on **Friday, 27 May 2022 at 10.00 a.m.** to transact the following businesses:-

## AGENDA

### ORDINARY BUSINESSES

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire by rotation in accordance with Clause 76(3) of the Company’s Constitution and being eligible, offer themselves for re-election:
  - 2.1 Datuk Wira Mark William Ling Lee Meng
  - 2.2 Ms. Yeo Seow Lai
3. To approve the payment of Directors’ fees amounting to RM274,000 for the financial year ending 31 December 2022.
4. To approve the payment of Directors’ benefits for the period from the close of 12<sup>th</sup> Annual General Meeting (“AGM”) on 27 May 2022 to 31 December 2022 at the capping amount of RM40,000.
5. To approve the payment of Directors’ benefits for the financial year ending 31 December 2023 at the capping amount of RM80,000.
6. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration.

### ORDINARY RESOLUTIONS

*(Please refer to Explanatory Note to each Agenda)*

**(Resolution 1)**

**(Resolution 2)**

**(Resolution 3)**

**(Resolution 4)**

**(Resolution 5)**

**(Resolution 6)**

### SPECIAL BUSINESSES

To consider and if thought fit, to pass the following Ordinary Resolutions with or without modifications:

7. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

**(Resolution 7)**

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, ACE 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 2022.

THAT with effect from 1 January 2023, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Rule 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”).

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## SPECIAL BUSINESSES (CONT'D)

### 7. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 (CONT'D)**

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 ACE 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.

### 8. **CONTINUING IN OFFICE AS SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR – DATUK WIRA MARK WILLIAM LING LEE MENG**

**(Resolution 8)**

THAT the approval be and is hereby given to Datuk Wira Mark William Ling Lee Meng who has served as the Senior Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as a Senior Independent Non-Executive Director of the Company and to hold the office until the conclusion of the next Annual General Meeting.

### 9. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – MR. PANG KONG CHEK**

**(Resolution 9)**

THAT the approval be and is hereby given to Mr. Pang Kong Chek, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company and to hold the office until the conclusion of the next Annual General Meeting.

### 10. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR – DR. HO CHOON HOU**

**(Resolution 10)**

THAT the approval be and is hereby given to Dr. Ho Choon Hou, who has served as the Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company and to hold the office until the conclusion of the next Annual General Meeting.



# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## SPECIAL BUSINESSES (CONT'D)

### 11. PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED RENEWAL MANDATE")

"THAT, subject to the provisions of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with:

- 11.1 Decor Industries Pte Ltd
- 11.2 JCS Biotech Pte Ltd
- 11.3 DW Clean Tech Pte Ltd
- 11.4 Hui Technologies Pte Ltd

(Resolution 11)  
(Resolution 12)  
(Resolution 13)  
(Resolution 14)

(collectively herein referred as "**Related Parties**")

The authorisation with the Related Parties as set out in Section 2.3 of the Circular to Shareholders dated 27 April 2022 is provided that such transactions are:

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (c) are not prejudicial to the minority shareholders of the Company.

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next AGM of the Company following this AGM at which the Proposed Renewal Mandate is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(1) and (2) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by shareholders in a general meeting, whichever is the earliest;

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

### 12. To transact any other ordinary business of which due Notice has been given.

By Order of the Board  
**MCLEAN TECHNOLOGIES BERHAD**  
**MS. YONG MAY LI (LS0000295)**  
**(SSM Practicing Certificate No. 202008000285)**  
**MS. WONG CHEE YIN (MAICSA 7023530)**  
**(SSM Practicing Certificate No. 202008001953)**  
Company Secretaries  
Johor Bahru

Date: 27 April 2022

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## 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.

Shareholders **will not be allowed** to attend this 12<sup>th</sup> Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 20 May 2022**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

#### In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

#### By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## NOTES: (CONT'D)

11. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging this proxy form is 10 a.m., **25 May 2022** (Wednesday).
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

## EXPLANATORY NOTES:

### **ORDINARY BUSINESSES :**

#### **1. ITEM 1 OF THE AGENDA** **AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

The Audited Financial Statements under this Agenda item is meant for discussion only as the provision of Section 248(1) and Section 340(1)(a) of the Companies Act 2016 (the "Act") does not require a formal approval of the shareholders and hence this Agenda item is not put forward for voting by shareholders of the Company.

#### **2. ITEM 2 OF THE AGENDA** **ORDINARY RESOLUTIONS 1 AND 2: RE-ELECTION OF DIRECTORS**

Datuk Wira Mark William Ling Lee Meng and Ms. Yeo Seow Lai are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 12<sup>th</sup> Annual General Meeting.

The Board has through the Nominating Committee, considered and assessed the retiring Directors and agreed that they meet the qualification of Directors as prescribed by Rule 2.20A of the ACE Market Listing Requirements of Bursa Securities and have the character, experience, integrity, competence, time and skill to effectively discharge their roles as Directors.

#### **3. ITEMS 3, 4 AND 5 OF THE AGENDA RESPECTIVELY** **ORDINARY RESOLUTION 3: PAYMENT OF DIRECTORS' FEES** **ORDINARY RESOLUTIONS 4 AND 5: PAYMENT OF DIRECTORS' BENEFITS**

Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 12<sup>th</sup> AGM on part of the Directors' remuneration in three (3) separate resolutions as below: -

- Resolution 3 on payment of Directors' fees in respect of the current year 2022;
- Resolution 4 on payment of Directors' benefit for the period from the close of 12<sup>th</sup> Annual General Meeting ("AGM") on 27 May 2022 until 31 December 2022 at the capping amount of RM40,000; and
- Resolution 5 on payment of Directors' benefit for the financial year ending 31 December 2023 at the capping amount of RM80,000

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## EXPLANATORY NOTES: (CONT'D)

### ORDINARY BUSINESSES : (CONT'D)

#### 3. ITEMS 3, 4 AND 5 OF THE AGENDA RESPECTIVELY ORDINARY RESOLUTION 3: PAYMENT OF DIRECTORS' FEES ORDINARY RESOLUTIONS 4 AND 5: PAYMENT OF DIRECTORS' BENEFITS (CONT'D)

The payment of the Directors' fees in respect of the financial period ending 31 December 2022 will only be made if the proposed Resolution 3 has been passed at the 12<sup>th</sup> AGM pursuant to Section 50 of the Company's Constitution and Section 230(1) of the Companies Act 2016.

The estimated total amount of benefits under Resolutions 4 and 5 were determined based on the various factors including the number of scheduled meetings for the Board and Board Committees as well as the travelling claims and transportation allowance of the Directors. It is also subject to the changes in the regulatory requirements (if any) and foreign exchange rates fluctuation from time to time.

Payment of Directors' benefits will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred if the proposed Resolutions 4 and 5 have been passed at the 12<sup>th</sup> AGM, thus having advance approval would be the Group's planning in monitoring their cash flow without discerning the stakeholders' rights and interest. Board is of the view that it is just and equitable for the Directors to be paid on immediately based on this manner particularly after they have discharged their responsibilities and rendered their services to the Company and its subsidiaries throughout the period from close of Annual General Meeting ("AGM") on 27 May 2022 until the financial year ending 31 December 2023.

#### 4. ITEM 6 OF THE AGENDA ORDINARY RESOLUTION 6: RE-APPOINTMENT OF AUDITORS

The Board has through the Audit Committee, considered the re-appointment of Grant Thornton Malaysia PLT as the Auditors of the Company. The factors considered by the Audit Committee in making the recommendation to the Board to table their re-appointment at the 12<sup>th</sup> Annual General Meeting are disclosed in the Audit Committee Report of the 2021 Annual Report.

### SPECIAL BUSINESSES :

#### 1. ITEM 7 OF THE AGENDA ORDINARY RESOLUTION 7: AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT SHARES

The Proposed Ordinary Resolution 7, 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 2022. With effect from 1 January 2023, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Rule 6.03 of the ACE 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 Annual General Meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed Resolution is a new mandate. The mandate is to 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.

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:

- (a) Amid the unprecedented uncertainty surrounding the recovery of the COVID-19 pandemic, this 20% General Mandate provides the Company flexibility to raise funds quickly and efficiently during this challenging time to meet its funding requirements for working capital, operational expenditure or for a new business opportunity.
- (b) To ensure the long-term sustainability of the Company and safeguard the interest of the Company and the shareholders.
- (c) To ensure positive cash flow on any proposed corporate proposals.

The purpose of this general mandate, if passed, 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 (CONT'D)

## EXPLANATORY NOTES: (CONT'D)

### **SPECIAL BUSINESSES : (CONT'D)**

#### **1. ITEM 7 OF THE AGENDA ORDINARY RESOLUTION 7: AUTHORITY TO DIRECTORS TO ISSUE AND ALLOT SHARES (CONT'D)**

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 11<sup>th</sup> AGM held on 27 May 2021 and will lapse at the conclusion of the 12<sup>th</sup> AGM to be held on 27 May 2022. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

#### **2. ITEMS 8, 9 AND 10 OF THE AGENDA RESPECTIVELY ORDINARY RESOLUTIONS 8, 9 AND 10 : CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

Pursuant to the Practice 5.3 of Malaysian Code on Corporate Governance 2021, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

Datuk Wira Mark William Ling Lee Meng ("Datuk Wira Mark") and Mr. Pang Kong Chek ("Mr. Pang") were appointed to the Board on 16 June 2010. On the other hand, Dr. Ho Choon Hou ("Dr Ho") was appointed to the Board on 17 August 2011. These Directors have therefore served as Independent Directors of the Company for a cumulative term of more than nine (9) years.

The Board has via the Nominating Committee assessed the independence of Datuk Wira Mark, Mr. Pang and Dr. Ho, considered them to be independent and recommended that they continue to act as the Independent Non-Executive Directors of the Company based on the following justifications: -

- (i) These Directors fulfilled the criteria as an Independent Director pursuant to ACE Market Listing Requirements of Bursa Securities;
- (ii) They have good and thorough understanding of the Company's business operation due to long tenures with the Company and exposures in various industries;
- (iii) They have neither impaired nor compromised their independent judgement and continue to provide invaluable feedback/check and balance including to challenge management on matters which they believe to be not in the best interest of the Group;
- (iv) They are able to participate in deliberations and decision making of the Board and Board Committees in objective manner;
- (v) They do not have any interest over the Group's business dealings; and
- (vi) They have devoted adequate time, commitment, and due care in all undertakings of the Group and have carried out their fiduciary duties in the interest of the Company and shareholders.

Therefore, the Board has recommended and supported them to continue to act as the Independent Non-Executive Directors of the Company for Shareholder's approval at the forthcoming 12<sup>th</sup> AGM via single tier voting.

The Ordinary Resolutions proposed under Resolution 8, Resolution 9 and Resolution 10, if passed, will enable Datuk Wira Mark William Ling Lee Meng, Mr. Pang Kong Chek and Dr. Ho Choon Hou to continue serving as Independent Non-Executive Directors of the Company.

#### **3. ITEM 11 OF THE AGENDA ORDINARY RESOLUTIONS 11, 12, 13 AND 14 : PROPOSED RENEWAL OF RRPT MANDATE**

The purpose of these Ordinary Resolutions 11, 12, 13 and 14, if passed, will allow the Group to continue to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms that are not more favorable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 27 April 2022 for further information.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

1. Further details of individuals who are standing for election as directors (excluding directors standing for a re-election):

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

# ADMINISTRATIVE GUIDE

## FOR THE 12<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”) OF MCLEAN TECHNOLOGIES BERHAD

Date	:	Friday, 27 May 2022
Time	:	10.00 a.m.
Broadcast Venue	:	Manuka 2 & 3, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

### MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, the 12<sup>th</sup> Annual General Meeting (“12<sup>th</sup> AGM”) will be conducted on a **virtual basis through live streaming from the Broadcast Venue and online remote voting**. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Corporations issued by the Securities Commission Malaysia on 18 April 2020, including any amendment that may be made from time to time.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders or proxy(ies) or attorney(s) or authorised representative(s) **WILL NOT BE ALLOWED** to attend the 12<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting.

### REMOTE PARTICIPATION AND VOTING FACILITIES (“RPV”)

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 12<sup>th</sup> AGM using RPV provided by Tricor Investor & Issuing House Services Sdn. Bhd. (“Tricor”) via its **TIIH Online** website at <https://tiih.online>. Please refer to Procedure for RPV.

A shareholder who has appointed a proxy(ies) or attorney(s) or authorised representative(s) to participate at this 12<sup>th</sup> AGM via RPV must request his/her proxy(ies) or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please refer to Procedure for RPV.

As the 12<sup>th</sup> AGM is a fully virtual AGM, shareholders who are unable to participate in this AGM may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

### PROCEDURES FOR RPV

Shareholders/proxies/corporate representatives/attorneys who wish to participate the 12<sup>th</sup> AGM remotely using the RPV are to follow the requirements and procedures as summarized below: -

Procedure		Action
<b>BEFORE THE AGM DAY</b>		
(a)	Register as a user with TIIH Online	<ul style="list-style-type: none"><li>Using your computer, access to website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” select “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance.</li><li>Registration as a user will be approved within one working day and you will be notified via email.</li><li>If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.</li></ul>
(b)	Submit your registration for RPV	<ul style="list-style-type: none"><li>Registration is open from Wednesday, 27 April 2022 until the day of 12<sup>th</sup> AGM Friday, 27 May 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 12<sup>th</sup> AGM to ascertain their eligibility to participate the 12<sup>th</sup> AGM using the RPV.</li><li>Login with your user ID and password and select the corporate event: <b>“(REGISTRATION) MCLEAN TECHNOLOGIES BERHAD 12<sup>TH</sup> AGM”</b></li><li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li><li>Select “Register for Remote Participation and Voting”.</li><li>Review your registration and proceed to register.</li><li>System will send an e-mail to notify that your registration for remote participation is received and will be verified.</li><li>After verification of your registration against the General Meeting Record of Depositors dated 20 May 2022, the system will send you an e-mail to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email.</li></ul> <p><b>(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate the 12<sup>th</sup> AGM remotely).</b></p>

# ADMINISTRATIVE GUIDE (CONT'D)

## FOR THE 12<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”) OF MCLEAN TECHNOLOGIES BERHAD

### PROCEDURES FOR RPV (CONT'D)

Shareholders/proxies/corporate representatives/attorneys who wish to participate the 12<sup>th</sup> AGM remotely using the RPV are to follow the requirements and procedures as summarized below: - (cont'd)

Procedure		Action
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	<ul style="list-style-type: none"> <li>Login with your user ID and password for remote participation at the 12<sup>th</sup> AGM at any time from <b>10.00 a.m.</b> i.e. one hour before the commencement of the AGM on <b>Friday, 27 May 2022 at 10.00 a.m.</b></li> </ul>
(d)	Participate through Live Streaming	<ul style="list-style-type: none"> <li>Select the corporate event: “<b>(LIVE STREAM MEETING) MCLEAN TECHNOLOGIES BERHAD 12<sup>TH</sup> AGM</b>” to engage in the proceedings of the 12<sup>th</sup> AGM remotely.</li> <li>If you have any question for the Chairman / Board, you may use the query box to transmit your question. The Chairman / Board will endeavor to respond to questions submitted by you during the 12<sup>th</sup> AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.</li> </ul>
(e)	Online Remote Voting	<ul style="list-style-type: none"> <li>Voting session commences from <b>10.00 a.m. on Friday, 27 May 2022</b> until a time when the Chairman announces the end of the session. Select the corporate event: “<b>MCLEAN TECHNOLOGIES BERHAD 12<sup>TH</sup> AGM</b>” or if you are on the live stream meeting page, you can select “<b>GO TO REMOTE VOTING PAGE</b>” button below the Query Box.</li> <li>Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>Select the CDS account that represents your shareholdings.</li> <li>Indicate your votes for the resolutions that are tabled for voting.</li> <li>Confirm and submit your votes.</li> </ul>
(f)	End of remote participation	<ul style="list-style-type: none"> <li>Upon the announcement by the Chairperson on the closure of the 12<sup>th</sup> AGM, the live streaming will end.</li> </ul>

Note to users of the RPV facilities:

- Should your application to join the meeting be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

### APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE

Shareholders who appoint proxy(ies) to participate via RPV at the 12<sup>th</sup> AGM must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor no later than **Wednesday, 25 May 2022 at 10.00 a.m.**

The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) By electronic form

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online> (applicable to individual shareholders only). Kindly refer to the Procedure for Electronic Submission of Proxy Form.

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



# ADMINISTRATIVE GUIDE (CONT'D)

## FOR THE 12<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”) OF MCLEAN TECHNOLOGIES BERHAD

### APPOINTMENT OF PROXY OR ATTORNEY OR CORPORATE REPRESENTATIVE (CONT'D)

Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Wednesday, 25 May 2022 at 10.00 a.m.** to participate via RPV in the 12<sup>th</sup> AGM. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Wednesday, 25 May 2022 at 10.00 a.m.** to participate via RPV in the 12<sup>th</sup> AGM. The certificate of appointment should be executed in the following manner:

- (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
  - (a) at least two (2) authorised officers, of whom one shall be a director; or
  - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

### PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor’s **TIIH Online** website are summarised below:

Procedure	Action
<b>i. Steps for Individual Shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Using your computer, please access the website at <a href="https://tiih.online">https://tiih.online</a>. Register as a user under the “e-Services” select “Create Account by Individual Holder”. Please refer to the tutorial guide posted on the homepage for assistance.</li> <li>• If you are already a user with TIIH Online, you are not required to register again.</li> </ul>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> <li>• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password.</li> <li>• Select the corporate event: <b>MCLEAN TECHNOLOGIES BERHAD 12TH AGM - “Submission of Proxy Form”</b>.</li> <li>• Read and agree to the Terms and Conditions and confirm the Declaration.</li> <li>• Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf.</li> <li>• Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes.</li> <li>• Review and confirm your proxy(s) appointment.</li> <li>• Print the form of proxy for your record.</li> </ul>
<b>ii. Steps for corporation or institutional shareholders</b>	
Register as a User with TIIH Online	<ul style="list-style-type: none"> <li>• Access TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li> <li>• Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “<b>Create Account by Representative of Corporate Holder</b>”.</li> <li>• Complete the registration form and upload the required documents.</li> <li>• Registration will be verified, and you will be notified by email within one (1) to two (2) working days.</li> <li>• Proceed to activate your account with the temporary password given in the email and re-set your own password.</li> </ul> <p>Note: The representative of a corporation or institutional shareholder must register as a user first in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.</p>

# ADMINISTRATIVE GUIDE (CONT'D)

## FOR THE 12<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”) OF MCLEAN TECHNOLOGIES BERHAD

### PROCEDURE FOR ELECTRONIC SUBMISSION OF PROXY FORM (CONT'D)

The procedures to lodge your proxy form electronically via Tricor’s **TIIH Online** website are summarised below: (cont'd)

Procedure	Action
<b>ii. Steps for corporation or institutional shareholders</b>	
Proceed with submission of form of proxy	<ul style="list-style-type: none"><li>• Login to TIIH Online at <a href="https://tiih.online">https://tiih.online</a></li><li>• Select the corporate exercise name: “<b>MCLEAN TECHNOLOGIES BERHAD 12<sup>TH</sup> AGM: Submission of Proxy Form</b>”</li><li>• Agree to the Terms &amp; Conditions and Declaration.</li><li>• Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein.</li><li>• Prepare the file for the appointment of proxies by inserting the required data.</li><li>• Submit the proxy appointment file.</li><li>• Login to TIIH Online, select corporate exercise name: “<b>MCLEAN TECHNOLOGIES BERHAD 12<sup>TH</sup> AGM: Submission of Proxy Form</b>”.</li><li>• Proceed to upload the duly completed proxy appointment file.</li><li>• Select “Submit” to complete your submission.</li><li>• Print the confirmation report of your submission for your record.</li></ul>

### POLL VOTING

The voting at the 12<sup>th</sup> AGM will be conducted by poll in accordance with Rule 8.31A of Ace Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from **10.00 a.m. on Friday, 27 May 2022** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at <https://tiih.online>.

Upon completion of the voting session for the 12<sup>th</sup> AGM, the Scrutineers will verify the poll results followed by the Chairman’s declaration whether the resolutions are duly passed.

### PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 12<sup>th</sup> AGM via Tricor’s TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically no later than **Friday, 27 May 2022 at 10.00 a.m.** The Board will endeavor to answer the questions received at the AGM.

### NO DOOR GIFT / FOOD VOUCHER

There will be no door gifts or food vouchers for attending the 12<sup>th</sup> AGM.

### NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the 12<sup>th</sup> AGM.

### ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

#### **Tricor Investor & Issuing House Services Sdn. Bhd.**

General Line : +603-2783 9299  
Fax Number : +603-2783 9222  
Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)  
Contact persons : 1) En Muhammad Ashraff +603 27839276  
Email: [Muhammad.Ashraff@my.tricorglobal.com](mailto:Muhammad.Ashraff@my.tricorglobal.com)  
2) Puan Titi +603 27839284  
Email: [Titi.Maryani@my.tricorglobal.com](mailto:Titi.Maryani@my.tricorglobal.com)

*This page is intentionally left blank*



CDS Account No.	
No. of shares held	

I/We \_\_\_\_\_ Tel: \_\_\_\_\_  
[Full name in block, NRIC/Passport/Company No.]

of \_\_\_\_\_  
being member(s) of **MCLEAN TECHNOLOGIES BERHAD** hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or\*

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting, as my/our proxy to vote for me/us and on my/our behalf at the **12<sup>th</sup> Annual General Meeting** of the Company to be held entirely through live streaming from the broadcast venue at **Manuka 2 & 3, Unit 29-01, Level 29, Tower A, Vertical Business Suite Avenue 3, Bangsar South, No. 8 Jalan Kerinchi 59200 Kuala Lumpur, Malaysia** on **Friday, 27 May 2022** at **10.00 a.m.** or any adjournment thereof, and to vote as indicated below:

Item	Agenda	Resolution	**FOR	**AGAINST
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon.			
<b>Ordinary Business:</b>				
2.	Re-election of Directors who retire by rotation in accordance with Clause 76(3) of the Company's Constitution: -			
	2.1 Datuk Wira Mark Ling Lee Meng	Resolution 1		
	2.2 Ms. Yeo Seow Lai	Resolution 2		
3.	Approval of Directors' fees for the financial year ending 31 December 2022.	Resolution 3		
4.	Approval of Directors' Benefits for the period from close of Annual General Meeting ("AGM") on 27 May 2022 until 31 December 2022 at the capping amount of RM40,000.00.	Resolution 4		
5.	Approval of Directors' Benefits for financial year ending 31 December 2023 at the capping amount of RM80,000.00.	Resolution 5		
6.	Re-appointment of Messrs Grant Thornton Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration.	Resolution 6		
<b>Special Businesses:</b>				
7.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Resolution 7		
8.	Continuing in Office as Senior Independent Non-Executive Director – Datuk Wira Mark William Ling Lee Meng.	Resolution 8		
9.	Continuing in Office as Independent Non-Executive Director – Mr. Pang Kong Chek.	Resolution 9		
10.	Continuing in Office as Independent Non-Executive Director – Dr. Ho Choon Hou.	Resolution 10		
11.	Proposed Renewal of the existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature with the following Related Parties: -			
	11.1 Decor Industries Pte Ltd	Resolution 11		
	11.2 JCS Biotech Pte Ltd	Resolution 12		
	11.3 DW Clean Tech Pte Ltd	Resolution 13		
	11.4 Hui Technologies Pte Ltd	Resolution 14		

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

\_\_\_\_\_  
Signature\*\*\*  
Member

\*\*\* Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
  - at least two (2) authorised officers, of whom one shall be a director; or
  - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

**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.

Shareholders **will not be allowed** to attend this 12<sup>th</sup> Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

**Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.**

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 20 May 2022**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at an Annual General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the Annual General Meeting.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
9. A member who has appointed a proxy or attorney or authorised representative to participate at AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - In hard copy form  
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - By electronic means  
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIIH Online.
11. Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging this proxy form is **10 a.m., 25 May 2022 (Wednesday)**.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
  - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
  - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
    - (a) at least two (2) authorised officers, of whom one shall be a director; or
    - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

1st fold here



The Share Registrar of

**MCLEAN TECHNOLOGIES BERHAD**  
**Tricor Investor & Issuing House Service Sdn. Bhd.**  
Registration No. 197101000970 (11324-H)  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite, Avenue 3,  
Bangsar South, No. 8 Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia  
Tel no.: +603 2783 9299  
Fax no.: +603 2783 9222

Then fold here



**MClean**

**MClean Technologies Berhad** 201001009003 (893631-T)

Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia