



**VERSATILE
CREATIVE BERHAD**

Registration No: 200301001350 (603770-D)



**EVER
EVOLVING
EVER
CREATING**



2022 ANNUAL REPORT

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• Proxy form

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Mohd Shariff Bin Omar
Chairman,
Independent Non-Executive Director

Khat Chee How
Executive Director

Lim Siew Yeng
Executive Director

Loh Teck Wah
Executive Director

Dato' Sri Wira Ayub Bin Yaakob
Independent Non-Executive Director

Chang Chen Seng
Independent Non-Executive Director
(Resigned on 26 July 2022)

Maggie Then
Independent Non-Executive Director

COMPANY SECRETARY

Mak Chooi Peng
(MAICSA 7017931)
SSM PC NO. 201908000889

AUDIT COMMITTEE

Maggie Then
Chairman

Tan Sri Dato' Seri Mohd Shariff Bin Omar
Member

Chang Chen Seng
Member
(Resigned on 26 July 2022)

NOMINATION COMMITTEE

Dato' Sri Wira Ayub Bin Yaakob
Chairman

Tan Sri Dato' Seri Mohd Shariff Bin Omar
Member

Chang Chen Seng
Member
(Resigned on 26 July 2022)

REMUNERATION COMMITTEE

Tan Sri Dato' Seri Mohd Shariff Bin Omar
Chairman

Dato' Sri Wira Ayub Bin Yaakob
Member

Chang Chen Seng
Member
(Resigned on 26 July 2022)

AUDITORS

Grant Thornton Malaysia PLT
(AF 0737)
(Member of Grant Thornton International Ltd)
Chartered Accountant
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel No: +603 - 2692 4022
Fax No: +603 - 2732 5119

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia Securities Berhad

Stock Code: 4995
Stock Name: VERSATL

REGISTRAR

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

REGISTERED OFFICE

No. 808, Jalan 17/24
46400 Petaling Jaya
Selangor Darul Ehsan
Tel No: +603 - 8084 3751
Fax No: +603 - 8084 3751

CORPORATE OFFICE

Lot 30745, Jalan Pandan Indah
Pandan Indah
55100 Kuala Lumpur
Tel No: +603 - 4292 1288
Fax No: +603 - 4294 2388

PRINCIPAL BANKERS

RHB Bank Berhad
Hong Leong Bank Berhad
Public Bank Berhad
Affin Bank Berhad
Ambank Berhad

SOLICITOR

Rose Hussin Advocates & Solicitors

CORPORATE PROFILE

About Us



Versatile Creative Berhad (“VCB”) is a public listed company on the Main Market of the Bursa Malaysia Securities Berhad, comprising:

VERSATILE PAPER BOXES SDN. BHD.

Registration No: 198201013736 (93498-D)



We are one of the country’s leading manufacturers of paper and cardboard packaging products, and the first company to acquire the German-made Heidelberg Speedmaster CD 5-colour offset printing machine complete with computerised quality and register control system. We specialise in the production of offset printed cartons; laminated, corrugated, and die-cut boxes. VPB serves various clients from different industries such as Ansell, SKF, WRP, and QSR, and will continue to grow and gain quality standards throughout the industry. Versatile Paper Boxes Sdn. Bhd. is certified with FSSC22000V:5:1, FSC®, ISO14001:2015 and SEDEX.

VERSATILE CREATIVE PLASTIC SDN. BHD.

Registration No: 198501012620 (145075-W)



We are the country’s leading manufacturer of food-grade plastic packaging products, certified with FSSC22000 V:4.1, ISO9001:2015, HACCP, and SEDEX. We specialise in injection moulding and thermoforming. By investing in and utilising the state-of-the-art machines and precision moulds, we are able to produce our worldwide patented combo lids, dairy scoops, chilled food tubs and lids, and noodle cups. Apart from production, we also provide our clients with product designs and packaging consultations.

IMAGESCAN CREATIVE SDN. BHD.

Registration No: 199201013273 (244776-A)



We are one of the industry’s most trusted names in colour separation, and an award winner of the Epson Award for Best in Digital Colour Proofing at the Asian Print Award 2004. Our clients include Geometry Global, Genting Malaysia, Cheil Malaysia, Carmichael Publication and De Wende Design Consultancy. The services offered by us ranges from printing, high resolution scanning and inkjet proofing to desktop publishing, Synology backup, and media digital transmission.

VN TRADING SDN. BHD. AND ITS SUBSIDIARIES

Registration No: 202001034331 (1390652-V)



VN Trading Sdn. Bhd. (“VN Trading”) was incorporated pursuant to a Collaboration Agreement entered into between Versatile Creative Berhad and NSK Trading Sdn. Bhd. on 2 October 2020 to jointly undertake trading, wholesale and retail grocery business. The first grocery outlet opened in December 2021. As at to date, the subsidiary companies of VN Trading are as follows:

NSK Grocer (KL) Sdn. Bhd. was incorporated on 27 January 2021 to carry on the business as operators of supermarkets and hypermarkets, wholesaler, retailer, online retailer, importer, exporter, buyer, seller, dealer, distributor and food processing, packaging of all types of consumer products, goods, merchandise, produce, foodstuffs, things and commodities.

Oriental Mart Sdn. Bhd. was incorporated on 12 July 2022 to carry on the business as operator of supermarkets and hypermarkets, wholesaler, retailer, online retailer, importer, exporter, buyer, seller, dealer, distributor, food processing and packaging of non halal grocery, liquor & wine businesses and general trading for food and beverage.

CORPORATE PROFILE*(Cont'd)*

Being in the industry for more than 25 years, VCB continues to take pride in serving a majority of major companies from various industries, in and around the region.

Our commitment in being the one-stop printing and packaging solutions provider is proven by our multitude of services, which ranges from product conceptualisation and design, to the finished product, warehousing and logistics.

Currently, our client base reads like a “Who’s Who” in the industry, including major Fast-Moving Consumer Goods players Unilever, Dutch Lady, and Danone; well-known pharmaceutical Meditop, Ansell, and WRP; automotive Yokohama, SKF; Food & Beverage players QSR, Baba’s, and Quality Coils from the general consumer sector.

Regionally, we also work with KFC in Mongolia and SKF (China, India, and Indonesia).

Through the years, we have established ourselves as a major player in the region. Whilst fulfilling their many needs, our track record in customer service has encouraged clients to stay on and keep working with us. From Versatile Creative Plastic Sdn Bhd being the main yogurt tub supplier and Versatile Paper Boxes Sdn Bhd as the pioneer of the foil laminated box, our clients continue to seek our expert service as they are confident in our reliability, and we have earned their trust with our outstanding products and services.

**OUR VISION**

We strive to be an outstanding and preferred global supplier of innovative, versatile, cost-effective, and the best delivery and products to all our customers.

**OUR MISSION**

- To be acknowledged as an outstanding and preferred supplier of packaging materials, and recognised as such by customers, suppliers and employees.
- To research and develop products that will bear the “Versatile” name, instead of only providing services.
- To achieve profitability, cost-control and efficiency so to meet the aspiration of shareholders, employees, and customers.
- To have a team of professional, loyal, and dedicated managers to lead the Company for further growth, expansion and continuous improvement.
- To have a team of motivated and well-trained workforce with a fair rewarding system, in a safe, clean, harmonious, and conducive working environment.
- To be a responsible corporate citizen towards the community and the environment.

CHAIRMAN'S STATEMENT



**DEAR VALUED
SHAREHOLDERS,**

“ ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF VERSATILE CREATIVE BERHAD (“VCB”) AND ITS SUBSIDIARIES (“THE GROUP”) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 (“FYE 2022”).”

CHAIRMAN'S STATEMENT

(Cont'd)

During FYE 2022, the Group continued to operate within a challenging environment affected by prolonged COVID-19 pandemic as third movement control order (MCO) was imposed mid-year followed by the resurgence of cases towards end of the financial year. On the macro level, global economy was also severely tested by uncertainties and challenges arising from the prolonged impact of the pandemic-triggered recession with many sectors are still in the recovering process amid persistent inflation, business cost pressures and global supply chain disruptions. Despite operating under such trying environment, the Group has done very well as compared to previous financial years. A detailed review of the performance and results of the Group's major segments is set forth under the Management Discussion and Analysis in this Annual Report.

Industry Trend and Prospect

The pandemic has presented new challenges, opportunities and obstacles in managing businesses. With post-covid normalisation, many countries, including Malaysia, are gradually switching into endemicity phase and it is paramount for the Group to adopt new strategies moving forward. We will continue to focus our efforts on improving production efficiency across our manufacturing operations via automation and upskilling of our workforce to increase utilisation of capacity when market demand recovers. We will also intensify our efforts in attracting and retaining local workers as part of our workforce. Our Group will revise its expansion plan upon clearer visibility on government's policy on foreign labour and improvement in market demand.

The Board is mindful that the continuing COVID-19 pandemic and financial market volatility has impacted many businesses and is unleashing a new era of change for businesses. However, the Group is fortunate that the operations did not face major business disruptions due to its business diversification. We have successfully opened our first grocery outlet and will continue to open few more outlets in the coming years. We will continue our focus on the grocery business to provide long-term income streams for the future.

External risk such as the ongoing Russia-Ukraine conflict could potentially disrupt market recovery. The disruption of crude oil supply from Russia has Brent crude oil hitting high of USD121 per barrel at one point. The oil price situation is still extremely fluid and also impacting commodity prices inclusive of material and logistic costs. Price volatility could impact the Group's cost of production and operating margins.

Appreciation

The Board and I are proud of team Versatile and their demonstration of teamwork and relentless efforts outstanding results for the Group for financial year under review. On that note, on behalf of the Board, I would like to thank team Versatile for their resilience and dedication. My warmest regards are also extended to our shareholders, esteemed customers and suppliers, financial institutions and other stakeholders for their continued support and confidence in the Group. As we moved into COVID-19 endemic phase, I believe that team Versatile, with the guidance of the Board and support from the management, will prevail in strengthening adaptation of various initiatives for sustainability to meet standards and demand, thus enhancing a sustainable future for the Group moving forward. May we continue to work together and strive forward to reach for more opportunities and achieve business growth and success for the betterment of the Group in the coming years.

Tan Sri Dato' Seri Mohd Shariff Bin Omar

Independent Non-Executive Chairman

22 July 2022

PROFILE OF DIRECTORS



TAN SRI DATO' SERI MOHD SHARIFF BIN OMAR

Chairman, Independent Non-Executive Director
Malaysian, Male, age 75

Tan Sri Dato' Seri Mohd Shariff Bin Omar was appointed to the Board on 30 August 2018 as an Independent Non-Executive Director. He was subsequently appointed as Chairman on 25 October 2018. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee.

Tan Sri holds a Bachelor's Degree in Economics majoring in Rural Development, University Malaya. He began his career in civil service in 1972 as the Assistant District Officer of Pekan, Pahang and continued to serve the State of Perak and Penang until 1982. His political career started when he won the State Seat of Sungai Dua in the 1982 General Election. He then served as a member of Penang State Legislative EXCO from 1982 until 1990, and was subsequently appointed as the Parliamentary Secretary for Ministry of Agriculture in 1990 until 1995. Between 1995 and 1999 he was appointed as Deputy Chief Minister of Penang. He returned as a Member of Parliament for another 2 terms from 1999 until 2008 and during that period he was appointed as Deputy Minister of Agriculture and Agro-Based Industry.

Tan Sri Dato' Seri Mohd Shariff Bin Omar is also an Independent Non-Executive Director of Serba Dinamik Holdings Berhad.

He has no family relationship with any directors and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has no convictions for any offences within the past 5 years other than traffic offences.

PROFILE OF DIRECTORS

(Cont'd)



KHAT CHEE HOW

Executive Director and Key Management
Malaysian, Male, age 37

Mr. Khat Chee How was appointed to the Board on 30 August 2018 as an Executive Director.

He holds a Bachelor's Degree in Business Administration and is a member of the Malaysian Institute of Chartered Secretaries and Administrators. Mr. Khat has more than 10 years of working experience particularly in corporate planning, fund raising, corporate secretarial, investors relation activities, tax planning, financial management and risk management in various industries and mainly attached to the corporate office of public listed companies. He has no family relationship with any directors and/or substantial shareholders of the Company.

He is also the Key management of the Group principally involved in corporate matters and the operation of paper packaging divisions.

He has no family relationship with any directors and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has no convictions for any offences within the past 5 years other than traffic offences.

PROFILE OF DIRECTORS

(Cont'd)



LIM SIEW YENG

Executive Director and Key Management
Malaysian, Female, age 31

Ms. Lim Siew Yeng was appointed to the Board on 30 August 2018 as an Executive Director.

She holds a Diploma in Advertising Design. Ms. Lim started her career in 2013 and holds various managerial posts in sales, operations, cash and inventory management in both the retail and the food and beverage industries. Her father, Mr. Lim Chou Bu, is a major shareholder of the Company through his interest held in NSK Trading Sdn. Bhd.

Currently, she is also the key management principally responsible for the plastic division of the Group.

She has no conflict of interest with the Company and has no convictions for any offences within the past 5 years other than traffic offences.

PROFILE OF DIRECTORS

(Cont'd)



LOH TECK WAH

Executive Director and Key Management
Malaysian, Male, age 49

Mr. Loh Teck Wah was appointed to the Board on 22 November 2018 as an Independent Non- Executive Director. He was subsequently redesignated as an Executive Director of the Company on 25 June 2020.

He holds a Degree in accounting and finance from Middlesex University, United Kingdom. Mr. Loh started his career in banking since 1996. He rose from a junior officer position to his final position of vice president in a local financial institution before he left the banking industry to venture into his own business in fund raising consultancy services, corporate advisory services, equity and property investment and food & beverage distribution.

He is also the key management of the Group and spearheading the grocery business.

He has no family relationship with any directors and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has no convictions for any offences within the past 5 years other than traffic offences.

PROFILE OF DIRECTORS

(Cont'd)



DATO' SRI WIRA AYUB BIN YAAKOB

Independent Non-Executive
Malaysian, Male, age 68

Dato' Sri Wira Ayub Bin Yaakob was appointed to the Board on 30 August 2018 as an Independent Non-Executive Director. He is also the Chairman of Nomination Committee and a member of the Remuneration Committee of the Company.

He holds a Diploma in Public Administration from MARA Institute of Technology, a Diploma in Police Science from University Kebangsaan Malaysia and a Certificate in Sustainable Leadership from Wolfson College, University of Cambridge, United Kingdom.

Dato' Sri Wira Ayub bin Yaakob has served the Royal Malaysia Police for 38 years since 1977 to 2014 in several departments which include the Criminal Investigation Department, Logistic, Training and Management. He also served as the Chief Police Officer of Melaka, Terengganu and Pulau Pinang before he was appointed as Director of Crime Prevention and Community Safety Department in 2012. He retired in 2014 with the rank of Commissioner of Police.

He was the Chairman of Royal Malaysia Police Cooperative Berhad, and is presently the Vice Chairman of Malaysian Crime Prevention Foundation. He also sits on the Asia Professional Security Association Committee and other social institutions.

He has no family relationship with any directors and/or substantial shareholders of the Company. He has no conflict of interest with the Company and has no convictions for any offences within the past 5 years other than traffic offences.

PROFILE OF DIRECTORS

(Cont'd)



MAGGIE THEN

Independent Non-Executive Director

Malaysian, Female, age 39

Ms. Maggie Then was appointed to the Board on 24 January 2019. She is also the Chairman of the Audit Committee of the Company. Ms. Maggie Then is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and member of Malaysian Institute of Accountants (MIA).

She has more than 15 years of working experience in financial reporting and management. She was an Accountant in a forwarding company, responsible for financial reporting and budgeting, cash and fixed asset management. She subsequently joined Fast-Moving Consumer Goods (FMCG) Company as Financial Reporting Manager. There, she handled the Company's statutory reporting requirements, assisted in annual audit review and also provided technical advice on any shortfalls of actual business performance from the budget forecast. Maggie's expertise was recognised and she was subsequently offered a position as the Finance Manager in IT Listed Company. There, she was given additional responsibilities in coordinating the Company's corporate exercises. She also attended board meetings to present the group's quarterly financial results and submitted the results to the stock exchange for public announcements.

She has no family relationship with any directors and/or substantial shareholders of the Company. She has no conflict of interest with the Company and has no convictions for any offences within the past 5 years other than traffic offences.

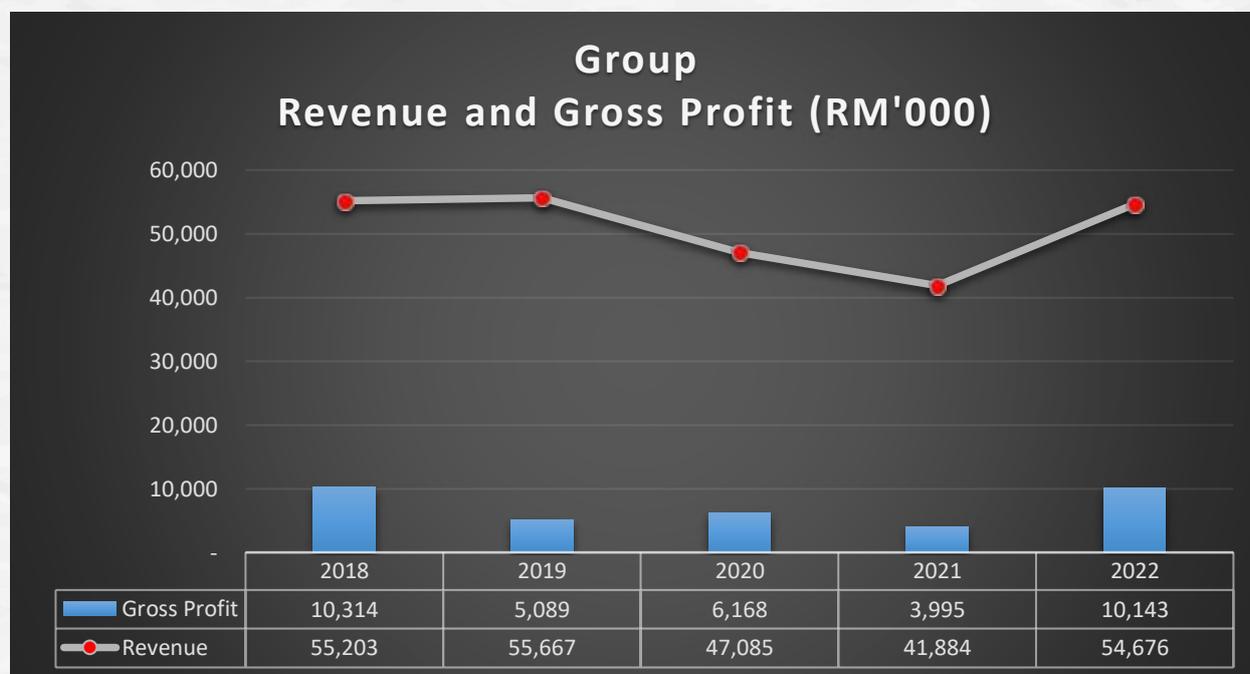
MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present the of Management Discussion and Analysis for the financial year ended 31 March 2022 (“FYE 2022”), which provides an insight into the Group’s business and economic, financial performance and perspective for risk management for FYE 2022.

Business & Economic Insight

The global economy rebounded strongly in 2021 with a growth rate of 5.5% compared to a contraction of 4.9% in 2020 despite the ongoing pandemic. In tandem with the performance of the global economy, Malaysia’s overall GDP (gross domestic product) rebounded to 3.1% from a contraction of 5.6% in 2020 supported by marked increase in manufacturing activities and external trade and net inflow of foreign direct investment estimated at more than RM50 billion for the whole of 2021.

Group Financial Performance

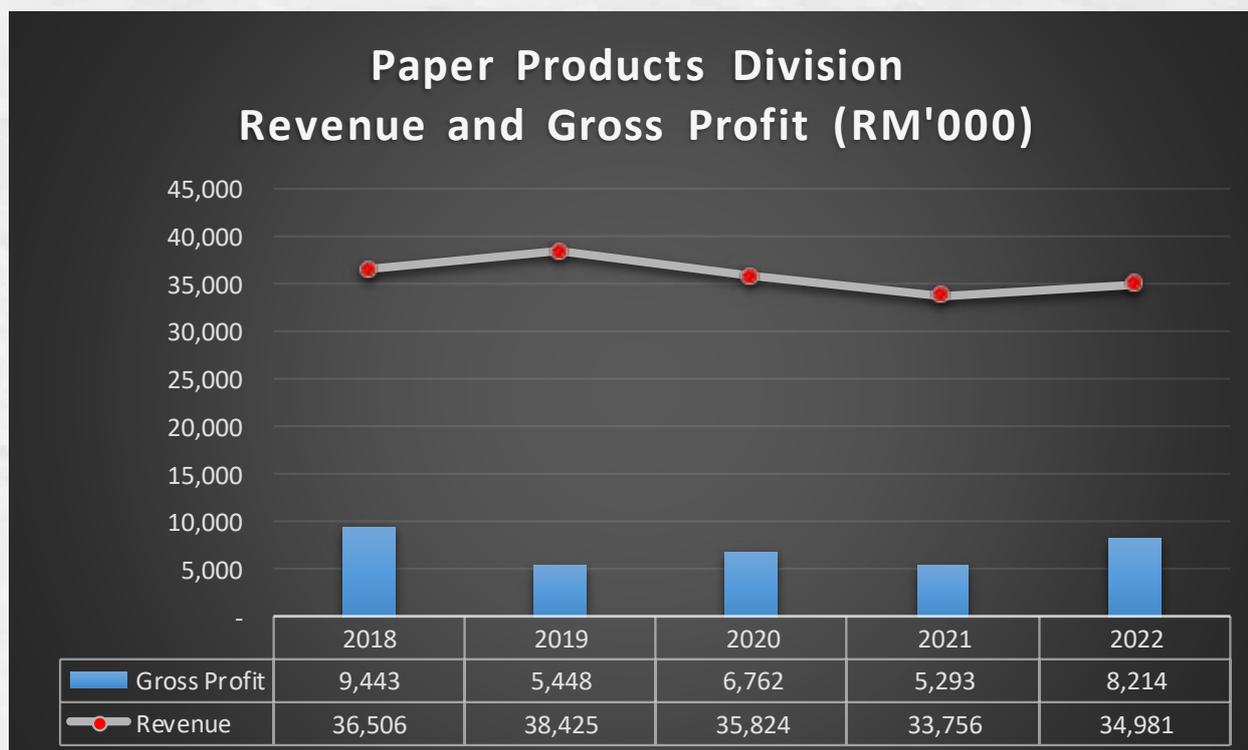


FYE 2022 was another challenging year due to the post impact of the COVID-19 pandemic coupled with the impact from the Russian and Ukraine war. Despite the challenges, the Group’s revenue for FYE 2022 has significantly increased by 30.54% (RM12.79 million) as compared to the preceding year’s revenue. The increase was mainly derived from the Grocery Division and supported by the positive revenue growth in both Paper Products Division and Plastic Products Division.

Gross margin for FYE 2022 increased to 18.55% from 9.54% in last financial year. Higher profit margin was contributed by positive margin from the Grocery Division and improvement for both Paper Products Division and Plastic Products Division.

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

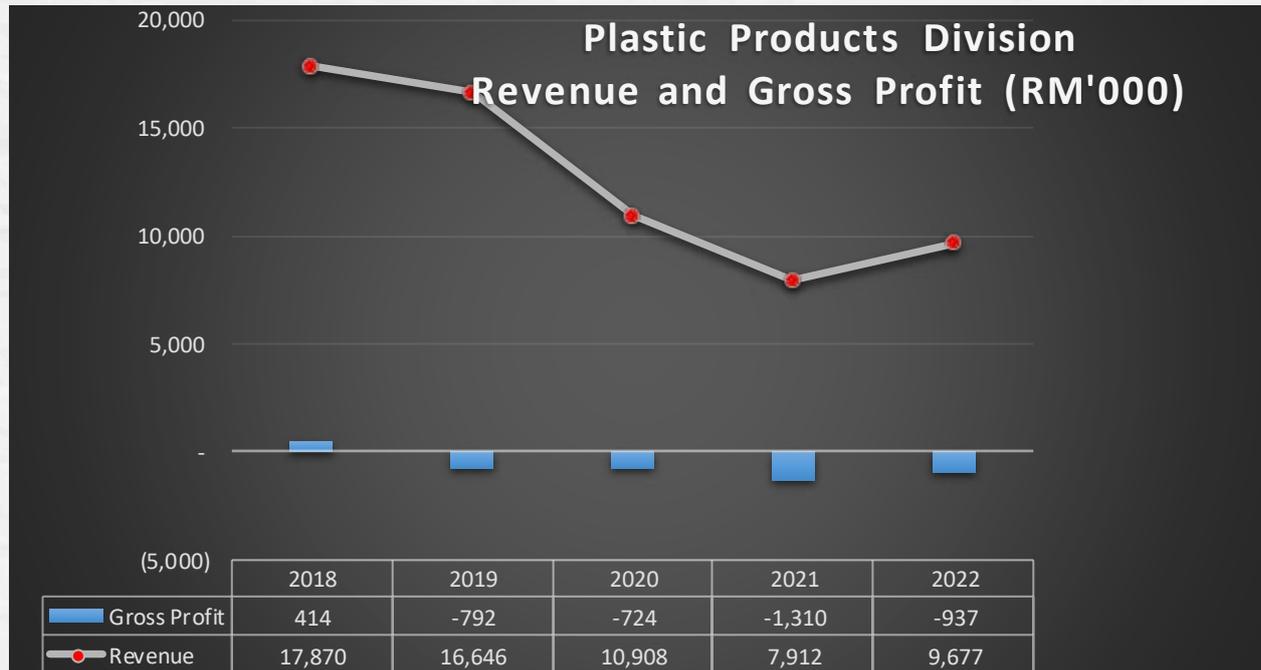
**Paper Products Division**

Paper Products Division remained the mainstay of the Group's business, demonstrated by its sales contribution of approximately 64% of the Group's total revenue for the year. Paper Products Division is less impacted by the pandemic as it is supporting the essential sectors such as medical product and food & beverage industries. Despite encountering manpower shortages due to restrictions on hiring of foreign workers, revenue for FYE 2022 increased slightly by 3.63% (RM1.23 million) as compared to the financial year ended 31 March 2021 ("FYE 2021"). This due to a new customer secured during the year mitigated by drop in demand from few major customers cause by COVID-19 impact.

Gross profit margin increased by 7.80% as compared to FYE 2021 resulted from improvement in production efficiencies, adjustment of product selling price and control in usage of raw materials.

Paper Products Division is highly sensitive to the paper price and scarcity of supply. The Russian-Ukraine conflict has indirectly impacted the material price and extended the lead time. The impact of high material cost was slightly mitigated by the continuous cost pass-through exercises by the division.

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)



Plastic Products Division

Revenue for FYE 2022 has significantly increased by 22.31% (RM1.77 million) due to the increase in production capacity and efficiency resulted from the acquisition of additional 13 plastics injection machines during the year.

The additional machines were also the main contributor to the improvement of the gross profit margin for FYE 2022. Plastic Products Division's gross profit margin for FYE 2022 improved by 6.88% as compared to FYE 2021 resulted from higher production capacity and efficiency.

Grocery Division

The first outlet of the Grocery Division opened on 20 December 2021 contributed RM9.67 million to the Group's total revenue for FYE 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

(Cont'd)

Perspective on Risk Management

The Board is mindful and continues to monitor the various risks that the Group is exposed to in pursuance of its growth and diversification strategies. The Group's risk exposure arising from its business activities included, amongst others, financial risks (such as credit risk, liquidity risk and interest rate risk) as well as risks associated with changes to political, regulatory and economic dimensions, project risks and potential contract claims.

At the same time, we are mindful of the macro-economic environment as export is a significant market. The ongoing Russia-Ukraine conflict and intense geopolitics at play could potentially worsen and escalate the already unpredictable global situation into one of chaos and turbulence. Disruptions to crude oil supply from Russia has sent oil prices skyrocketing beyond USD121 per barrel at one point. The oil price situation is very fluid with likelihood to trend higher if the European Union goes ahead with the full ban on oil import from Russia. This conflict induced volatility has driven inflation upwards and impact economies around the world.

On a smaller scale, this could impact the Group's cost of production and operating margins given that raw paper is the main feed stocks.

As such, the Group is cautious in managing our business activities and operations and will draw on our strengths to sustain our market share. At the same time, we continue to prioritise cost and cash flow management.

The government has announced an increase in minimum wage to RM1,500 effective 1 May 2022 which could contribute to higher fixed overheads of the Group. Whilst this is a welcomed news to improve social support, our Group would manage the situation carefully so as not to disrupt the demand and supply equation and mitigate any adverse outcome thereof.

For Grocery Division, the Board has the intention to open more outlets in the current year and the Board is optimistic that the Grocery Division will provide a long-term growth prospect for the Group due to the constant demand for grocery products, being essentials for every household.

DIRECTORS' RESPONSIBILITY STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

The financial statements of the Company and Group have been drawn up in accordance with the provisions of the Companies Act 2016, applicable financial reporting standards and approved accounting standards in Malaysia. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year, and of the results and the cash flows of the Group and the Company for that financial year then ended.

In preparing the financial statements, the Directors have ensured that:-

- the Group and the Company have adopted the appropriate accounting policies and applied them consistently;
- all statements are supported by reasonable and prudent judgements and estimates;
- all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements; and
- the financial statements are prepared on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company maintain proper accounting records that disclose the financial position of the Group and of the Company with reasonable accuracy at any time, thus enabling the financial statements to be complied with the regulatory requirements.

The Directors have overall responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities. Such systems, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is pleased to provide an overview of the Group's corporate governance practices, which summarises the Group's application of the Principles and Recommendations of the Malaysian Code on Corporate Governance ("MCCG") throughout the financial year ended 31 March 2022 ("FYE 2022").

This Corporate Governance Overview Statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and it is to be read together with the Corporate Governance Report 2022 of the Company ("CG Report") which can be found at www.vc-b.com. The CG Report provides the details of the Group's application and departures, including alternative practices of the Principles and Recommendations of MCCG.

In general, the Group has complied with all material aspects of the principles set out in the MCCG throughout FYE 2022 to achieve the intended outcome.

APPLICATION OF THE PRINCIPLES AS SET OUT IN THE CODE

PRINCIPAL A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1.1 *The Board should set the Company's strategic aims, ensure that the necessary resources are in place for the Company to meet its objectives and review management performance. The board should set the Company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.*

The Group is led and controlled by an effective Board that is responsible for the overall business conduct of the Group, with priorities given on strategic management, risk management, internal control, succession planning and monitoring Management's performance. The Board also undertakes full responsibility on issues concerning the Group's financials, strategies, compliance, governance and other operational matters while protecting the interests of the Group's stakeholders.

Whilst decision-making for the day-to-day business operations of the Group is delegated to the Executive Directors within the limits of authority set, the Independent Non-Executive Directors provide independent advice and views so as to provide a check and balance in the Board decision making process. Accordingly, the Board confers some of its authority and responsibilities to the Executive Directors towards achieving the Group's goals as well as executing the strategies and business plans approved by the Board.

The Board has established and delegated specific responsibilities to three (3) Board Committees, namely, the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), which operate within clearly defined written terms of references. The Board reviews the Board Committees' authority and terms of reference from time to time to ensure their relevance. The Board Committees deliberate the issues on a broad and in-depth basis before putting up any recommendation to the Board for approval. The ultimate responsibility for decision making lies with the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

During FYE 2022, until 26 July 2022, the Board was assisted by the three (3) Board Committees. However, post 26 July 2022, the AC, NC and RC were not constituted following the resignation of Mr. Chang Chen Seng an Independent Non-Executive Director of the Company and a member of the AC, NC and RC on 26 July 2022.

1.2 A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

The Chairman plays a pivotal role in ensuring the effectiveness of the Board by providing leadership to the Board in ensuring that the Board carries out its functions effectively, manages the interface between Board and Management, as well as promote and oversee the highest standards of corporate governance across the Company. The Chairman also assumes a pivotal role as the facilitator in chairing all Board meetings and the general meetings, ensuring such meetings are conducted in an orderly manner to promote constructive communication whereby Directors and shareholders are able to express their views or opinions openly.

1.3 The positions of Chairman and Chief Executive Officer are held by different individuals.

The Chairman of the Company is an Independent Director. The Company does not have the intention to appoint a Chief Executive Officer for the time being. The operations of the Group are currently managed by three (3) Executive Directors.

The Group has a clear distinction and separation of roles between the Chairman and each of the Executive Directors, with clear division of responsibilities in order to ensure a clear balance of power between the Chairman and the Executive Directors. The Chairman leads the Board in its collective oversight of management, while the Executive Directors are primarily responsible for the day-to-day business operations of the Group, developing the business direction of the Group, ensure that the business strategies and policies are effectively implemented and to explain, clarify and inform the Board on matters pertaining to the Group.

1.4 The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.

Currently, the Chairman of the Board is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. The Company believes that the inclusion of the Chairman in the relevant committees are justified given his strong background and vast experience. The Board will discuss this matter to evaluate whether to bring in another independent director to sit on the committee.

1.5 The Board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

The Board is supported by an experienced and qualified Company Secretary who is a qualified professional and a member of one of the prescribed bodies in the Companies Act 2016. The Company Secretary is responsible on advising the Board on regulatory as well as governance matters and directives from time to time. The Company Secretary attends all meetings and ensure the meetings are convened properly, ensures accurate and proper records of the proceedings as well as resolutions passed are recorded and maintained in the statutory register of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

1.6 Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

The schedule of all Board meetings and Board Committee meetings is set in advance at the beginning of every calendar year. The meeting agenda, the relevant reports and Board papers are circulated to Directors and Board Committee members well before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision-making during meeting, and where necessary, to obtain supplementary information before meeting.

The Board members have full and unrestricted access to information within the Group at all times as well as to the advice and services of the Company Secretary and Senior Management for the purpose of the Board's affairs and the business. The Board, whether as a full Board or in their individual capacity, in the furtherance of their duties and responsibilities, may seek independent professional advice at the Company's expense.

The Company Secretary is entrusted to record the minutes of meeting on the Board's and Board Committees' deliberation and to ensure the deliberations are adequately documented. The minutes of meetings are then circulated to the Board and Board Committee members in a timely manner for further actions.

2.1 The Board has a Board Charter which is periodically reviewed and published on the Company's website. The Board Charter clearly identifies the respective roles and responsibilities of the board, board committees, individual directors and management and issues and decisions reserved for the Board.

The Board has established a Board Charter to provide guidance in the roles and responsibilities of the Directors and Management, and to facilitate an effective discharge of its duties.

The Board Charter, which serves as a referencing point for Board's activities to enable Directors to carry out their stewardship role and discharge their fiduciary duties towards the Company, also seeks to include a formal schedule of matters reserved to the Board for deliberation and decision, so that the control and direction of the Company are in its hands. The Charter is available on the Company's website at www.vc-b.com.

The Board Charter is reviewed by the Board, as and when required, to ensure its relevance in assisting the Board to discharge its duties with the changes in the corporate laws and regulations that may arise from time to time and to remain consistent with the Board's objectives and responsibilities. Any amendment to the Board Charter can only be approved by the Board. The Board Charter was last reviewed on 10 August 2020.

3.1 The Board establishes a Code of Conduct and Ethics for the Company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Board has adopted the Code of Ethics for Directors to enhance the standard of corporate governance and behaviour and to focus on the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognise and deal with ethical issues, provide mechanisms to report unethical conduct and help to foster a culture of honesty and accountability. The Code of Ethics is required to be observed by all Directors and are to be applied in all aspects of business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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3.2 The Board establishes, reviews and together with management implements policies and procedures on whistleblowing.

The Group has formulated and formalised a Whistle Blowing Policy to address concerns pertaining to the possibilities of or unlawful conduct involving employees and management personnel of the Company. The Whistleblowing Policy sets out the procedures for dealing with any complaints lodged by whistleblowers.

All complaints of alleged unethical conduct received will be treated with highest confidentiality without any risks of reprisal from the Management and will be investigated and the necessary actions taken to protect the interests of the Group and stakeholders. Appropriate procedures have been put in place to implement this policy.

4.1 The Board together with management takes responsibility for the governance of sustainability in the Company including setting the Company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

The Board recognises the importance of sustainability in an organisation. In recent years, more emphasis has been given to incorporate sustainability into the Board's role in the Group.

The Company is committed to ensure the best possible economic, environmental, social and governance outcomes for all those whom the Company's activities influence to the stakeholders, including the communities in which the Company operates, employees, business partners, investors and, as far as practicably possible, organisations within the Company's supply chain.

In addition, the Board also ensure that Policies and Procedures are in place to strengthen and comply with its corporate governance when setting up its business strategy.

The Group continues to incorporate sustainability consideration into the business operation.

4.2 The board ensures that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

The Board is aware of the responsibility to communicate to the internal and external stakeholders on the group's sustainability priorities, targets and performance against these targets. The Group's priorities and initiatives taken during the financial year under review can be found in the Sustainability Statement of the Annual Report 2022.

4.3 The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the Company and its business, including climate-related risks and opportunities.

The Board continuously keeps themselves abreast with and understanding to the sustainability agendas which are relevant to the Company and its business through periodical updates by Bursa Securities, Securities Commission Malaysia and the training programmes attended by them respectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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4.4 Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the Company's material sustainability risks and opportunities.

As addressing material sustainability risks and opportunities is the responsibility of the board and senior management, the performance evaluation of the board and senior management should consider how well the board and senior management have performed their respective roles. This may include, where applicable, progress against the achievement of sustainability targets. The performance evaluation should be conducted to promote accountability and identify issues that may require intervention by the board and/or senior management.

II. BOARD COMPOSITION

5.1 The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

The Nomination Committee assesses on annual basis the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision making.

It also conducted an assessment of the Directors who were subject to retirement at the forthcoming 19th Annual General Meeting ("AGM") in accordance with the provisions of the Constitution of the Company, the relevant provisions of the Companies Act 2016 as well as the best practices recommended by the MCCG.

Upon recommendation by the Nomination Committee, the Board had recommended and supported the re-election of the directors to be tabled at the 19th AGM for shareholders' approval.

5.2 At least half of the Board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

During FYE 2022, until 26 July 2022, the Board had seven (7) members. Following the resignation of Mr. Chang Chen Seng, there are currently six (6) Board members comprising three (3) Independent Non-Executive Directors and three (3) Executive Directors. At least half of the Board comprises Independent Directors. The Board composition also complied with the MMLR that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors. In the event of any vacancy resulting in non-compliance with the minimum required number of Independent Directors, the Company must fill the vacancy within three (3) months.

The Independent Non-Executive Directors do not participate in the day-to-day management as well as the daily business of the Group except acting as an oversight. In staying clear of any potential conflict of interest situation, the Independent Directors remain in a position to fulfil their responsibility to provide a check and balance to the Board which reflects the Company's commitment to uphold effective corporate governance. They provide independent and objective views, advice and judgment which take into account the interests of the Group as well as shareholders, investors and other stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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It is within the viewpoint of the Board that with the current composition of Directors and their individual backgrounds and specialisations, the Company is aided with a wide range of experience and expertise in areas such as legal framework, finance, accounting and audit, taxation, corporate affairs, marketing, property management and banking. The profile of each member of the Board is set out in this Annual Report.

- 5.3 *The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the Board as a non-independent director. If the Board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the independent director after the twelfth year, the Board should seek annual shareholders' approval through a two-tier voting process.***

The Board acknowledged that the tenure of an independent director shall not be more than nine (9) years. In the event the Board wishes to retain an Independent Director who has served beyond the nine (9) year tenure, shareholders' approval is required subject to assessment of the NC and with valid justification. If the Board wishes to retain an Independent Director after the 12th year, the Board must justify and seek annual shareholders' approval through a two-tier voting process. An Independent Director may continue to serve on the Board subject to him/her being re-designated as Non-Independent Director.

As at the date of this Annual Report, none of the Independent Directors have served more than nine (9) years.

- 5.4 *The board has a policy which limits the tenure of its independent directors to nine years without further extension.***

The Board will consider to implement a policy to limit the tenure of its independent directors to nine (9) years without further extension.

- 5.5 *Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the Company should be avoided.***

To maintain the best interest of the Company, diversity is applied within the Board, Senior Management and all levels of the organisation. In line with this, the Board and Senior Management are appointed based on merit, mix of skills, competencies, experience, professionalism and other relevant qualities which includes age and cultural background to have better governance in the Group. Brief descriptions of the background of Directors are presented in Profile of Directors in this Annual Report.

NC has observed an excellent level of time commitment of members as reflected in the attendance record of the Directors presented in Corporate Governance Overview Statement in this Annual Report.

There was no new appointment to the Board during the financial year 2022. In accordance with the provisions of the Main Market Listing Requirements, none of the Directors hold more than five directorships in listed entities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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- 5.6 In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing directors, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates. If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.**

The Company has in place, the procedures and criteria for identifying candidates for appointment as directors.

The NC is entrusted by the Board to consider, review and propose the appointment of new nominees for the Board and Board Committees. For new appointments, the NC assesses the suitability of potential candidates by considering their knowledge, skills, character, integrity, experience, time commitment, professionalism and other required criteria, before recommending to the Board for approval. The candidate is identified upon recommendation from shareholders, the Board, Management or other sources such as independent recruitment firms. The Company Secretary ensures the appointments are properly made and in compliance with all regulatory requirements.

- 5.7 The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.**

Details of the Directors standing for re-election are set out in the Profile of Directors of the Annual Report 2022.

- 5.8 The Nomination Committee is chaired by an Independent Director or the Senior Independent Director.**

Dato' Sri Wira Ayub Bin Yaakob, an Independent Director, chairs the NC.

- 5.9 The board comprises at least 30% women directors.**

Currently, the Board has two (2) female directors, representing 33.33% of the Board.

- 5.10 The Board discloses in its annual report the Company's policies on gender diversity for the Board and senior management.**

The Company does not have a gender diversity policy for the time being. The Board is supportive in upholding gender diversity within the boardroom and the Management with due consideration on merited factors, such as, skills, experience, attitude and suitability of any potential candidates. Hence, as part of the Company's succession planning, gender diversity objectives will constantly be observed as a key consideration by the Company even without any specific targets determined.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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6.1 The Board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The Board should disclose how the assessment was carried out and its outcome, action taken and how it has or will influence board composition. For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

The Board undertakes an assessment of the performance of the Board as a whole, the Board Committees and each individual Director on an annual basis with reference to the Corporate Governance Guide issued by Bursa Securities.

The NC has developed the criteria to assess the effectiveness of the Board and each individual Director. The evaluation involves individual Director completing a set of questions in the following key areas:

- Board mix and composition
- Quality of information and decision making
- Board activities
- Board's relationship with the management
- Roles and responsibilities of the Board Chairman
- Compliance

As for the assessment of individual Director, self-performance evaluation is carried out using questionnaire based on key performance indicators tailored to evaluate each Director's performance at carrying out their duties effectively and identify the areas for further improvements. These assessments and comments are collated from all Directors and the results are discussed during the NC meeting.

In addition, the NC undertakes an annual assessment of the independence of the Independent Directors to ensure they are able to exercise and maintain their independent judgement at all times. Upon reviewing the results of assessments for the financial year under review, there were no major concerns and the NC is satisfied with the existing Board composition as well as the mix of experience, expertise and qualification of its Board members.

The NC had concluded that all Directors have demonstrated their commitment, responsibilities and effectiveness towards the Company in terms of time and participation during FYE 2022 and subsequently recommended to the Board on the re-election of the retiring Directors at the upcoming Annual General Meeting ("AGM").

During FYE 2022, until 26 July 2022, the NC comprises three (3) members. At present, the NC consists of two (2) Independent Directors. Following the resignation of Mr. Chang Chen Seng, the composition of the NC fell below the required minimum number of three (3) members stated in its terms of reference and is not constituted.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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The NC convened two (2) meeting during the financial year and its activities are as follows:

- (a) Reviewed the Board's required mix of skills and experience and assessed the effectiveness of the Board as a whole, the Board Committees and contribution of each individual Director;
- (b) Reviewed the term of office and performance of the AC and each of its members;
- (c) Evaluated the independence of the Independent Directors;
- (d) Recommended the re-election of retiring Director at the forthcoming Annual General Meeting; and
- (e) Discussed the candidature for the key management of plastic divisions.

The Board is satisfied with the overall effectiveness of the Board and Board Committees, the contribution and performance of each Director, the current size, composition as well as the mix of skill sets of the Board and the independence of its Independent Directors. The terms of reference of the NC can be viewed from the Company's website at www.vc-b.com.

Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.

As of the date of this Statement, none of the Directors held directorship in more than five (5) public listed companies. The Board is satisfied that the external directorships of the Directors have not impaired their ability to devote sufficient time in discharging their roles and responsibilities effectively as well as regularly updating and enhancing their skills and knowledge.

Board Meetings

The Board has committed to meet at least five (5) times each in every financial year to discuss and deliberate on various matters concerning the Group. Additional meetings are convened as needed when urgent and important decisions need to be made in between scheduled meetings. During FYE 2021, eight (8) Board meetings were held and the attendance record of the Directors are tabulated as follows:

Name of Directors	Designation	No. of meeting attended
Tan Sri Dato' Seri Mohd Shariff Bin Omar	Chairman, Independent Non-Executive Director	4/4
Khat Chee How	Executive Director	4/4
Lim Siew Yeng	Executive Director	4/4
Loh Teck Wah	Executive Director	4/4
Dato' Sri Wira Ayub Bin Yaakob	Independent Non-Executive Director	3/4
Chang Chen Seng (Resigned on 26 July 2022)	Independent Non-Executive Director	4/4
Maggie Then	Independent Non-Executive Director	4/4

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

Directors' Training

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

To remain relevant in the rapidly changing and complex modern business environment, the Directors are aware of the importance of continuous education and lifelong learning to discharge their responsibilities to the Company and enhance their contributions to Board deliberations, and accordingly, the Directors attend briefings, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest developments in the industry and to enhance their skills and knowledge.

The Board, through NC, continuously assesses and determines the training needs of its individual members and ensure that they receive relevant updates and training.

During the financial year ended 31 March 2022, the Directors have attended the following training :

Name of Directors	Training Programmes attended
Khat Chee How	Bursa Sustainability Reporting Workshop: Scope & Materiality in Sustainability Reporting for Practitioners
	Chemical Handling, Storage & Safe Lifting
	FSSC-22000 V5.1 Internal Auditor Training
Maggie Then	Financial Master Class - Current Issues and Trends that Affect Our Capital Market, Economic, Daily Financial Practice and Investment Decision
	Key Updates and Changes for Corporate Accountants
	MIA Webinar Series: Maximise Debts Collection- When Debtors are well managed
	MIA Webinar Series: Capital Allowances Maximisation

III. REMUNERATION

7.1 The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the Company's website.

The Board is of view that setting a fair and competitive remuneration package is essential to attract, motivate and retain high calibre Directors and Senior Management in steering the Group to achieve its long-term goals.

For Executive Directors and Senior Management, the remuneration is structured so as to link rewards to corporate and individual performance. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by each Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

The Board has also formalised a Directors' Remuneration Policy and it is the practice of the Group that all Executive Directors and Senior Management are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees and the Board, their attendance and/or special skills and expertise they bring to the Board.

7.2 The Board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management. The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the Company's website.

During FYE 2022, until 26 July 2022, the RC comprises three (3) members. At present, the RC consists of two (2) Independent Directors. Following the resignation of Mr. Chang Chen Seng, the composition of the RC fell below the required minimum number of three (3) members stated in its terms of reference and is not constituted. The RC has been entrusted by the Board to determine the levels of remuneration sufficient to attract and retain Directors of quality required to manage the business of the Group. The RC is also entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors.

During the financial year under review, the Committee met once attended by all members, to evaluate and deliberate the remuneration packages for the Executive Directors, who are also the key management and recommended to the Board for approval, taking into consideration their performances, contributions and overall financial performance of the Group.

The Board as a whole approves the remuneration of the Executive Directors with the Executive Directors concerned abstaining from the decision in respect of their remuneration.

The RC has written Terms of Reference which deals with its authority and duties. The Board will take necessary steps to publish the Terms of Reference of the RC on the Company's website at www.vc-b.com.

8.1 There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

The RC reviewed the Directors' remuneration packages, including Non-Executive Directors, for recommendation and approval by the Board or shareholders, as the case may be. The fees and other benefits of Non-Executive Directors are tabled at the AGM for shareholders' approval. The Directors abstain from participating in discussion concerning their own remuneration and play no part in determining their own remuneration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

Details of the remuneration received from the Company and on Group basis by each Director during FYE 2022 are as follows:

COMPANY

Directors' Remuneration	Salaries (RM)	Fees (RM)	Bonus (RM)	Defined Contribution Plan (RM)	Total (RM)
Tan Sri Dato' Seri Mohd Shariff Bin Omar	-	36,000	-	-	36,000
Khat Chee How	192,000	30,000	-	23,040	245,040
Loh Teck Wah	192,000	30,000	-	23,040	245,040
Lim Siew Yeng	180,000	30,000	-	21,600	231,600
Dato' Sri Wira Ayub Bin Yaakob	-	30,000	-	-	30,000
Chang Chen Seng (Resigned on 26 July 2022)	-	30,000	-	-	30,000
Maggie Then	-	36,000	-	-	36,000

GROUP

Directors' Remuneration	Salaries (RM)	Fees (RM)	Bonus (RM)	Defined Contribution Plan (RM)	Total (RM)
Tan Sri Dato' Seri Mohd Shariff Bin Omar	-	36,000	-	-	36,000
Khat Chee How	192,000	30,000	-	23,040	245,040
Loh Teck Wah	192,000	30,000	-	23,040	245,040
Lim Siew Yeng	180,000	30,000	-	21,600	231,600
Dato' Sri Wira Ayub Bin Yaakob	-	30,000	-	-	30,000
Chang Chen Seng (Resigned on 26 July 2022)	-	30,000	-	-	30,000
Maggie Then	-	36,000	-	-	36,000

8.2 The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Currently, all members of the senior management are the members of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

9.1 *The Chairman of the Audit Committee is not the Chairman of the board.*

The Chairman of the Audit Committee is Maggie Then, who is an Independent Director. She is not the Chairman of the Board. She is a member of the Malaysian Institute of Accountants ("MIA").

9.2 *The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee.*

Presently, none of the members of the AC was a former key audit partner of the Company's external auditors. The Board took note of the recommendation in the Code and will update its policy to stipulate that no former key audit partner shall be appointed as a member of the AC unless he/she has observed a cooling-off period of at least three (3) years before the appointment.

9.3 *The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statement.*

The AC is responsible for the annual assessment of the competency and independence of the external auditors and ensures that any provision of non-audit services by the external auditors are not in conflict with their role as auditors.

Having assessed the performance and independence of the external auditors, the AC will recommend the re-appointment of external auditors to the Board, who will then seek shareholders' approval at the AGM.

The AC has assessed the performance, competency, independence, technical capabilities and resource sufficiency of the external auditors. Based on the assessment, the AC was satisfied with the independence and performance of the external auditors and recommended to the Board to put forth a proposal for the re-appointment of the external auditors at the forthcoming AGM.

During the financial year, the external auditors reported the details of the non-audit services rendered, which includes reviewing the Statement on Risk Management and Internal Control and provided a confirmation 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 meets with the external auditors at least twice a year to discuss their audit plans, audit findings and the Company's financial statements. Also, the AC meets with the external auditors additionally whenever the need arises. Furthermore, the external auditors attend every AGM whereby the financial statements of the Company are to be laid, to respond according to his knowledge and ability to any question raised in regards to the financial statements' audit.

9.4 *The Audit Committee should comprise solely of Independent Directors.*

The AC currently comprises solely of Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

- 9.5 Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.**

All members of the AC collectively have the necessary skills and experiences required to be a member of the AC. Majority of the AC members have the necessary expertise and experience in the areas of financial, commercial, capital markets skills and experience required to meet their responsibilities and provide an effective level of challenge to the Management. On an ongoing basis, the AC members will participate in training and development sessions in order to ensure that they are educated with the latest development in accounting and auditing standards, guidelines and practices.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

- 10.1 The Board should establish an effective risk management and internal control framework.**

In order to be effective in discharging these responsibilities, the Board is assisted by the AC, which functions as an oversight body to review controls and systems in general and to carry out on-going assessment over the adequacy and effectiveness of the risk management and internal control practices within the organisation. In addition to the abovementioned, the Board is supported by the Management in developing, implementing and monitoring practices for identifying and managing risks. This is added with the role of the Management to provide assurance that the necessary control practices are adhered and carried out accordingly based on stipulated policies and framework.

Details of the risk management and internal control framework are elaborated further in the Statement on Risk Management and Internal Control in this Annual Report.

- 10.2 The Board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.**

An assurance was provided by the Executive Directors and the Group Accountant that the Group's risk management and internal controls have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement, to the Board. Taking into consideration this assurance during the Board's assessment of the Group's risk management and internal control, the Board is of the view that the systems of internal control and risk management is considered adequate for the Group's business operations. The key elements and overall state of the internal control and risk management framework of the Group have been disclosed accordingly in this Annual Report.

- 11.1 The Audit Committee should ensure that the internal audit function is effective and able to function independently.**

The internal audit function is currently outsourced to an external professional firm/service provider, namely, Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling") who reports directly to the AC, by providing independent and objective reports on the state of internal control of the various operations within the Group and the extent of compliance on established policies and procedures.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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The AC carried out an assessment of the performance of the outsourced internal audit function and reported such assessment to the Board. Details of the internal audit function and activities relevant to the discharge of the AC's responsibilities are set out in the Statement on Risk Management and Internal Control and the Audit Committee Report in this Annual Report. The AC is satisfied with the level of independence and professionalism of Sterling in carrying out their functions effectively.

11.2 The Board should disclose whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence; the number of resources in the internal audit department; name and qualification of the person responsible for internal audit; and whether the internal audit function is carried out in accordance with a recognised framework.

Sterling is a third party professional internal audit service firm which is independent of the operations and activities of the Group. The engagement teams from Sterling are free from any relationship or conflict of interest, which could impair their objectivity and independence. The Internal Auditors report directly to the AC.

Sterling is a corporate member of the Institute of Internal Auditors Malaysia (IIAM). The number of audit staff deployed by Sterling for each internal audit review ranges from 2 to 3 Internal Auditors per visit depending on the areas of audit. Different lead Internal Auditors is assigned to conduct each internal audit review, depending on the scope of the review. The internal audit staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review.

The Internal Auditors use the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.

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

I. COMMUNICATION WITH STAKEHOLDERS

12.1 The Board ensures there is effective, transparent and regular communication with its stakeholders.

The Board believes that effective communication fosters better understanding of the Group's objectives and financial performance. In order to promote effective communication with the Company's stakeholders, information/results are made available through timely announcements and disclosure, executed via the Bursa Securities' website, the Company's webpage, press releases and annual reports. Additionally, the Company emphasised on providing a principal platform for dialogue and interactions with its shareholders and stakeholders through its AGMs. The AGM serves as a principal forum for dialogues with individual shareholders as it provides shareholders the opportunity to ask questions about the proposed resolutions or about the Company's operations in general.

12.2 Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

This recommended practice is not applicable to the Company as it is not classified as a "Large Company".

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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II. CONDUCT OF GENERAL MEETINGS

13.1 Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

As recommended by the MCCG, twenty-eight (28) days' notice was given to the shareholders for the convening of the Nineteenth (19th) AGM to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. In addition to sending the notices, the Company also published the AGM notice on its website and the information still remains on its website. The outcome of the AGM and any other general meetings is announced to Bursa Securities on the same day the meeting is held.

Shareholders are encouraged to attend the AGMs and any other general meetings which provides shareholders the opportunity to raise questions or concerns with regards to the Group. Such meetings also serve as a platform for shareholders to have direct access to the Board.

13.2 All directors attend General Meetings. The Chair of the Audit, Nomination, Risk Management and other committees provide meaningful response to questions addressed to them.

All the Directors of the Company are present during the general meetings in order to engage directly with shareholders and to take up any relevant questions which are related to matters that fall under the purview of the Board Committees or Board, unless unforeseen circumstances preclude them from attending these general meetings.

At the last AGM of the Company held on 29 September 2021, all the Directors attended the AGM. The shareholders present at the AGM were invited to ask questions about the resolutions being proposed at the AGM before putting them to vote by poll.

Resolutions at the AGM are determined via poll voting. An independent scrutineer who is not an officer of the Company or its related company, is appointed to validate the votes cast at the AGM.

13.3 Listed companies should leverage technology to facilitate, including voting in absentia; and remote shareholders' participation at General Meetings. Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

In part due to the COVID-19 pandemic, the Company has held its 18th AGM virtually. Shareholders have been able to participate remotely via live streaming webcast and vote in absentia using remote participation and voting facilities. The Company will continue to monitor developments in the market for more cost-effective technology to enable shareholders to participate and vote at AGMs remotely.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

- 13.4 The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the Company's financial and non-financial performance as well as the Company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.**

The Chairman of the Board always ensure that sufficient opportunities were given to shareholders to raise issues relating to the affairs of the Company by providing ample time for the Question-and-Answer sessions during the said AGM. The Directors had actively responded to relevant questions addressed to them during the said AGM.

The representatives from external auditors were also present at the broadcast venue to respond to queries raised by shareholders.

- 13.5 The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.**

The Board ensured the required infrastructures and tools were in placed to enable the smooth broadcast of the 18th AGM and meaningful engagement with the shareholders.

The questions posed by the shareholders were responded by the Directors and displayed to all meeting participants during the 18th AGM.

The Board ensured the seamless experience for shareholders in participating at the 18th AGM virtually by engaging Tricor Sdn. Bhd. (as the service provider of Remote Participation and Voting facilities), to provide the virtual platform, namely Securities Services e-Portal for the 18th AGM.

- 13.6 Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.**

The Minutes of the Annual General Meeting ("AGM") were published at the Company's website no later than 30 business days after the AGM.

This Statement is issued in accordance with a resolution of the Board dated 26 July 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) recognises the importance of good practice of corporate governance and is committed to establish a sound risk management framework and system of internal control to safeguard shareholders’ investments and the assets of Versatile Creative Berhad (“Versatile” or “the Company”) and its subsidiaries (“the Group”).

The Board is pleased to present this Statement on Risk Management and Internal Control (“this Statement”) which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 31 March 2022, which has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Code on Corporate Governance and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITIES

The Board acknowledges its overall responsibility for maintaining the Group’s systems of internal controls and risk management to safeguard shareholders’ investment, the interest of customers, regulators, employees, and the Group’s assets. The Board further recognises its responsibility in reviewing the adequacy and integrity of these systems.

The Board regularly receives and reviews reports on internal control, and is of the view that the system of internal control is adequate to safeguard shareholders’ interest and the Group’s assets. The role of Management is to implement the Board’s policies and guidelines on risks and controls, to identify and evaluate the risks faced, and to operate suitable system of internal controls to manage these risks.

However, due to the limitations that are inherent in any system of internal control, the systems of internal controls can only provide reasonable and not absolute assurance against material misstatement or loss as it is designed to manage rather than eliminate the risk of failure to achieve the Group’s business objectives.

MANAGEMENT RESPONSIBILITY

The Management is responsible for implementing the Group’s policies and procedures on risk and internal control to identify, evaluate, measure, monitor and report risks as well as effectiveness, any deficiencies and non-compliance with internal controls and for taking appropriate and timely remedial actions as required. Its roles include:

- (i) Identifying and evaluating the risks faced by the Group in line with the business objectives, strategies and the Group’s overall risk appetite.
- (ii) Formulating, implementing, and monitoring relevant controls, policies and procedures to manage key risks.
- (iii) Continuous monitoring of changes to the risk environment, including key emerging risk, taking appropriate mitigation actions and promptly bringing these changes to the Board’s attention.
- (iv) Monitoring the implementation of related governance frameworks to achieve intended objectives.
- (v) Enforcing compliance.
- (vi) Promptly addressing any shortcomings or incidents of non-compliance with procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

RISK MANAGEMENT

The Board acknowledges that there is an on-going process of identifying, evaluating, monitoring, assessing, reporting and managing significant risks by the Management to achieve the objectives of the Group for the financial year under review. The process is in place for the financial year under review and up to the date of issuance of this Statement.

The risk identification process involves reviewing and identifying the possible risk exposure arising from both internal and external environment changes and operation conditions. The risk measurement guidelines consist of financial and non-financial qualitative measure of risk consequences based on risk likelihood rating and risk impact rating.

As part of the risk management processes, a Registry of Risk and a Risk Management Handbook had been prepared. The Registry of Risk is maintained to identify principal business risks and updated when there are changes in the risk profile. The Risk Management Handbook summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The respective risk owners are accountable to identify risks and to ensure that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in various work processes and procedures of the respective operational functions and management team.

KEY ELEMENTS OF INTERNAL CONTROL

The following sets out the key elements of the Group's internal control, which have been in place throughout the financial year ended 31 March 2022 and up to the date of this Statement:-

1. Organisation structure with defined lines of delegation of responsibility, level of authorisation and accountability;
2. Limits of authority clearly established within the Group to provide functional framework of authority in approving sales order, purchases, expenses and capital expenditure;
3. Policies and procedures for key business processes are formalised and documented for implementation and continuous improvements;
4. Quarterly Board meetings and monthly management meetings are held where information is provided to the Board and management covering financial performances and operations;
5. Training and development are provided as and when required by employees with the objective of enhancing their knowledge and competency; and
6. Management accounts and reports are prepared regularly for monitoring of actual performance.

INTERNAL AUDIT FUNCTIONS

In accordance with the Malaysian Code on Corporate Governance, the Group, in its efforts to provide adequate and effective internal control system has engaged Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"), an independent consulting firm, to review the adequacy and integrity of its system of internal control. The independent consulting firm acts as the internal auditors and report directly to the Audit Committee.

The internal audit reviews address critical business processes, identified risks and internal control gaps, assessed the effectiveness and adequacy of the existing state of internal control of the Group and recommended possible improvements to the internal control process. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group. The scope of audit focused on the five (5) broad control components, which are control environment, risk activities, control activities, information and communications and monitoring. The management is required to explain any purported lack of compliance pursuant to the audit reports issued.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(Cont'd)

The internal audit reports and the status reports on the follow up actions for the prior internal audit reports were tabled to the Audit Committee and Board during the quarterly board meetings.

The total costs incurred for the outsourced internal audit function during the financial year ended 31 March 2022 was RM48,000.

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Executive Directors and the Group Accountant that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for the financial year ended 31 March 2022 and up to the date of this Statement.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the Annual Report of the Company for the financial year ended 31 March 2022.

The external auditors reported to the Board that nothing has come to their attention that cause them to believe that this Statement intended to be included in the Annual Report of the Company, 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 to be set out, nor is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

CONCLUSION

The Board is of the opinion that the Group's system of risk management and internal control is operating adequately and effectively throughout the financial year under review and up to date of this Statement.

The Board continues to take appropriate action plans to strengthen the risk management and internal control systems to meet the Group's objectives in light of the continuous changes in the business environment.

This statement is made in accordance with the resolution of the Board of Directors dated 22 July 2022.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

During FYE 2022, until 26 July 2022, the Audit Committee comprises three (3) Independent Non-Executive Directors as follows:

Name	Designation
Maggie Then	Chairperson, Independent Non-Executive Director
Tan Sri Dato' Seri Mohd Shariff Bin Omar	Member, Independent Non-Executive Director
Chang Chen Seng (Resigned on 26 July 2022)	Member, Independent Non-Executive Director

Following the resignation of Mr. Chang Chen Seng on 26 July 2022, the Company was not able to comply with paragraph 15.09(1)(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad onwards as the composition of the Audit Committee fell below the required minimum of three (3) members and was not constituted. The Company has three (3) months to fill the vacancy.

AUTHORITY, DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

The Audit Committee is governed by its terms of reference ("TOR"), which is available on the Company's website at www.vc-b.com.

MEETINGS

The Audit Committee convened four (4) meetings during the financial year ended 31 March 2022 ("FYE 2022"), and the attendance of each Committee member is as follows:

Members	No. of meetings attended
Maggie Then	4/4
Tan Sri Dato' Seri Mohd Shariff Bin Omar	4/4
Chang Chen Seng (Resigned on 26 July 2022)	4/4

The Executive Directors and the Group Accountant are invited to attend all Audit Committee meetings. The external and internal auditors are also invited to attend the Audit Committee meetings to present their audit plan, audit findings and year-end financial statements.

The Chairperson of the Audit Committee reports the proceedings of the Audit Committee to the Board after every Audit Committee meeting. Minutes of the Audit Committee meetings are circulated to all members of the Board and significant issues were brought up and discussed at Board meetings.

The Chairperson also engages on a continuous basis with top management, the external and internal auditors to keep abreast of matters affecting the Group. Where significant issues are highlighted, the Chairman of the Audit Committee communicates and confers with the other members, either through emails or in meetings.

AUDIT COMMITTEE REPORT

(Cont'd)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee carried out the following activities, amongst others, during FYE 2022 in discharging their duties and responsibilities:

(a) **Financial Reporting**

- Reviewed four (4) quarterly financial results and the annual audited financial statements of the Company for the financial year ended 31 March 2022 including the announcements pertaining thereto. Discussions were focused primarily on the changes in the accounting policies and practices, significant adjustments arising from the audit and compliance with accounting standards and other legal requirements before recommending to the Board for approval and release of the announcements to Bursa Securities.
- Discussed the impact on the Group's operations during the COVID-19 pandemic and the Movement Control Order periods imposed by the Government and the actions taken by the Management to comply with the standard operating procedures set for the MCO periods.
- Reviewed the status of utilisation of proceeds raised from the Private Placement exercise.
- Reviewed and recommended all the reports and statements for inclusion in the Company's 2021 Annual Report to the Board of Directors ("the Board") for approval.

(b) **Matters relating to External Auditors**

- Reviewed with the external auditors, the audit plan and scope of the statutory audit of the Company's financial statements for FYE 2022 before the audit commences to ensure that the scope of the external audit is comprehensive.
- Evaluated the external auditors' suitability, objectivity and independence, taking into consideration their technical competencies, audit quality and manpower resource sufficiency to perform the audit of the Group. Also reviewed the reasonableness of the audit fees charged against the size and complexity of the Group, and made recommendations to the Board on their reappointment and remuneration.
- Reviewed the audit services and non-audit services provided by the External Auditors and their corresponding fees incurred. The Audit Committee concluded that the external auditors had remained independent during the year.
- Met with the external auditors without the presence of Management so as to provide the external auditors with an avenue to express any concerns they may have.

(c) **Matters relating to Internal Audit**

- Reviewed with the internal auditors, the internal audit plan, work done and reports for the internal audit function and considered the findings of internal audit reviews and management responses thereon, and ensured that appropriate actions are taken on the recommendations raised by the internal auditors and to obtain assurances that all key risks and control concerns have been fully addressed.
- Monitored the outcome of follow-up audits to ascertain the extent to which agreed action plans have been implemented by Management.

AUDIT COMMITTEE REPORT

(Cont'd)

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)

(c) Matters relating to Internal Audit (cont'd)

- Evaluated the performance of the internal audit functions during FYE 2022 as well as their capability and competency to serve the Group in terms of technical competencies and manpower resource sufficiency.

(d) Matters relating to related party transactions

- Took note of all the recurrent related party transactions (“RRPTs”) reported on a quarterly basis.
- Reviewed and deliberated on all proposed RRPTs to be entered into by the Group to ensure that the proposed transactions to be entered into are in the best interest of the Group, fair, reasonable and on normal commercial terms, and not detrimental to the interests of the minority shareholders of the Company.
- Reviewed the circular to shareholders in relation to the proposed new/renewal shareholders’ mandate for RRPTs prior to its approval by the Board.
- Assessed the performance of the internal audit function of the Company.

(e) Other Matters

- Carried out an evaluation on the term of office, competency and performance of the Audit Committee.

AUDIT COMMITTEE REPORT

(Cont'd)

INTERNAL AUDIT FUNCTION

The internal audit function is independent of the activities or operations of other operating units. The principal role of this function is to undertake independent, regular and systematic reviews of the risk management, internal control and governance systems so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal controls and governance of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as the relevant statutory requirements.

The Group outsourced its internal audit function to Sterling Business Alignment Consulting Sdn. Bhd. ("Sterling"), an independent consulting firm, to review the adequacy and integrity of its system of internal control. Sterling acts as the internal auditor and reports directly to the Audit Committee. The total cost incurred in maintaining the internal audit function for FYE 2022 was RM48,000/- (FYE 2021: RM48,000/-).

During FYE 2022, the Audit Committee carried out its annual evaluation of the work performed by Sterling and was satisfied with their overall performance.

A summary of work of the internal audit function for FYE2022 are as follows:-

Financial Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
1 st Quarter ended 30 June 2021	August 2021	• Versatile Creative Berhad	• Risk Management
2 nd Quarter ended 30 September 2021	November 2021	• Versatile Creative Plastic Sdn. Bhd.	• Inventory • Safety and Health
3 rd Quarter ended 31 December 2021	February 2022	• Versatile Paper Boxes Sdn. Bhd.	• Finance • Administration
4 th Quarter ended 31 March 2022	May 2022	• Versatile Creative Plastic Sdn. Bhd.	• Production • Logistic/Shipping and Delivery Management

TRAINING

Details of training programmes and seminars attended by each Audit Committee member during FYE 2022 are set out in this Annual Report.

This report is made in accordance with a resolution of the Board dated 26 July 2022.

OTHER COMPLIANCE INFORMATION

MATERIAL CONTRACTS

There were no material contracts of the Company and its subsidiaries involving Directors and/or major shareholders entered into since the end of the previous financial year.

DETAILS AND STATUS OF THE UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT EXERCISE

The Company has completed its Private Placement exercise on 20 December 2021 following the listing of and quotation for 25,463,500 ordinary shares on the Main Market of Bursa Malaysia Securities Berhad on the same day.

Details of utilisation of proceeds from the Private Placement exercise is as follows:

Purpose	Proposed Utilisation (RM'million)	Actual Utilisation (RM'million)	Balance Utilisation (RM'million)
Grocery Business	11.26	2.00	9.26
Estimated expenses in relation to the Private Placement *	0.45	0.32	0.13
Total	11.71	2.32	9.39

*Expenses related to the Private Placement amounting to RM321,239 were lower than estimation. The balance portion will be utilised for Grocery business working capital purposes.

AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial year ended 31 March 2022, the amount of audit and non-audit fees paid/payable by the Group and the Company to the external auditors for services rendered to the Company and its subsidiaries were as follows:

	Group (RM)	Company (RM)
Audit Fee	113,000	35,000
Non-Audit Fee	21,200	7,000

RECURRENT RELATED PARTY TRANSACTIONS

Details of recurrent related party transactions are disclosed under Note 22 of the financial statements in this Annual Report.

SUSTAINABILITY STATEMENT

Versatile Creative Berhad and its subsidiaries (“the Group”) are committed to continuously develop and improve the business operations of the Group in a responsible and sustainable manner. The Board believes that the performance of a company shall not solely judged by its financial performance and adopting good sustainable principles will benefit the Group in long-term basis.

This Sustainability Statement (“this Statement”) sets out what the Board considers as material sustainability. This Statement covers the sustainability performance of our business operations for the financial year ended 31 March 2022 (“FY2022”) unless otherwise stated.



Financial Performance and Business Sustainability

The economic scenario remains as our core element based on the market conditions and global influence caused by the continuous impact of the COVID-19 pandemic. The Group has taken greater efforts to improve the profitability and strengthen our balance sheet. We are also fortunate that a majority of the restrictions, lockdowns and other precautionary measures imposed by the relevant authorities have not significantly impacted the Group’s financial performance as the Group’s manufacturing divisions were allowed to operate throughout the MCO, under the strict guidelines set by the National Security Council, Ministry of Health and Ministry of International Trade and Industry respectively. During FYE2022, we have zero staff termination or layoff related to COVID-19 and on the top of that, we also hired additional employees.

Business Growth and Diversification



As announced during the prior financial year, the Group which is mainly involved in manufacturing business have ventured into the new grocery business through the conditional collaboration agreement with NSK Trading Sdn. Bhd. (“NSK”), a major shareholder, to jointly undertake trading, wholesale and retail grocery business with a greater focus on premium grocery products.

The Grocery Division has opened its first outlet on 20 December 2021 located within the heart of Kuala Lumpur with varying customers crossing the mall daily especially office workers, young families and college students in the surrounding area. The Group has the intention of opening more outlets in the current year and is optimistic that the Grocery Division will provide a long-term growth prospect for the Group due to the constant demand for grocery products being essentials for every household.

SUSTAINABILITY STATEMENT

(Cont'd)



The relocation of our Plastic Products Division's plant from Balakong to Beranang was completed during the financial year. The relocation contributes to higher sales for the year recorded by Plastic Products Division as it provides more spaces for additional machines acquired and increases production capacities.

Quality Assurance

The Group is committed to deliver high quality products that meet customers' expectation. The Group, with its accreditation ISO9001:2015 (for Quality Management) and FSSC22000 Food Safety Management Systems – Requirements for any organisation in the food chain, is well positioned and has the ability to provide safe, hygienic and flexible packaging that complies with food safety requirements. In line with the Group's aspiration to be better positioned to serve the growing food packaging business industry, the Group has plans to migrate and update to the new ISO22000:2018 standard as part of our on-going commitment to continuously provide quality sustainable products to our customers.

Corporate Governance

Top management ensures that the requirements of the management system, including the policies and objectives, are consistent with the strategic context and direction of our organisation, and that the policies and objectives are established whilst ensuring that the human and financial resources needed for crucial implementation and enforcement are available.

The Group is committed to conducting lawful and ethical business practices and zero tolerance for unethical or illegal conduct. To ensure our behavior and communications are aligned, we encourage employees, suppliers and stakeholders to report any illegal or unacceptable behavior or non-compliance with the Groups Code of Ethics and the Anti-Bribery and Anti-Corruption Policy.

In line with good corporate governance practices, our Group has also established a Whistleblower Policy together with the relevant mechanism and encourages our employees to report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste and abuse involving the resources of the Group. The whistleblowing practice is open to any employee, supplier or third-party, with the assurance that any report will be properly investigated and treated with confidentiality.

There were no corruption-related cases reported during the year.

The Anti Bribery Policy, Whistleblower Policy and the Group's Code of Ethics have been implemented and are available on the Company's website at www.vc-b.com.

SUSTAINABILITY STATEMENT (Cont'd)



Environment stewardship

The Group is committed to preserve the environment and minimise pollution through various activities taken to ensure our business sustainability. The Group's continuous efforts towards good environmental, occupational safety and health management practices has resulted in our subsidiary companies being accredited with ISO14001:2004 (for Environmental Management), and FSSC 22000 (for Food Safety system management). The Group is also a member of Sedex, which focuses on labour standards, health and safety, environment and business integrity.

Waste Management and Energy Consumption

The Group is also committed to be an environmental responsible manufacturer and strives to continuously improve our environmental performance through the various effort to minimize the material wastage. We also take measures to reduce or minimise energy consumption as part of our efforts to reduce global warming. We have implemented a policy to ensure lights are switched off during lunch hour and after office hours or when the meeting rooms are not used.

As the Group is certified with ISO14001:2015 Environment Management System, we are committed to operating in compliance with the Electronic Scheduled Waste Information System ("ESWIS") under the Environmental Quality Act (Scheduled Wastes) Regulations 2005 and the Environmental Quality (Industrial Effluent) Regulations 2009.



Employees safety and well-being

We are committed to protect the safety and well-being of our employees by providing a safe and healthy working environment by establishing strict standard operating procedures when dealing with the COVID-19 outbreak to eliminate or at least minimize the impact of the pandemic. Face masks and hand sanitizers are also provided to all employees.



SUSTAINABILITY STATEMENT

(Cont'd)

We are also committed to operate in a safe and healthy workplace and strive to comply with relevant laws and legislation by establishing a Safety, Health and Environment Committee. This committee consist of employees from various level representing every department in the Group. We have also formed an Emergency Response Team (“ERT”) which comprises first aiders and fire fighters. We constantly equip our ERT team members with the related training to enhance their knowledge and skills. In addition, we also made it compulsory to all employees to wear correct Personal Protective Equipment (“PPE”) according to the areas and place where all required safety signage dedicated to each designated area. Other than benefits that are mandated and defined by the local legislation, the Group also provides its employees with Group Hospitalization Insurance and other medical benefits.

Corporate Social Responsibility



Major flood that hits several states marked the end of 2021. The reported victims were the highest in the history of flood disaster in Malaysia. In the effort to lessen the burden of the flood victims, the Company partnering with NSK and Quill City Mall, had on 23 December 2021 donated RM50,000 during the “Misi Rise Together Kutipan Bantuan Banjir” organized by the Ministry of Women, Family and Community Development. In addition, we also provide financial assistance to our employees affected by the floods.

CONCLUSION

The Group recognises that more could be done in sustainability efforts in creating positive impact on economic, environmental and social aspects. The Group shall continually seek new opportunities to realise our sustainability commitment.

This Statement is made in accordance with a resolution of the Board of Directors on 22 July 2022.

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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 March 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 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.

FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	(614,322)	(6,306,722)
Attributable to:-		
Owners of the Company	(135,409)	
Non-controlling interest	(478,913)	
	<u>(614,322)</u>	

DIVIDENDS

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

The Directors do not recommend any final dividend payment in respect of the current financial year.

RESERVES AND PROVISIONS

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

DIRECTORS

The name of the Directors of the Company and its 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:-

Company:-

Tan Sri Dato' Seri Mohd Shariff bin Omar
Khat Chee How
Lim Siew Yeng
Loh Teck Wah
Dato' Sri Wira Ayub bin Yaakob
Chang Chen Seng
Maggie Then

DIRECTORS' REPORT

(Cont'd)

DIRECTORS (CONT'D)

The name of the Directors of the Company and its 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 (cont'd):-

Subsidiaries:-

Name of Subsidiaries	Name of Directors	
Versatile Paper Boxes Sdn. Bhd.	Khat Chee How	Lim Siew Yeng
Versatile Smart Resources Sdn. Bhd.	Khat Chee How	Lim Siew Yeng
Versatile Creative Plastic Sdn. Bhd.	Khat Chee How	Lim Siew Yeng
Imagescan Creative Sdn. Bhd.	Khat Chee How	Lim Siew Yeng
Versatile Smart Properties Sdn. Bhd.	Khat Chee How	Lim Siew Yeng
VN Trading Sdn. Bhd.	Khat Chee How Lim Siew Yeng Loh Teck Wah	Lim Chou Bu Chen Chuen Sum
NSK Grocer (KL) Sdn. Bhd.	Khat Chee How Lim Siew Yeng Loh Teck Wah	Lim Chou Bu Chen Chuen Sum
Oriental Mart Sdn. Bhd.	Khat Chee How (First Director) Lim Siew Yeng (First Director) Loh Teck Wah (First Director)	Lim Chou Bu (First Director) Chen Chuen Sum (First Director)

DIRECTORS' INTERESTS

According to the register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at the financial year end are as follows:-

Number of ordinary shares				
The Company	At 1.4.2021	Bought	Sold	At 31.3.2022
Direct interests				
Loh Teck Wah	2,900,000	-	-	2,900,000

The other Directors in office did not have any interest in shares in the Company or its related corporation during the financial year.

DIRECTORS' REMUNERATION

During the financial year, the fees and other benefits received and receivable by the Directors of the Group and Company are as follows:-

	RM
Directors' fees	222,000
Directors' remuneration	564,000
Other emoluments	70,450
	856,450

DIRECTORS' REPORT

(Cont'd)

DIRECTORS' REMUNERATION (CONT'D)

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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 25,463,500 new ordinary shares via private placement at a price of RM0.46 per ordinary share for a total cash consideration of RM11,713,210 for working capital purposes.

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

There was no issuance of debentures during the financial year.

INDEMNITY AND INSURANCE FOR OFFICERS AND DIRECTORS

The amount of indemnity coverage and insurance premium paid for Officers and Directors of the Company during the financial year are amounted to RM5,000,000 and RM15,500 respectively.

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 amounts 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 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.

DIRECTORS' REPORT

(Cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

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

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 28 to the financial statements.

EVENT AFTER THE REPORTING PERIOD

The event after the reporting period is disclosed in Note 29 to the financial statements.

AUDITORS

Details of Auditors' remuneration are set out in Note 18 to the financial statements.

The Group and the Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act 2016. No payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 March 2022.

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.

.....
KHAT CHEE HOW
 Director

.....
LIM SIEW YENG
 Director

Kuala Lumpur
 22 July 2022

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 60 to 129 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 March 2022 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.

KHAT CHEE HOW

LIM SIEW YENG

Kuala Lumpur
22 July 2022

STATUTORY DECLARATION

I, Astriah Bt Mohammad Asis, being the Officer primarily responsible for the financial management of Versatile Creative Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 60 to 129 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

.....
ASTRIAH BT MOHAMMAD ASIS

MIA No. 49162

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory this day of
22 July 2022

Before me,

.....
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

VERSATILE CREATIVE BERHAD (Incorporated in Malaysia)
Registration No: 200301001350 (603770-D)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Versatile Creative Berhad, which comprise the statements of financial position as at 31 March 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

VERSATILE CREATIVE BERHAD (Incorporated in Malaysia)

Registration No: 200301001350 (603770-D)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Group

Risk of fraud in revenue recognition

The risk

International Standard on Auditing 315 presumed that we consider the risk of fraud arising in revenue recognition. Whilst revenue recognition and measurement is not complex for the Group and the Company, revenue targets form part of the Group's key performance measures which could create an incentive to record revenue incorrectly. We focused on this area given the magnitude of revenue transactions that occur.

Our response

We evaluated and tested the internal controls over the completeness, accuracy and timing of revenue recognised in the financial statements. We also verified based on a sampling basis, the completeness of revenue captured by vouching to the customer's purchase orders, sales invoices, acknowledged delivery orders and bank and/or cash receipts. We understood and reviewed the appropriateness of revenue recognition policies.

Provision of expected credit losses on trade receivables

The risk

MFRS 9 introduces an expected credit loss ("ECL") impairment model which requires the use of significant assumptions about future economic conditions and credit risk of the customers in the calculation of loss allowance. The Group has assessed the lifetime expected credit loss of trade receivables by using simplified approach. As disclosed in Note 8 to the financial statements, the Group has significant trade receivables as at 31 March 2022 and these are subject to credit risk exposure. We focused on this area because management's assessment of ECL requires significant judgement over the expected loss rates, forward looking information and probability-weighted estimates. The details of the significant estimates and judgement used by the Group have been disclosed in Note 26(a)(i) to the financial statements.

Our response

Our audit procedure in relation to the allowance for ECL was obtained an understanding on how the Group identifies and assesses ECL for trade receivables. We have reviewed the key data sources and assumptions for data used in the determination of default rate and the current and forward-looking adjustment factors. We have considered the age of debts as well as the trend of collections to identify the collection risks. We have obtained debtors' confirmations and review collectability by way of obtaining evidence of receipts from the debtors subsequent to year end.

Inventories valuation

The risk

The Group holds significant amount of inventories amounting to RM14,645,626 as disclosed in Note 7 to the financial statements which are subject to a risk that the inventories might become slow-moving or obsolete and rendering them not saleable or can only be sold for selling prices that are less than the carrying value. Judgement is required to access the appropriate level of provision for items which may be ultimately sold below cost.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

VERSATILE CREATIVE BERHAD (Incorporated in Malaysia)
Registration No: 200301001350 (603770-D)

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Group (cont'd)

Inventories valuation (cont'd)

Our response

Our audit procedure in relation to the valuation of inventories included compared the unit cost to the last purchase invoices for a sample of inventories items. We have obtained an understanding and reviewed the management's assessment of net realisable value ("NRV") of the inventories and on a sample basis, tested the subsequent selling price of inventories. We have examined the condition of selected inventories by attending physical inventories count at financial year end.

We have tested the methodology for calculating the allowance for inventories written down, challenged the appropriateness and consistency of the management's judgements and assumptions, considered the nature and suitability of historical data used in estimating the underlying allowance. We have compared the allowance with actual historical results by the ageing profile of the inventories. We also have considered the adequacy of the Group's disclosures in respect of inventories valuation.

Company

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

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

VERSATILE CREATIVE BERHAD (Incorporated in Malaysia)

Registration No: 200301001350 (603770-D)

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of the Directors for the Financial Statements (cont'd)

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

VERSATILE CREATIVE BERHAD (Incorporated in Malaysia)

Registration No: 200301001350 (603770-D)

Report on the Audit of the Financial Statements (cont'd)

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

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 (cont'd):-

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

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

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

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

VERSATILE CREATIVE BERHAD (Incorporated in Malaysia)

Registration No: 200301001350 (603770-D)

Report on the Audit of the Financial Statements (cont'd)

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)

LIAN TIAN KWEE
(NO.: 02943/05/2023 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
22 July 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	4	29,176,934	23,784,549	133	183
Right-of-use assets	5	32,189,602	25,539,838	-	-
Investment in subsidiaries	6	-	-	21,708,142	21,708,142
Total non-current assets		61,366,536	49,324,387	21,708,275	21,708,325
CURRENT ASSETS					
Inventories	7	14,645,626	11,178,744	-	-
Trade and other receivables	8	10,840,261	10,242,634	32,170,470	37,396,272
Prepayments		308,841	189,519	28,454	18,446
Other investment	9	11	11	-	-
Tax recoverable		213,559	224,037	26,472	-
Cash and cash equivalents	10	21,483,460	10,120,935	10,697,371	72,920
Total current assets		47,491,758	31,955,880	42,922,767	37,487,638
TOTAL ASSETS		108,858,294	81,280,267	64,631,042	59,195,963

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

(Cont'd)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	11	105,886,152	94,172,942	105,886,152	94,172,942
Reserves	12	20,658,565	21,089,263	-	-
Accumulated losses		(50,334,242)	(50,629,531)	(41,689,526)	(35,382,804)
		76,210,475	64,632,674	64,196,626	58,790,138
Non-controlling interest	6	395,222	874,135	-	-
Total equity		76,605,697	65,506,809	64,196,626	58,790,138
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liabilities	5	4,611,069	246,757	-	-
Deferred tax liabilities	13	6,169,192	4,919,369	-	-
Total non-current liabilities		10,780,261	5,166,126	-	-
CURRENT LIABILITIES					
Trade and other payables	14	17,946,862	10,272,603	434,416	405,825
Lease liabilities	5	3,525,474	334,729	-	-
Total current liabilities		21,472,336	10,607,332	434,416	405,825
TOTAL LIABILITIES		32,252,597	15,773,458	434,416	405,825
TOTAL EQUITY AND LIABILITIES		108,858,294	81,280,267	64,631,042	59,195,963

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 MARCH 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	15	54,675,966	41,883,766	1,653,421	1,698,796
Cost of sales		(44,532,902)	(37,888,798)	-	-
Gross profit		10,143,064	3,994,968	1,653,421	1,698,796
Other income	16	1,058,119	9,695,975	8,913	344,296
Finance income	17	271,499	153,590	-	-
Selling and distribution expenses		(2,318,445)	(2,560,880)	-	-
Administration expenses		(13,314,930)	(7,942,406)	(1,927,431)	(2,481,416)
Net impairment gain/(loss) on receivables		5,085,853	208,364	(6,041,625)	(20,612)
Finance cost	17	(226,202)	(181,366)	-	-
Profit/(Loss) before tax	18	698,958	3,368,245	(6,306,722)	(458,936)
Tax (expense)/income	19	(1,313,280)	1,963,791	-	-
(Loss)/Profit for the financial year		(614,322)	5,332,036	(6,306,722)	(458,936)
Other comprehensive income for the financial year		-	-	-	-
Total comprehensive (loss)/income for the financial year		(614,322)	5,332,036	(6,306,722)	(458,936)
(Loss)/Profit for the financial year attributable to:-					
Owners of the Company		(135,409)	5,358,815	(6,306,722)	(458,936)
Non-controlling interest	6	(478,913)	(26,779)	-	-
		(614,322)	5,332,036	(6,306,722)	(458,936)
Total comprehensive (loss)/income for the financial year attributable to:-					
Owners of the Company		(135,409)	5,358,815	(6,306,722)	(458,936)
Non-controlling interest	6	(478,913)	(26,779)	-	-
		(614,322)	5,332,036	(6,306,722)	(458,936)
(Loss)/Profit per ordinary share attributable to owners of the Company (sen per share)					
- Basic	20	(0.05)	2.17		
- Diluted*	20	N/A	N/A		

*There are no dilutive potential equity instruments that would give a diluted effects to 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 MARCH 2022

	Share capital RM	Reserves RM	Accumulated losses RM	Total RM	Non- controlling interest RM	Total equity RM
Group						
Balance at 1 April 2020	68,262,168	21,522,072	(56,500,241)	33,283,999	-	33,283,999
Subscription of shares by non-controlling interest of newly incorporated subsidiary	-	-	79,086	79,086	900,914	980,000
Total comprehensive income/(loss) for the financial year	-	-	5,358,815	5,358,815	(26,779)	5,332,036
Crystallisation of revaluation reserve	-	(432,809)	432,809	-	-	-
<i>Transaction with owners:-</i>						
Issuance of ordinary shares	25,910,774	-	-	25,910,774	-	25,910,774
Balance at 31 March 2021	94,172,942	21,089,263	(50,629,531)	64,632,674	874,135	65,506,809
Total comprehensive loss for the financial year	-	-	(135,409)	(135,409)	(478,913)	(614,322)
Crystallisation of revaluation reserve	-	(430,698)	430,698	-	-	-
<i>Transaction with owners:-</i>						
Issuance of ordinary shares	11,713,210	-	-	11,713,210	-	11,713,210
Balance at 31 March 2022	105,886,152	20,658,565	(50,334,242)	76,210,475	395,222	76,605,697

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

(Cont'd)

	Share capital RM	Accumulated losses RM	Total RM
Company			
Balance at 1 April 2020	68,262,168	(34,923,868)	33,338,300
Total comprehensive loss for the financial year	-	(458,936)	(458,936)
<i>Transaction with owners:-</i>			
Issuance of ordinary shares	25,910,774	-	25,910,774
Balance at 31 March 2021	94,172,942	(35,382,804)	58,790,138
Total comprehensive loss for the financial year	-	(6,306,722)	(6,306,722)
<i>Transaction with owners:-</i>			
Issuance of ordinary shares	11,713,210	-	11,713,210
Balance at 31 March 2022	105,886,152	(41,689,526)	64,196,626

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		698,958	3,368,245	(6,306,722)	(458,936)
Adjustments for:-					
Depreciation of property, plant and equipment		3,429,221	2,642,475	48	105
Depreciation of right-of-use assets		1,916,666	1,317,554	-	-
Finance costs		226,202	181,366	-	-
Finance income		(271,499)	(153,590)	-	-
Fair value gain on other investment		-	(4,028,491)	-	-
Gain from disposal of other investment		-	(4,752,410)	-	-
Gain from disposal of property, plant and equipment		(190,100)	(20,824)	-	-
Inventories written down		586	3,878	-	-
Allowance for expected credit losses on trade and other receivables		97,628	82,066	6,041,625	20,612
Reversal of expected credit losses on trade and other receivables		(5,183,481)	(290,430)	-	-
Bad debts written off		2,651,377	877	-	-
Property, plant and equipment written off		407,250	50,110	2	-
Income from derecognition of right-of-use assets and lease liabilities		(3,591)	(4,994)	-	-
Reversal of inventories written down		-	(14,501)	-	-
Unrealised loss/(gain) on foreign exchange		128,303	(52,946)	-	-
Gain on waiver of other payable		(451,779)	-	-	-
Operating profit/(loss) before working capital changes		3,455,741	(1,671,615)	(265,047)	(438,219)
Inventories		(3,467,468)	(1,988,698)	-	-
Receivables		1,695,628	667,808	(825,831)	(23,751,440)
Payables		8,019,634	(2,635,561)	28,591	(656,142)
Cash generated from/(used in) operations		9,703,535	(5,628,066)	(1,062,287)	(24,845,801)
Interest received		172,517	1	-	-
Tax paid		(52,979)	(14,707)	(26,472)	-
Net cash from/(used in) operating activities		9,823,073	(5,642,772)	(1,088,759)	(24,845,801)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022
(Cont'd)

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(9,236,330)	(6,067,804)	-	-
Proceeds from disposal of property, plant and equipment		245,742	20,824	-	-
Proceeds from disposal of other investment		-	14,170,212	-	-
Investment in subsidiaries		-	-	-	(1,020,000)
Interest received		98,982	153,589	-	-
Proceed received from non-controlling interest for the subscription of newly incorporated subsidiary		-	980,000	-	-
Net cash (used in)/from investing activities		(8,891,606)	9,256,821	-	(1,020,000)
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(226,202)	(181,366)	-	-
Proceeds from issuance of ordinary shares		11,713,210	25,910,774	11,713,210	25,910,774
Repayment of lease liabilities		(1,055,950)	(779,934)	-	-
Repayment of borrowings		-	(12,606,900)	-	-
Repayment to a Director		-	(2,850,000)	-	-
Net cash from financing activities		10,431,058	9,492,574	11,713,210	25,910,774
CASH AND CASH EQUIVALENTS					
Net changes		11,362,525	13,106,623	10,624,451	44,973
Effect on foreign translation		-	(32)	-	-
At beginning of financial year		10,120,935	(2,985,656)	72,920	27,947
At end of financial year	A	21,483,460	10,120,935	10,697,371	72,920

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022
(Cont'd)

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:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	16,923,270	4,112,420	10,697,371	72,920
Fixed deposits with licensed banks	4,560,190	6,008,515	-	-
Cash and cash equivalents	21,483,460	10,120,935	10,697,371	72,920

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 808, Jalan 17/24, 46400 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Lot 30745, Jalan Pandan Indah, Pandan Indah, 55100 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 6 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 Board of Directors passed on 22 July 2022.

2. BASIS OF PREPARATION

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 (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

2.2 Basis of Measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period as 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.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of Measurement (cont'd)

A fair value measurement of a non-financial market 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 uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 determines 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.

The Group has established control framework in respect to the measurement of fair values of financial instruments. The Executive Directors have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Board of Directors. The Executive Directors regularly review significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group has 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 Adoption of New Standards/Amendments/Improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2021.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of New Standards/Amendments/Improvements to MFRSs (cont'd)

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements.

2.5 Standards Issued but Not Yet Effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective in the respective financial period.

Effective for financial period 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 Contract-Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020

Effective for financial period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts*
- Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from 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

Deferred to a date to be determined by the MASB

- 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 accounting standards, interpretations and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company upon their first adoption.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2.6.1 Estimation Uncertainties

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Revaluation of property, plant and equipment and right-of-use assets

The Group measures its land and buildings at revalued amount with changes in fair value being recognised in other comprehensive income. The Group engaged independent valuation specialists to determine fair values as at the date of revaluation.

The carrying amount of the land and buildings at the end of the reporting period, and the relevant revaluation bases, are disclosed in Notes 4 and 5 to the financial statements.

Useful lives of depreciable assets

Management estimates the useful lives of the property, plant and equipment to be within 5 to 50 years and right-of-use assets to be within 2 to 44 years and reviews the useful lives of depreciable assets at the end each of the reporting period. At 31 March 2022, management assesses that the useful lives represent the expected utility of the assets to the Group and the Company. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's and the Company's assets.

The carrying amount of the Group's and the Company's property, plant and equipment and right-of-use assets at the end of the reporting period are disclosed in Notes 4 and 5 to the financial statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.1 Estimation Uncertainties (cont'd)

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below (cont'd).

Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

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. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every 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 default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 26(a)(i) to the financial statements.

Income taxes and deferred tax liabilities

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

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant Accounting Estimates and Judgements (cont'd)

2.6.2 Significant Management Judgement

There are no significant management judgements in applying the accounting policies of the Group and of the Company that has the most significant effect on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies as summarised below, consistently throughout all periods presented in the financial statements.

3.1 Consolidation

3.1.1 Subsidiaries

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

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.2 Basis of Consolidation

The Group 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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 23 to the 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 interest 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 parent.

3.1.3 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value 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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business Combinations and Goodwill (cont'd)

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 MFRS.

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

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on 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 a designated fair value through profit or loss financial asset depending on the level of influence retained.

3.1.5 Non-controlling Interest

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign Currency Transactions and Balances

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the profit or loss, except for differences arising on a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

3.3 Property, Plant and Equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

All property, plant and equipment, except for leasehold land and building, are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such costs as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold land and building is shown at fair values, based on valuations by external independent valuers, less subsequent accumulated depreciation on buildings and any accumulated impairment losses. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earning.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, Plant and Equipment (cont'd)

Depreciation is recognised on the straight-line method in order to write off the cost or valuation of each asset over its estimated useful life. Leasehold land is amortised over the lease term of 44 years.

The principal annual depreciation rates used are as follows:-

Building	2%
Computer & software	10%
Motor vehicles	10% - 20%
Plant and machinery	10% - 20%
Office equipment, furniture and fittings	10% - 20%
Renovation	10% - 20%

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets are recognised in profit or loss in the financial year in which the asset is derecognised.

3.4 Leases

The Group assesses 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.

3.4.1 Group as Lessee

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

3.4.1.1 Right-of-use Assets

The Group recognises 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 depreciation 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

3.4.1 Group as Lessee (cont'd)

3.4.1.1 Right-of-use Assets (cont'd)

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:-

Leasehold land	44 years
Leasehold building	2 - 4 years
Motor vehicles	5 - 10 years
Plants and machinery	5 - 10 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, depreciation 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 Note 3.6.1 Impairment of non-financial assets.

3.4.1.2 Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. 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 (unless they are incurred to produce inventories) 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 (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3.4.1.3 Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to its 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (cont'd)

3.4.2 Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.5 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.5.1 Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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 determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.1 Financial Assets (cont'd)

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

As at the reporting date, the Group and the Company carry financial assets at amortised cost and fair value through profit or loss on the statements of financial position.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include cash and cash equivalents and trade and other receivables.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

This category includes listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statements of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:-

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.1 Financial Assets (cont'd)

Derecognition (cont'd)

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. 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 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.1 Financial Assets (cont'd)

Impairment (cont'd)

At each reporting date, the Group and the Company assess whether the financial assets carried at amortised cost 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.

3.5.2 Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables.

Subsequent Measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial Liabilities at Amortised Cost

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the statements of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Financial Instruments (cont'd)

3.5.2 Financial Liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

3.5.3 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements 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.

3.5.4 Fair Value of Financial Instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market process or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as how they are measured are provided in Note 26 to the financial statements.

3.6 Impairment of Non-financial Assets

The Group and the Company assess 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 and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units ("CGU") fair value less costs to sell and its value in use and 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. Where 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 – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 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 pre-tax 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 to sell, recent market transactions are taken into account, if available. 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 subsidiaries or other available fair value indicators.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

3.7 Inventories

Inventories which comprise raw materials, work-in-progress, finished goods and trading goods are stated at the lower of cost and net realisable value.

Cost of raw material is determined on a weighted average basis. Cost of finished goods and work-in-progress include raw material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

Cost of trading goods is determined on a first-in first-out method and comprise costs incurred in bring the inventories to their present location and condition.

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

3.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, bank balances, short-term demand deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.9 Equity, Reserves and Distribution to Owners

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Share capital represents the nominal value of shares that have been issued.

The revaluation reserve within equity comprises gains and losses due to the revaluation of property, plant and equipment and right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Equity, Reserves and Distribution to Owners (cont'd)

Accumulated losses include all current year's loss and prior years' accumulated losses.

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

3.10 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits 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 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 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.

3.11 Borrowing Costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.12 Employee Benefits

3.12.1 Short-term Employee Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and 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.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Employee Benefits (cont'd)

3.12.2 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 obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3.13 Revenue

The Group is in the business of manufacturing and trading a range of paper boxes, plastics and providing printing services to customers and grocery business. Revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

3.13.1 Sale of Goods

Revenue from sale of goods is recognised at a point in time once control of the asset is transferred to the customers generally on delivery of products and customers' acceptance.

3.13.2 Revenue from Other Sources

(i) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

(ii) Management income

Management fees are recognised when the services are rendered.

(iii) Lease income

Lease income is recognised in the profit or loss on a straight-line basis over the term of the lease.

3.14 Tax Expense

Tax expense comprises current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax Expense (cont'd)

3.14.1 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 end of the reporting period, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.14.2 Deferred Tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where property, plant and equipment are carried at their fair value in accordance with the accounting policy set out in Note 3.3 to the financial statements, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.14.3 Sales Tax

Expenses and assets are recognised net of the amount of sales tax, except:-

- when the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- when receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Operating Segments

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

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 Related Parties

A related party is a person or entity that is related 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.

(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 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) one entity is an associate or joint venture of the other entity.
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the 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 Group 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 part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group	At valuation ←					→ At cost				
	Building RM	Motor vehicles RM	Plants and machinery RM	Office equipment, furniture and fittings RM	Renovation RM	Total RM				
Cost or valuation										
At 1 April 2020	14,184,571	285,542	51,582,911	4,836,761	1,910,366	72,800,151				
Additions	-	-	4,942,836	229,080	895,888	6,067,804				
Disposal	-	(65,500)	(476,625)	-	-	(542,125)				
Written off	-	-	(980)	(130,002)	(49,346)	(180,328)				
Transfer from right-of-use assets	-	152,100	-	-	-	152,100				
At 31 March 2021	14,184,571	372,142	56,048,142	4,935,839	2,756,908	78,297,602				
Additions	-	-	2,102,953	4,055,019	3,078,358	9,236,330				
Disposal	-	(199,546)	(1,661,270)	(156,021)	-	(2,016,837)				
Written off	-	-	(451,853)	(84,523)	(5,000)	(541,376)				
Transfer from right-of-use assets	-	309,099	85,000	-	-	394,099				
At 31 March 2022	14,184,571	481,695	56,122,972	8,750,314	5,830,266	85,369,818				

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

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

Group (cont'd)	At valuation					At cost				
	Building RM	Motor vehicles RM	Plants and machinery RM	Office equipment, furniture and fittings RM	Renovation RM	Total RM				
Accumulated depreciation										
At 1 April 2020	5,337,980	285,086	41,315,602	4,482,785	969,369	52,390,822				
Charge for the financial year	204,545	450	2,204,206	145,681	87,593	2,642,475				
Disposal	-	(65,500)	(476,625)	-	-	(542,125)				
Written off	-	-	(368)	(125,171)	(4,679)	(130,218)				
Transfer from right-of-use assets	-	152,099	-	-	-	152,099				
At 31 March 2021	5,542,525	372,135	43,042,815	4,503,295	1,052,283	54,513,053				
Charge for the financial year	204,546	-	2,669,488	262,054	293,133	3,429,221				
Disposal	-	(199,545)	(1,605,639)	(156,011)	-	(1,961,195)				
Written off	-	-	(45,251)	(83,959)	(4,916)	(134,126)				
Transfer from right-of-use assets	-	309,098	36,833	-	-	345,931				
At 31 March 2022	5,747,071	481,688	44,098,246	4,525,379	1,340,500	56,192,884				
Net carrying amount										
At 31 March 2022	8,437,500	7	12,024,726	4,224,935	4,489,766	29,176,934				
At 31 March 2021	8,642,046	7	13,005,327	432,544	1,704,625	23,784,549				

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

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

Company	Office equipment RM
Cost	
At 1 April 2020/31 March 2021	49,383
Written off	(36,498)
	12,885
At 31 March 2022	12,885
Accumulated depreciation	
At 1 April 2020	49,095
Charge for the financial year	105
	49,200
At 31 March 2021	49,200
Charge for the financial year	48
Written off	(36,496)
	12,752
At 31 March 2022	12,752
Net carrying amount	
At 31 March 2022	133
At 31 March 2021	183

- (i) Had the building been carried under the cost model, the carrying amount would be RM3,616,849 (2021: RM3,779,403).
- (ii) Building of the Group with the carrying amount of RM8,437,500 (2021: RM8,642,046) is built on land with unexpired lease period of more than 44 years.
- (iii) Building was revalued in the financial year 2020 by Rahim & Co. International Sdn. Bhd., a registered valuer. The comparison method was adopted in arriving at the market value of the freehold land and buildings.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in revaluation reserve under the equity.

Fair value measurement of the leasehold land and buildings were categorised under Level 2. There were no transfers between Level 1 and Level 2 during the financial year.

Level 2 Fair Value

Level 2 fair value of buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group	At valuation				At cost			Total RM
	Leasehold land RM	Leasehold building RM	Motor vehicles RM	Plants and machinery RM	Motor vehicles RM	Plants and machinery RM	Total RM	
Cost or valuation								
At 1 April 2020	28,545,064	1,456,789	840,415	85,000			30,927,268	
Additions	-	451,274	-	-	-	-	451,274	
Transfer to property, plant and equipment	-	-	(152,100)	-	-	-	(152,100)	
Lease termination	-	(1,328,710)	-	-	-	-	(1,328,710)	
At 31 March 2021	28,545,064	579,353	688,315	85,000			29,897,732	
Additions	-	8,250,635	-	409,506			8,660,141	
Transfer to property, plant and equipment	-	-	(309,099)	(85,000)			(394,099)	
Lease termination	-	(252,778)	-	-	-	-	(252,778)	
At 31 March 2022	28,545,064	8,577,210	379,216	409,506			37,910,996	
Accumulated depreciation								
At 1 April 2020	2,988,246	815,109	568,427	28,333			4,400,115	
Charge for the financial year	590,909	617,067	101,078	8,500			1,317,554	
Transfer to property, plant and equipment	-	-	(152,099)	-	-	-	(152,099)	
Lease termination	-	(1,207,676)	-	-	-	-	(1,207,676)	
At 31 March 2021	3,579,155	224,500	517,406	36,833			4,357,894	
Charge for the financial year	590,909	1,224,320	75,843	25,594			1,916,666	
Transfer to property, plant and equipment	-	-	(309,098)	(36,833)			(345,931)	
Lease termination	-	(207,235)	-	-	-	-	(207,235)	
At 31 March 2022	4,170,064	1,241,585	284,151	25,594			5,721,394	
Net carrying amount								
At 31 March 2020	24,375,000	7,335,625	95,065	383,912			32,189,602	
At 31 March 2021	24,965,909	354,853	170,909	48,167			25,539,838	

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

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

- (i) Had the leasehold land been carried under the cost model, the carrying amount would be RM797,476 (2021: RM816,826).
- (ii) Leasehold land has an unexpired lease period of more than 44 years.
- (iii) Leasehold land was revalued in the financial year 2020 by Rahim & Co. International Sdn. Bhd., a registered valuer. The comparison method was adopted in arriving at the market value of the freehold land and buildings.

In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year. The revaluation surplus net of applicable deferred tax was credited to other comprehensive income and is shown in revaluation reserve under the equity.

Fair value measurement of the leasehold land and buildings were categorised under Level 2. There were no transfers between Level 1 and Level 2 during the financial year.

Level 2 Fair Value

Level 2 fair value of leasehold and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

- (iv) Right-of-use assets of the Group with the carrying amount of RM478,977 (2021: RM219,076) are acquired under finance lease arrangements.

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

Group	2022 RM	2021 RM
As at 1 April	581,486	1,036,174
Additions	8,660,141	451,274
Accretion of interest	223,061	64,875
Lease termination	(49,134)	(126,028)
Payments	(1,279,011)	(844,809)
As at 31 March	8,136,543	581,486
Represented by:-		
Current	3,525,474	334,729
Non-current	4,611,069	246,757
	8,136,543	581,486

The maturity analysis of lease liabilities is disclosed in Note 26(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

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

These lease liabilities bear interests at rates of 3.00% to 8.39% (2021: 2.39% to 8.39%) per annum. Interest rates are fixed at the inception of the lease liabilities arrangements.

The following are the amounts recognised in profit or loss:-

Group	2022 RM	2021 RM
Depreciation expense of right-of-use assets	1,916,666	1,317,554
Interest expense on lease liabilities	223,061	64,875
Lease expenses on short-term assets	109,126	416,935
Lease expenses on low-value assets	6,090	17,335
Income from derecognition of right-of-use assets and lease liabilities	(3,591)	(4,994)
	<hr/>	<hr/>
Total amount recognised in profit or loss	2,251,352	1,811,705
	<hr/>	<hr/>
Company		
Lease expenses on short-term assets	4,200	4,200
	<hr/>	<hr/>

The Group had total cash outflow for leases of RM1,279,011 (2021: RM844,809). The Group also had additions to right-of-use assets and lease liabilities of RM8,660,141 (2021: RM451,274) and RM8,660,141 (2021: RM451,274) respectively.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Unquoted shares, at cost		
At 1 April	80,187,902	79,167,902
Addition	-	1,020,000
Written off	(100,000)	-
	<hr/>	<hr/>
	80,087,902	80,187,902
Less: Accumulated impairment loss	(58,379,760)	(58,479,760)
	<hr/>	<hr/>
At 31 March	21,708,142	21,708,142
	<hr/>	<hr/>

The movement of impairment losses during the financial year is as follow:-

	Company	
	2022 RM	2021 RM
At 1 April	58,479,760	58,479,760
Written off	(100,000)	-
	<hr/>	<hr/>
At 31 March	58,379,760	58,479,760
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

Companies	Country of incorporation Principal place of business	Effective Interest		Principal activities
		2022 %	2021 %	
Direct subsidiaries				
Versatile Paper Boxes Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of paper, board packaging products, specialising in offset-printed boxes and offset-laminated cartons
Versatile Pack Sdn. Bhd*.	Malaysia	-	100	Dormant
Versatile Smart Resources Sdn. Bhd.	Malaysia	100	100	Dormant
VN Trading Sdn. Bhd.	Malaysia	51	51	Investment holding and operation of grocery
Subsidiaries of Versatile Paper Boxes Sdn. Bhd.				
Versatile Creative Plastic Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of plastic packaging products
Imagescan Creative Sdn. Bhd.	Malaysia	100	100	Provision of colour separation and lithography services and printed materials
Versatile Smart Properties Sdn. Bhd.	Malaysia	100	100	Dormant
Subsidiary of VN Trading Sdn. Bhd.				
NSK Grocer (KL) Sdn. Bhd.	Malaysia	100	100	Operators of supermarkets and hypermarkets, wholesaler, retailer, online retailers, importers, exporters, buyers, sellers, dealers, distributors and food processing, packaging of all types of consumer products, goods, merchandise, produce, foodstuffs, things and commodities

*The subsidiary has been struck off on 23 November 2021.

- (a) On 26 October 2020, the Company has incorporated a wholly-owned subsidiary, VN Trading Sdn. Bhd. ("VN") with a cash subscription of RM1 comprising 1 ordinary shares. On the same day, VN has incorporated a wholly-owned subsidiary, NSK Grocer (KL) Sdn. Bhd. with a cash subscription of RM1 comprising 1 ordinary shares.
- (b) On 16 March 2021, VN increased its paid-up capital to RM2,000,000 by issuance of additional 1,019,999 shares to the Company and 980,000 shares to NSK Trading Sdn. Bhd. ("NSK") at the issuance price of RM1 per shares. The issuance of shares was pursuant to collaboration agreement entered into between the Company and NSK dated 2 October 2020.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interest in subsidiaries

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

	VN and its subsidiary	
	2022	2021
Percentage of ownership interest and voting interest (%)	49%	49%
Carrying amount of non-controlling interest (RM)	395,222	874,135
Total comprehensive loss to non-controlling interest (RM)	(478,913)	(26,779)
Loss allocated to non-controlling interest (RM)	(478,913)	(26,779)

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

	VN and its subsidiary	
	2022	2021
	RM	RM
Financial position as at 31 March		
Non-current assets	12,033,890	47,402
Current assets	6,912,651	2,255,731
Non-current liabilities	(4,099,384)	-
Current liabilities	(14,040,580)	(519,182)
Net assets	806,577	1,783,951
Summary of financial performance for the financial year ended 31 March		
Loss/Total comprehensive loss for the year	(977,374)	(216,049)
Summary of cash flows for the financial year ended 31 March		
Net cash inflow from operating activities	5,638,876	303,514
Net cash outflow from investing activities	(5,357,843)	(48,519)
Net cash (outflow)/inflow from financing activities	(645,163)	1,999,999
Net cash (outflow)/inflow	(364,130)	2,254,994

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

7. INVENTORIES

	2022 RM	Group 2021 RM
At lower of cost and net realisable value		
Raw materials	6,418,617	5,992,127
Work-in-progress	2,259,965	2,291,903
Finished goods	5,967,044	2,894,714
	14,645,626	11,178,744
Recognised in profit or loss:-		
Inventories written down	586	3,878
Reversal of inventories written down	-	14,501
Inventories recognised as cost of sales	40,263,393	33,629,464

The written down and reversal are included in cost of sales.

The reversal of allowance for inventories written down in prior financial year when the related inventories were sold above cost.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

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8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables				
Third parties	12,103,039	16,371,046	-	-
Amount owing by related parties	164,918	43,251	-	-
Less: Allowance for expected credit losses	(4,245,239)	(8,645,029)	-	-
Trade receivable, net	8,022,718	7,769,268	-	-
Other receivables				
Other receivables	3,228,854	4,411,446	22,185	14,654
Refundable deposits	2,011,067	1,170,361	-	-
Amount owing by subsidiaries	-	-	38,225,176	37,416,884
	5,239,921	5,581,807	38,247,361	37,431,538
Less: Allowance for expected credit losses				
- Other receivables	(2,422,378)	(3,108,441)	(14,654)	(14,654)
- Amount owing by subsidiaries	-	-	(6,062,237)	(20,612)
Other receivables, net	2,817,543	2,473,366	32,170,470	37,396,272
Total trade and other receivables	10,840,261	10,242,634	32,170,470	37,396,272

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2021: 30 to 120 days) terms. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original certified or invoiced amounts which represent their fair values on initial recognition.

Trade receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance for expected credit losses are as follows:-

	Group	
	2022 RM	2021 RM
At 1 April	8,645,029	8,853,393
Addition	97,628	82,066
Reversal	(4,497,418)	(290,430)
At 31 March	4,245,239	8,645,029

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

8. TRADE AND OTHER RECEIVABLES (CONT'D)

Other receivables

Other receivables that are impaired

The Group's and Company's other receivables that are impaired at the reporting date and the movement of the allowance for expected credit losses are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 April	3,108,441	3,108,441	14,654	14,654
Reversal	(686,063)	-	-	-
At 31 March	2,422,378	3,108,441	14,654	14,654

Amount owing by subsidiaries

Amount owing by subsidiaries is unsecured, non-interest bearing, repayable on demand and is expected to be settled in cash.

Amount owing by subsidiaries that are impaired

The Company's amount owing by subsidiaries that are impaired at the reporting date and the movement of the allowance for expected credit losses are as follows:-

	Company	
	2022 RM	2021 RM
At 1 April	20,612	-
Addition	6,041,625	20,612
At 31 March	6,062,237	20,612

Amount owing by related parties

Related parties refer to a person or an entity that is related to Group (Note 3.17)

The amount is unsecured, non-interest bearing and repayable on demand.

9. OTHER INVESTMENT

	Group	
	2022 RM	2021 RM
Fair value through profit or loss		
- Equity investments quoted in Malaysia (Designated upon initial recognition)		
At 1 April	11	5,389,322
Fair value gain on other investment	-	4,028,491
Disposal on other investment	-	(9,417,802)
At 31 March	11	11

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	16,923,270	4,112,420	10,697,371	72,920
Fixed deposits with licensed banks	4,560,190	6,008,515	-	-
	21,483,460	10,120,935	10,697,371	72,920

The fixed deposits bear interest at rates 1.50% (2021: 1.85%) per annum.

The maturity of fixed deposits with licensed banks as at the end of the financial year of the Group is 28 (2021: 28) days.

11. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Group and Company				
Issued and fully paid up with no par value:-				
At 1 April	254,635,218	141,979,681	94,172,942	68,262,168
Issued during the year	25,463,500	112,655,537	11,713,210	25,910,774
At 31 March	280,098,718	254,635,218	105,886,152	94,172,942

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 residual assets.

12. RESERVES

	Note	Group	
		2022 RM	2021 RM
Revaluation reserve	(i)	17,658,565	18,089,263
Capital redemption reserve	(ii)	3,000,000	3,000,000
		20,658,565	21,089,263

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

12. RESERVES (CONT'D)

(i) Revaluation reserve

	Group	
	2022 RM	2021 RM
At 1 April	18,089,263	18,522,072
Crystallisation of revaluation reserve	(430,698)	(432,809)
At 31 March	17,658,565	18,089,263

The revaluation reserve represents the surplus arising from revaluation of leasehold land and building, net of deferred tax and is not available for distribution as dividends.

(ii) Capital redemption reserve

Capital redemption reserve relates to the redemption of preference shares of a subsidiary.

13. DEFERRED TAX LIABILITIES

Deferred tax liabilities relate to the following:-

Group	As at 1 April 2021 RM	Recognised in profit or loss (Note 19) RM	As at 31 March 2022 RM
Property, plant and equipment	1,932,424	(56,077)	1,876,347
Revaluation of leasehold land and building	5,712,399	(136,008)	5,576,391
Trade receivables	(1,178,859)	687,479	(491,380)
Inventories	(22,540)	(140)	(22,680)
Unutilised capital allowances	(1,233,869)	754,569	(479,300)
Unabsorbed business losses	(290,186)	-	(290,186)
	4,919,369	1,249,823	6,169,192

Group	As at 1 April 2020 RM	Recognised in profit or loss (Note 19) RM	As at 31 March 2021 RM
Property, plant and equipment	1,748,593	183,831	1,932,424
Revaluation of leasehold land and building	5,849,076	(136,677)	5,712,399
Trade receivables	-	(1,178,859)	(1,178,859)
Inventories	-	(22,540)	(22,540)
Unutilised capital allowances	(610,894)	(622,975)	(1,233,869)
Unabsorbed business losses	(58,659)	(231,527)	(290,186)
	6,928,116	(2,008,747)	4,919,369

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables				
Third parties	9,039,191	7,492,805	-	-
Amount owing to related parties	2,674,920	-	-	-
	<u>11,714,111</u>	<u>7,492,805</u>	<u>-</u>	<u>-</u>
Other payables				
Accruals	2,276,177	726,233	315,721	264,280
Non-trade payables	1,890,069	1,933,349	118,695	141,545
Deposit received	3,900	-	-	-
Sales tax payable	134,703	120,216	-	-
Amount owing to a related party	2,202	-	-	-
Amount owing to a corporate shareholder	1,925,700	-	-	-
	<u>6,232,751</u>	<u>2,779,798</u>	<u>434,416</u>	<u>405,825</u>
Total trade and other payables	<u>17,946,862</u>	<u>10,272,603</u>	<u>434,416</u>	<u>405,825</u>

Trade payables

This amount is non-interest bearing. Trade payables normal credit term ranges from 0 to 120 (2021: 0 to 150) days terms.

Other payables

This amount is non-interest bearing.

Amount owing to a related party

Related party refers to a person or an entity that is related to the Group (Note 3.17).

This amount is unsecured, non-interest bearing and repayable on demand.

Amount owing to corporate shareholder

This amount is unsecured, non-interest bearing and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

15. REVENUE

Type of goods and services

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Sales of goods	54,311,170	41,646,376	-	-
Rendering of services	364,796	237,390	1,653,421	1,698,796
	54,675,966	41,883,766	1,653,421	1,698,796

Nature

Group

Revenue represents the gross income from the manufacturing and trading of paper, board packaging products, specialising in offset-printed boxes and offset-laminated cartons, manufacture, sale of plastic packaging products, provision of colour separation services and grocery business.

Company

Revenue represents management fee from service rendered, including professional and management advice, marketing, management information system and accounting services and administrative matters to the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

15. REVENUE (CONT'D)

15.1 Disaggregated revenue information

Group	Paper products RM	Plastic products RM	Colour separation and printing RM	Grocery RM	Others RM	Adjustment and elimination RM	Total RM
2022							
Primary Geographical markets:-							
Malaysia	33,391,177	7,919,191	384,096	9,674,540	1,653,421	(1,694,367)	51,328,058
Thailand	410,389	202,404	-	-	-	-	612,793
Yemen	-	954,184	-	-	-	-	954,184
Indonesia	-	70,850	-	-	-	-	70,850
Mongolia	737,935	-	-	-	-	-	737,935
China	441,303	-	-	-	-	-	441,303
France	-	72,854	-	-	-	-	72,854
Bangladesh	-	171,478	-	-	-	-	171,478
Saudi Arabia	-	112,900	-	-	-	-	112,900
Singapore	-	173,611	-	-	-	-	173,611
	34,980,804	9,677,472	384,096	9,674,540	1,653,421	(1,694,367)	54,675,966
Major goods or services							
Paper products	34,980,804	-	-	-	-	(1,603)	34,979,201
Plastic products	-	9,677,472	-	-	-	(20,043)	9,657,429
Colour separation services	-	-	384,096	-	-	(19,300)	364,796
Management services	-	-	-	-	1,653,421	(1,653,421)	-
Grocery	-	-	-	9,674,540	-	-	9,674,540
	34,980,804	9,677,472	384,096	9,674,540	1,653,421	(1,694,367)	54,675,966
Timing of revenue recognition:-							
At a point in time	34,980,804	9,677,472	384,096	9,674,540	1,653,421	(1,694,367)	54,675,966

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

15. REVENUE (CONT'D)

15.1 Disaggregated revenue information (cont'd)

Group (cont'd)	Paper products RM	Plastic products RM	Colour separation and printing RM	Others RM	Adjustment and elimination RM	Total RM
2021						
Primary Geographical markets:-						
Malaysia	31,993,446	5,963,470	261,390	1,698,796	(1,744,341)	38,172,761
Thailand	586,764	300,263	-	-	-	887,027
Yemen	-	876,891	-	-	-	876,891
Indonesia	31,623	-	-	-	-	31,623
Mongolia	934,524	-	-	-	-	934,524
China	208,809	-	-	-	-	208,809
France	-	546,868	-	-	-	546,868
Bangladesh	-	179,138	-	-	-	179,138
Singapore	1,145	44,980	-	-	-	46,125
	33,756,311	7,911,610	261,390	1,698,796	(1,744,341)	41,883,766
Major goods or services						
Paper products	33,756,311	-	-	-	(1,600)	33,754,711
Plastic products	-	7,911,610	-	-	(19,945)	7,891,665
Colour separation services	-	-	261,390	-	(24,000)	237,390
Management services	-	-	-	1,698,796	(1,698,796)	-
	33,756,311	7,911,610	261,390	1,698,796	(1,744,341)	41,883,766
Timing of revenue recognition:-						
At a point in time	33,756,311	7,911,610	261,390	1,698,796	(1,744,341)	41,883,766

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

15. REVENUE (CONT'D)

Company	Management services RM
2022	
Primary Geographical markets:-	
Malaysia	<u>1,653,421</u>
Major goods or services	
Management services	<u>1,653,421</u>
Timing of revenue recognition	
At a point in time	<u>1,653,421</u>
2021	
Primary Geographical markets:-	
Malaysia	<u>1,698,796</u>
Major goods or services	
Management services	<u>1,698,796</u>
Timing of revenue recognition	
At a point in time	<u>1,698,796</u>

16. OTHER INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Gain on disposal of other investment	-	4,752,410	-	-
Fair value gain on other investment	-	4,028,491	-	-
Gain on disposal of property, plant and equipment	190,100	20,824	-	-
Realised gain on foreign exchange	5,604	147,372	-	-
Wages subsidy	188,400	244,800	6,000	-
Rental income	34,341	41,028	-	-
Overprovision of accruals in prior years	-	321,224	-	321,224
Sundry income	184,304	81,886	2,913	23,072
Unrealised gain on foreign exchange	-	52,946	-	-
Income from derecognition right-of-use assets and lease liabilities	3,591	4,994	-	-
Gain on waiver of other payable	451,779	-	-	-
	<u>1,058,119</u>	<u>9,695,975</u>	<u>8,913</u>	<u>344,296</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

17. FINANCE INCOME AND FINANCE COST

Finance income for the reporting period consist of the following:-

	Group	
	2022 RM	2021 RM
Finance income		
Interest income from cash and cash equivalents	98,982	153,589
Interest income from overdue account	172,517	1
	271,499	153,590

Finance cost for the reporting period consist of the following:-

	Group	
	2022 RM	2021 RM
Finance cost		
Interest expenses		
- bankers' acceptance	-	38,987
- bank guarantee	3,141	2,588
- bank overdraft	-	24,312
- lease liabilities	223,061	64,875
- others	-	50,604
	226,202	181,366

18. PROFIT/(LOSS) BEFORE TAX

The following items have been included in arriving at profit/(loss) before tax:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- current year	113,000	95,000	35,000	35,000
- non-statutory	21,200	5,000	7,000	5,000
- prior years	82	(1,607)	(300)	-
Realised loss on foreign exchange	40,162	32,987	-	-
Unrealised loss/(gain) on foreign exchange	128,303	(52,946)	-	-
Lease expenses on short-term assets	109,126	416,935	-	-
Lease expenses on low-value assets	6,090	17,335	4,200	4,200

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

19. TAX EXPENSE/(INCOME)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax:-				
- current year	65,159	36,502	-	-
- (over)/under provision in prior years	(1,702)	8,454	-	-
	<u>63,457</u>	<u>44,956</u>	-	-
Deferred tax (Note 13):-				
- current year	1,377,716	(220,344)	-	-
- over provision in prior years	(127,893)	(1,788,403)	-	-
	<u>1,249,823</u>	<u>(2,008,747)</u>	-	-
Tax expense/(income) recognised in profit or loss	<u>1,313,280</u>	<u>(1,963,791)</u>	-	-

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit/(loss) for the current financial year.

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit/(Loss) before tax	<u>698,958</u>	<u>3,368,245</u>	<u>(6,306,722)</u>	<u>(458,936)</u>
At Malaysian statutory tax rate of 24%	167,750	808,379	(1,513,613)	(110,145)
Tax effect in respect of:-				
Non-deductible expenses	93,790	678,938	104,657	226,594
Income not subject to tax	(11,267)	(2,131,361)	-	-
Origination/(Reversal) of deferred tax assets not recognised	1,328,611	596,879	1,408,956	(116,449)
Crystallisation of deferred taxation	(136,009)	(136,677)	-	-
(Over)/Under provision of income tax in respect of previous years	(1,702)	8,454	-	-
Over provision of deferred tax in respect of previous years	(127,893)	(1,788,403)	-	-
Tax expense/(income) recognised in profit or loss	<u>1,313,280</u>	<u>(1,963,791)</u>	-	-

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

19. TAX EXPENSE/(INCOME) (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unabsorbed business losses	15,926,499	14,452,206	64,054	233,634
Unutilised capital allowances	18,275,213	13,413,032	-	-
Unutilised reinvestment allowances	11,622,000	11,622,000	-	-
Others	(3,202,460)	(2,401,864)	6,079,244	39,016
	42,621,252	37,085,374	6,143,298	272,650

Deferred tax assets have not been recognised in respect of these items as they may not be used to offset taxable profits of the subsidiaries in the Group and they have arisen in the subsidiaries that have a recent history of losses.

As of 31 March 2022, the approximate gross amounts of unabsorbed business losses, unutilised capital allowances and unutilised reinvestment allowances of the Group and the Company which can be used to offset future taxable profits subject to agreement with the Inland Revenue Board are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unabsorbed business losses	17,135,606	15,661,313	64,054	233,634
Unutilised capital allowances	20,272,294	19,225,651	-	-
Unutilised reinvestment allowances	11,622,000	11,622,000	-	-
	49,029,900	46,508,964	64,054	233,634

The above amounts are subject to the approval of the Inland Revenue Board of Malaysia.

Pursuant to Malaysia's Budget 2022, the time frame to carry forward current year tax losses for Year of Assessment ("YA") 2019 and subsequent years of assessment has been extended from 7 to 10 consecutive years of assessment. Unabsorbed tax losses accumulated up to the year of assessment 2018 can now be carried forward for 10 consecutive years of assessment until the year of assessment 2028.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

19. TAX EXPENSES/(INCOME) (CONT'D)

The unabsorbed tax losses of the Company are available for offsetting against future taxable profits of the respective entities within the Company, subject to no substantial change in shareholdings of those entities under the Income Tax Act, 1967 and guidance issued by the tax authority as follows (net of tax):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Year of assessment 2025	-	6,683,634	-	233,634
Year of assessment 2026	-	4,725,651	-	-
Year of assessment 2027	-	2,556,086	-	-
Year of assessment 2028	6,514,054	1,695,942	64,054	-
Year of assessment 2029	4,725,651	-	-	-
Year of assessment 2030	2,556,086	-	-	-
Year of assessment 2031	1,683,241	-	-	-
Year of assessment 2032	1,656,574	-	-	-
	17,135,606	15,661,313	64,054	233,634

20. (LOSSES)/EARNINGS PER SHARE

Basic (losses)/earnings per ordinary share

Basic (losses)/earnings per share is calculated by dividing (loss)/profit for the year attributable to owners of the parent with the weighted average number of ordinary shares in issue during the financial year.

(Losses)/Earnings attributable to ordinary share:-

	Group	
	2022 RM	2021 RM
(Losses)/Earnings attributable to ordinary equity holders of the Company	(135,409)	5,358,815

Weighted average number of ordinary shares in issue:-

	Group	
	2022 Unit	2021 Unit
Issued ordinary shares at 1 April	254,635,218	141,979,681
Effect of ordinary shares issued during the financial year	7,255,353	105,248,050
Weighted average number of ordinary shares in issue	261,890,571	247,227,731

	Group	
	2022 RM	2021 RM
Basic (losses)/earnings per ordinary share	(0.05)	2.17

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

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20. (LOSSES)/EARNINGS PER SHARE (CONT'D)

Basic (losses)/earnings per ordinary share (cont'd)

Dilute (losses)/earnings per share

For the purpose of calculating diluted (losses)/earnings per share, the (loss)/profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential shares.

The Company has no dilutive potential ordinary shares. As such, there is no dilutive effect on the (losses)/earnings per share of the Company.

21. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Salaries, wages and other emoluments	12,056,087	12,043,010	1,005,720	1,013,861
Contributions to defined contribution plan	966,483	931,308	94,752	96,028
Social security contributions	122,754	116,602	4,143	4,281
Other staff benefits	998,202	754,862	10,043	23,494
	14,143,526	13,845,782	1,114,658	1,137,664

Included in the employee benefit expense is the Directors' remuneration as below:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Executive:-				
Salaries and other emoluments	564,000	512,267	564,000	512,267
Fees				
- current year	90,000	90,000	90,000	90,000
- prior years	-	7,180	-	7,180
Defined contribution plan	67,680	61,476	67,680	61,476
Social security contributions	2,486	2,279	2,486	2,279
Other staff benefits	284	261	284	261
	724,450	673,463	724,450	673,463
Non-executive:-				
Fees				
- current year	132,000	132,000	132,000	132,000
	132,000	132,000	132,000	132,000
	856,450	805,463	856,450	805,463

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

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22. RELATED PARTY DISCLOSURES

22.1 RELATED PARTY TRANSACTIONS

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:-

Group	2022 RM	2021 RM
<i>Transaction with a related parties</i>		
Sales		
- NSK Trade City (NS2) Sdn. Bhd.	951,713	676,917
- NSK Trade City Sdn. Bhd.	113,564	-
- NSK Trading Sdn. Bhd.	40,001	-
- NSK Trade City (Melaka) Sdn. Bhd.	97,795	-
Purchase		
- NSK Trade City (NS2) Sdn. Bhd.	160,395	-
- NSK Trade City (Cheras) Sdn. Bhd.	2,235	-
- NSK Trade City (KD) Sdn. Bhd.	4,713	-
- NSK Trade City (KL) Sdn. Bhd.	533	-
- NSK Trade City (UT) Sdn. Bhd.	380	-
- NSK Trade City Sdn. Bhd.	1,893,185	-
- NSK Trading Sdn. Bhd.	398,073	-
Lease of factory		
- NSK Property Sdn. Bhd.	266,000	-
Purchase of fixed assets		
- QC Marketing Sdn. Bhd.	234,671	-
Company		
<i>Transactions with subsidiaries</i>		
Management fees income from subsidiaries		
- Versatile Paper Boxes Sdn. Bhd.	1,399,232	1,349,425
- Versatile Creative Plastic Sdn. Bhd.	239,598	288,918
- Imagescan Creative Sdn. Bhd.	14,591	10,458
- Versatile Pack Sdn. Bhd.	-	49,995
Rental expenses to a subsidiary		
- Versatile Paper Boxes Sdn. Bhd.	3,000	3,000
Service provided by a subsidiary		
- Imagescan Creative Sdn. Bhd.	19,300	24,000

The outstanding balances arising from the related party transactions as at the reporting date are disclosed in Notes 8 and 14 to financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

22.2 COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group.

The Group and the Company have no other numbers of key management personnel apart from the Board of Directors, The remuneration of the key management personnel is same with the Directors' remuneration as disclosed in Note 21 to the financial statements.

23. OPERATING SEGMENT

Business Segments

For the management purposes, the Group is organised into business units based on their products and services, which comprises the following:-

Segments	Products and services
Paper products	Manufacturing and trading of paper board packaging products, specialising in offset-printed boxes and offset-laminated cartons.
Plastic products	Manufacturing and sale of plastic packaging products.
Colour separation and printing	Provision of colour separation and lithography services and printed materials.
Grocery	Retail sale of any kind of product over the internet, supermarket and wholesale of other foodstuffs.
Others	Investment holding and provision of specialised outdoor advertising media services.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

23. OPERATING SEGMENT (CONT'D)

Business Segments (cont'd)

Group	Note	Paper products RM	Plastic products RM	Colour separation and printing RM	Grocery RM	Others RM	Adjustment and elimination RM	Total RM
2022								
Revenue:-								
External customers		34,979,201	9,657,429	364,796	9,674,540	-	-	54,675,966
Inter-segment	i	1,603	20,043	19,300	-	1,653,421	(1,694,367)	-
Total revenue		34,980,804	9,677,472	384,096	9,674,540	1,653,421	(1,694,367)	54,675,966
Results:-								
Finance income		271,497	2	-	-	-	-	271,499
Finance cost		(32,571)	(64,488)	(418)	(128,725)	-	-	(226,202)
Depreciation of property, plant and equipment		(1,641,996)	(1,596,437)	(9,666)	(178,061)	(3,061)	-	(3,429,221)
Depreciation of right-of-use assets		(872,627)	(360,540)	-	(683,499)	-	-	(1,916,666)
Tax expenses		(1,313,280)	-	-	-	-	-	(1,313,280)
Other non-cash income/(expenses)	ii	14,149,657	(650,249)	643,395	-	6,727,686	(18,326,682)	2,543,807
Segment (loss)/profit	iii	(8,231,476)	(2,685,217)	(726,440)	(355,722)	(6,942,149)	18,326,682	(614,322)
Assets:-								
Addition to non-current assets	iv	1,647,133	3,398,277	-	12,822,561	28,500	-	17,896,471
Segment assets		64,306,304	15,309,816	2,361,973	18,747,151	65,063,392	(56,930,342)	108,858,294
Liabilities:-								
Deferred tax liabilities		6,169,192	-	-	-	-	-	6,169,192
Segment liabilities		42,549,258	23,693,525	893,475	17,118,441	2,072,926	(54,075,028)	32,252,597

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022
(Cont'd)

23. OPERATING SEGMENT (CONT'D)

Business Segments (cont'd)

	Note	Paper products RM	Plastic products RM	Colour separation and printing RM	Others RM	Adjustment and elimination RM	Total RM
Group (cont'd)							
2021							
Revenue:-							
External customers		33,754,711	7,891,665	237,390	-	-	41,883,766
Inter-segment	i	1,600	19,945	24,000	1,698,796	(1,744,341)	-
Total revenue		33,756,311	7,911,610	261,390	1,698,796	(1,744,341)	41,883,766
Results:-							
Finance income		153,589	1	-	-	-	153,590
Finance cost		(152,620)	(26,726)	(2,020)	-	-	(181,366)
Depreciation of property, plant and equipment		(1,551,726)	(1,078,771)	(10,756)	(1,222)	-	(2,642,475)
Depreciation of right-of-use assets		(852,729)	(456,325)	(8,500)	-	-	(1,317,554)
Fair value gain on other investment		4,028,491	-	-	-	-	4,028,491
Gain on disposal of other investment		4,752,410	-	-	-	-	4,752,410
Tax income		1,972,245	-	-	-	(8,454)	1,963,791
Other non-cash income/(expenses)	ii	213,645	32,255	864	(20,612)	20,612	246,764
Segment profit/(loss)	iii	9,210,472	(2,957,945)	(190,478)	(742,171)	12,158	5,332,036
Assets:-							
Addition to non-current assets	iv	1,046,977	5,423,582	-	48,519	-	6,519,078
Segment assets		74,609,726	13,734,457	3,105,682	61,738,566	(71,908,164)	81,280,267
Liabilities:-							
Deferred tax liabilities		4,919,369	-	-	-	-	4,919,369
Segment liabilities		44,621,204	19,432,949	910,744	1,534,729	(50,726,168)	15,773,458

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

23. OPERATING SEGMENT (CONT'D)

Business Segments (cont'd)

Segment assets/liabilities

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

- i. Inter-Segment revenues are eliminated on consolidation.
- ii. Other non-cash (expense)/income consist of the following items:-

	2022 RM	2021 RM
Allowance for expected credit losses on trade and other receivables	(97,628)	(82,066)
Inventories written down	(586)	(3,878)
Bad debts written off	(2,651,377)	(877)
Property, plant and equipment written off	(407,250)	(50,110)
Reversal of impairment loss on trade and other receivables	5,183,481	290,430
Gain on disposal of property, plant and equipment	190,100	20,824
Income from derecognition on right-of-use assets and lease liabilities	3,591	4,994
Reversal of inventories written down	-	14,501
Gain on waiver of other payable	451,779	-
Unrealised (loss)/gain on foreign exchange	(128,303)	52,946
	2,543,807	246,764

- iii. The following items are (deducted from)/added to segment loss to arrive at "Net (loss)/profit for the financial year" presented in the consolidated statements of profit or loss and other comprehensive income:-

	2022 RM	2021 RM
Segment loss	653,661	3,396,021
Finance income	271,499	153,590
Finance cost	(226,202)	(181,366)
Tax (expenses)/income	(1,313,280)	1,963,791
	(614,322)	5,332,036

- iv. Addition to non-current assets consist of:-

	2022 RM	2021 RM
Property, plant and equipment	9,236,330	6,067,804
Right-of-use assets	8,660,141	451,274
	17,896,471	6,519,078

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

23. OPERATING SEGMENT (CONT'D)

Geographical Information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

Group	Revenue		Non-current assets	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	51,328,058	38,172,761	61,366,536	49,324,387
Others	3,347,908	3,711,005	-	-
	54,675,966	41,883,766	61,366,536	49,324,387

Information about a major customer

The following is major customer with revenue equal or more than 10% of the Group's total revenue:-

Segments	Revenue	
	2022 RM	2021 RM
Customer A Paper products	-	6,382,508

24. CAPITAL COMMITMENT

	Group	
	2022 RM	2021 RM
Capital expenditure		
- Authorised and contracted for:-		
- Property, plant and equipment	-	1,003,520

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

25. CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:-

- (i) Amortised cost (“AC”); and
- (ii) Fair value through profit and loss (“FVTPL”).

Group	Carrying amount RM	AC RM	FVTPL RM
2022			
Financial assets			
Trade and other receivables	10,840,261	10,840,261	-
Other investment	11	-	11
Cash and cash equivalents	21,483,460	21,483,460	-
	32,323,732	32,323,721	11
Financial liability			
Trade and other payables	17,812,159	17,812,159	-
2021			
Financial assets			
Trade and other receivables	10,242,634	10,242,634	-
Other investment	11	-	11
Cash and cash equivalents	10,120,935	10,120,935	-
	20,363,580	20,363,569	11
Financial liabilities			
Trade and other payables	10,152,387	10,152,387	-

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

25. CATEGORIES OF FINANCIAL INSTRUMENTS (CONT'D)

The table below provides an analysis of financial instruments categorised as follows (cont'd):-

- (i) Amortised cost (“AC”); and
(ii) Fair value through profit and loss (“FVTPL”).

Company	Carrying amount RM	AC RM	FVTPL RM
2022			
Financial assets			
Trade and other receivables	32,170,470	32,170,470	-
Cash and cash equivalents	10,697,371	10,697,371	-
	42,867,841	42,867,841	-
Financial liability			
Trade and other payables	434,416	434,416	-
2021			
Financial assets			
Trade and other receivables	37,396,272	37,396,272	-
Cash and cash equivalents	72,920	72,920	-
	37,469,192	37,469,192	-
Financial liability			
Trade and other payables	405,825	405,825	-

26. FINANCIAL INSTRUMENTS

Net Gains Arising from Financial Instruments

	Group	
	2022 RM	2021 RM
Net gains/(losses) on:-		
Financial assets at fair value through profit or loss:-		
- Designated upon initial recognition	-	4,028,491

Financial Risks Management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

27. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows:-

(a) 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 financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the Company of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company are exposed to credit risk:-

(i) Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns.

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit Risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

(i) Trade receivables (cont'd)

Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 8 to the financial statement.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix which are grouped together as they are expected to have similar risk nature:-

Group	31 March 2022			31 March 2021		
	Gross-carrying amount RM	Loss-allowance RM	Net balances RM	Gross-carrying amount RM	Loss-allowance RM	Net balances RM
Current (Not past due)	6,478,940	(24,369)	6,454,571	6,249,192	(48,721)	6,200,471
1-30 days past due	1,183,631	(20,514)	1,163,117	1,062,383	(56,152)	1,006,231
31-60 days past due	210,974	(1,003)	209,971	432,090	(82,602)	349,488
61-90 days past due	105,762	(1,852)	103,910	133,588	(36,749)	96,839
More than 90 days past due	126,334	(35,185)	91,149	235,073	(118,834)	116,239
	8,105,641	(82,923)	8,022,718	8,112,326	(343,058)	7,769,268
Credit impaired at the reporting date						
More than 90 days Individually impaired	4,162,316	(4,162,316)	-	8,301,971	(8,301,971)	-
	12,267,957	(4,245,239)	8,022,718	16,414,297	(8,645,029)	7,769,268

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit Risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

(ii) Other receivables

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

(iii) Intercompany loans and advances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and related parties and monitors their results regularly.

As at the end of the reporting date, there was no indication that advances to the subsidiaries and related parties are not recoverable except for amount owing by subsidiary amounted to RM6,062,237 (2021: RM20,612)

(iv) Investments and other financial assets

The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

(v) Corporate guarantee

The maximum exposure to credit risk amounts to RM112,847 (2021: RMNil) representing the outstanding banking facilities of a subsidiary as at the end of the reporting period.

The Company provides financial guarantee to supplier in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the borrowers and its repayment to the banks. As at the end of the reporting year, there was no indication that any of the subsidiary would default on repayment.

(b) Liquidity Risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due to shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables and bank borrowings, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity Risk (cont'd)

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on the contractual undiscounted repayment obligation is as follows:-

Liquidity risk analysis

	Carrying amount RM	Contractual cash flow RM	Within 1 year RM	1 to 2 years RM	2 to 5 years RM
Group					
2022					
Financial liabilities:-					
Trade payables and other payables	17,812,159	17,812,159	17,812,159	-	-
Lease liabilities	8,136,543	8,573,873	3,817,582	3,765,671	990,620
	25,948,702	26,386,032	21,629,741	3,765,671	990,620
2021					
Financial liabilities:-					
Trade payables and other payables	10,152,387	10,152,387	10,152,387	-	-
Lease liabilities	581,486	621,333	364,414	205,717	51,202
	10,733,873	10,773,720	10,516,801	205,717	51,202

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity Risk (cont'd)

The summary of the maturity profile based on the contractual undiscounted repayment obligation is as follows (cont'd):-

Liquidity risk analysis (cont'd)

	Carrying amount RM	Contractual cash flow RM	Within 1 year RM
Company			
2022			
Financial liability:-			
Trade payables and other payables	434,416	434,416	434,416
2021			
Financial liability:-			
Trade payables and other payables	405,825	405,825	405,825

(c) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's exposure to foreign currency risk, the Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily Euro ("EUR"), Singapore Dollar ("SGD"), United States Dollar ("USD"), Chinese Yuan ("CNY"). The Group did not enter into any forward currency contracts during the financial year ended 31 March 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Foreign Currency Risk (cont'd)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of reporting period was:-

	EUR RM	SGD RM	USD RM	CNY RM
2022				
Trade and other receivables	163,282	272,111	909,632	-
Cash and cash equivalents	-	-	267,365	-
Trade and other payables	-	-	(699,398)	(179,365)
2021				
Trade and other receivables	164,979	97,909	1,043,177	-
Trade and other payables	(960)	-	(599,771)	-

	(Loss)/Profit net of tax/Equity	
	2022 RM	2021 RM
EUR/RM		
- Strengthened 0.30%/0.23%	372	287
- Weakened 0.30%/0.23%	(372)	(287)
SGD/RM		
- Strengthened 0.05%/0.15%	103	112
- Weakened 0.05%/0.15%	(103)	(112)
USD/RM		
- Strengthened 0.10%/0.27%	363	910
- Weakened 0.10%/0.27%	(363)	(910)
CNY/RM		
- Strengthened 0.40%/0.33%	(547)	-
- Weakened 0.40%/0.33%	547	-

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representation of the Group's exposures to foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

Financial Risks Management (cont'd)

The main areas of financial risks faced by the Group and Company and the policy in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) Interest Rate Risk

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

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at end of the reporting period are:-

	Group	
	2022 RM	2021 RM
Fixed rate instruments:-		
Financial asset		
- fixed deposits with licensed banks	4,560,190	6,008,515
Financial liability		
- lease liabilities	(8,136,543)	(581,486)
	(3,576,353)	5,427,029

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

Fair Value of Financial Instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value	Total fair value RM	Carrying amount RM
	Level 1 RM		
Group			
2022			
Financial asset			
Other investment	11	11	11
<hr/>			
2021			
Financial asset			
Other investment	11	11	11
<hr/>			

Policy on transfer between levels

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

Level 1 Fair Value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

26. FINANCIAL INSTRUMENTS (CONT'D)

Reconciliation of Liabilities Arising from Financing Activities

Group	1 April 2021 RM	Cash flows RM	Others RM	31 March 2022 RM
Lease liabilities	581,486	(1,055,950)	8,611,007#	8,136,543
	581,486	(1,055,950)	8,611,007	8,136,543

These amounts are net of non-cash additions to lease liabilities and lease termination during the financial year amounted to RM8,660,141 and RM49,134 respectively.

Group	1 April 2020 RM	Cash flows RM	Others RM	31 March 2021 RM
Lease liabilities	1,036,174	(779,934)	325,246#	581,486
Borrowings	12,606,900	(12,606,900)	-	-
Amount owing to a Director	2,850,000	(2,850,000)	-	-
	16,493,074	(16,236,834)	325,246	581,486

These amounts are net of non-cash additions to lease liabilities and lease termination during the financial year amounted to RM451,274 and RM126,028 respectively.

27. CAPITAL MANAGEMENT

Total capital managed at the Group level is the shareholders' funds as shown in the statements of financial position.

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group manages its capital structure and make adjustment to it, in light of changes in economic condition including the interest rate movements. To maintain and adjust capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

There were no changes in the Group's and the Company's approach to capital management during the year.

28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

(i) COVID-19

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2022

(Cont'd)

28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR (CONT'D)

(i) COVID-19 (cont'd)

Given the fluidity of the situation, the Group and the Company will continuously monitor the impact of the Covid-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

(ii) Issuance of shares

The Company issued 25,463,500 new ordinary shares via Private Placement at a price of RM0.46 per ordinary share for a total cash consideration of RM11,713,210 for working capital purposes.

29. EVENT AFTER THE REPORTING PERIOD

On 12 July 2022, VN Trading Sdn. Bhd. has incorporated a wholly-owned subsidiary, Oriental Mart Sdn. Bhd. with a cash subscription of RM1 comprising 1 ordinary share. It is to carry the business as operator of supermarkets and hypermarkets, wholesaler, retailer, online retailer, importer, exporter, buyer, seller, dealer, distributor, food processing and packaging for non-halal grocery, liquor and wine business and general trading for food and beverage.

LIST OF PROPERTIES

Location	Description of Land	Land Area (sq.ft.)	Built-up Area (sq.ft.)	Existing Use	Tenure/ Lease Period	Net Carrying Value (RM'000)	Age of Building (years)	Date of Acquisition
Lot 30745, Jalan Pandan Indah, Pandan Indah, 55100 Kuala Lumpur.	Land with a single storey detached factory with an annexed double storey office building	130,680	94,961	Factory, warehouse and office	Term of 99 years expiring on 26 June 2063	33,812	29	09 Dec 1993

ANALYSIS OF SHAREHOLDINGS

As at 30 June 2022

Ordinary shares

Paid up capital - RM105,886,152 comprising 280,098,718 ordinary shares

Class of shares - Ordinary share

Voting rights - One vote per ordinary share

Distribution of shareholdings

Size of shareholding	No. of shareholders	% of shareholders	Total holdings	% of total holdings
Less than 100	3,297	36.338	161,780	0.057
100 to 1,000	4,302	47.415	1,088,195	0.388
1,001 to 10,000	854	9.412	3,963,414	1.415
10,001 to 100,000	471	5.191	16,093,005	5.745
100,001 to less than 5% of issued shares	148	1.631	166,826,524	59.559
5% and above of issued shares	1	0.011	91,965,800	32.833
Total	9,073	100.000	280,098,718	100.000

Substantial shareholders as per Register of substantial shareholders

Name	Direct		Indirect	
	No. of Shares held	%	No. of Shares held	%
NSK Trading Sdn. Bhd.	98,199,900	35.059	-	-
Lim Chou Bu	-	-	98,199,900	35.059
Lim Ah Chuan	-	-	98,199,900	35.059
Lim Ah Chai	-	-	98,199,900	35.059

Directors' shareholdings

Name	Direct Interest		Deemed Interest	
	No. of Shares held	%	No. of Shares held	%
Tan Sri Dato' Seri Mohd Shariff Bin Omar	-	-	-	-
Dato' Sri Wira Ayub Bin Yaakob	-	-	-	-
Chang Chen Seng	-	-	-	-
Khat Chee How	-	-	-	-
Lim Siew Yeng	-	-	-	-
Loh Teck Wah	2,900,000	1.035	-	-
Maggie Then	-	-	-	-

ANALYSIS OF SECURITIES ACCOUNT HOLDERS

30 Largest shareholders as at 30 June 2022

(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares Held	% of issued capital
1	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NSK TRADING SDN BHD	91,965,800	32.833%
2	TOH CHEE THIN	13,931,935	4.973%
3	HLIB NOMINEES (TEMPATAN) SDN. BHD. HONG LEONG BANK BHD FOR KUAN KAR CHIN	13,086,800	4.672%
4	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN.BHD. OOI HUNG HOCK	6,557,900	2.341%
5	NG CHEK KIAM	6,500,000	2.320%
6	NSK TRADING SDN. BHD.	6,234,100	2.225%
7	TANG BEIRUI	5,752,000	2.053%
8	LEE WAH LIAN	5,580,800	1.992%
9	WONG POH KIM @ MARY ANN	5,442,200	1.942%
10	LEOW YOKE FOONG	4,785,400	1.708%
11	KHOR TUANG KEAT	4,743,800	1.693%
12	TANG YIN FAN	4,596,826	1.641%
13	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO CHAI HOCK	4,449,500	1.588%
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAI SING FOO (7004157)	4,334,700	1.547%
15	YONG CHONG LIM	4,157,826	1.484%
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOH CHEN YOOK (8089132)	4,000,000	1.428%
17	SIN WI KOCK	3,697,400	1.320%
18	TA NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR THAM QUEK NGOK	3,441,300	1.228%
19	TENGGU AB MALEK BIN TENGGU MOHAMED	3,029,200	1.081%
20	YAN FOONG SDN. BHD.	3,000,000	1.071%
21	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOH TECK WAH	2,900,000	1.035%
22	LAI LEE MIN, LOUISE	2,520,900	0.900%
23	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG AIK CHUAN (MGN-NAC0004M)	2,400,000	0.856%
24	ANG SUAT MEI	2,070,800	0.739%
25	LAI SING FOO	2,000,300	0.714%
26	SKT SUPPLIES SDN. BHD.	1,791,400	0.639%
27	LEE CHEN MOW	1,700,000	0.606%
28	FOO CHOON TOW	1,615,000	0.576%
29	TAN YIT MOI	1,350,000	0.481%
30	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEO ANN SECK (MY0696)	1,290,000	0.460%

NOTICE OF NINETEENTH (19TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 19th Annual General Meeting of the Company will be held fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia via its website at <https://tiih.online> on Wednesday, 28 September 2022 at 11:00 a.m. to transact the following businesses:

AGENDA

Ordinary Business

- | | |
|--|--------------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. To re-elect the following Directors who retire pursuant to Clause 111(1) of the Constitution of the Company:- | |
| i. Dato' Sri Wira Ayub Bin Yaakob | [Resolution 1] |
| ii. Mr. Khat Chee How | [Resolution 2] |
| 3. To approve the payment of Directors' fees of RM222,000/- for the financial year ending 31 March 2023. | [Resolution 3] |
| 4. To approve the payment of Directors' benefits of RM35,000/- from 29 September 2022 until the next Annual General Meeting of the Company. | [Resolution 4] |
| 5. To re-appoint Grant Thornton Malaysia PLT as auditors of the Company and to authorize the Directors to fix their remuneration. | [Resolution 5] |

NOTICE OF NINETEENTH (19TH) ANNUAL GENERAL MEETING

(Cont'd)

Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions:-

6. **ORDINARY RESOLUTION 1**

[Resolution 6]

AUTHORITY TO ALLOT AND ISSUE SHARES

“**THAT** subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company, approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any relevant governmental/regulatory bodies, the Directors of the Company be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the capital of the Company from time to time at such price, and upon such terms and conditions, and for such purposes as the Directors may, in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing and quotation for the additional shares so issued on the Bursa Securities AND FURTHER THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”

7. **ORDINARY RESOLUTION 2**

[Resolution 7]

PROPOSED NEW SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTION (“RRPT”) OF A REVENUE AND/OR TRADING NATURE (“PROPOSED NEW SHAREHOLDERS’ MANDATE”)

“**THAT**, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company, its subsidiaries or any of them to enter into and to give effect to any of the transactions falling within the types of the recurrent related party transactions, particulars of which are set out in Section 2.3 (Table 2) of the Circular to Shareholders dated 29 July 2022 (“Circular”) with the Related Party as described in the said Circular, provided that such transactions are of revenue and/or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm’s length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the next Annual General Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting after that date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

NOTICE OF NINETEENTH (19TH) ANNUAL GENERAL MEETING

(Cont'd)

whichever is the earlier;

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may deem fit, necessary, expedient and/or appropriate in order to implement the Proposed New Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed New Shareholders' Mandate in the best interest of the Company."

8. ORDINARY RESOLUTION 3

[Resolution 8]

PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTION ("RRPT") OF A REVENUE AND/OR TRADING NATURE ("PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE")

"**THAT**, subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company, its subsidiaries or any of them to enter into and to give effect to any of the transactions falling within the types of the recurrent related party transactions, particulars of which are set out in Section 2.3 (Table 1) of the Circular to Shareholders dated 29 July 2022 ("Circular") with the Related Party as described in the said Circular, provided that such transactions are of revenue and/or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are those generally available to the public and are not detrimental to the minority shareholders of the Company.

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the next Annual General Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting after that date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

NOTICE OF NINETEENTH (19TH) ANNUAL GENERAL MEETING

(Cont'd)

whichever is the earlier;

AND FURTHER THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as they may deem fit, necessary, expedient and/or appropriate in order to implement the Proposed Renewal of Existing Shareholders' Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed Renewal of Existing Shareholders' Mandate in the best interest of the Company."

9. To transact any other business of which due notice has been given.

By Order of the Board

MAK CHOOI PENG

(MAICSA 7017931)

SSM PC No. 201908000889

Company Secretary

Petaling Jaya

29 July 2022

NOTICE OF NINETEENTH (19TH) ANNUAL GENERAL MEETING

(Cont'd)

NOTES:-

- a. *The 19th Annual General Meeting ("19th AGM") will be conducted fully virtual through live streaming and online remote voting via the remote participation and voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. Please read and follow the procedures as set out in the Administrative Guide of the 19th AGM in order to register, participate and vote remotely via the RPV facilities.*
- b. *The Broadcast Venue of the 19th AGM 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. Member(s)/proxy(ies)/corporate representative(s) will not be allowed to be physically present at the Broadcast Venue on the day of the 19th AGM.*
- c. *A member entitled to attend and vote at the 19th AGM may appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy save that the proxy must be of full age.*
- d. *A member who wishes to appoint a proxy or attorney or authorised representative to attend, participate, speak and vote at the 19th AGM via the RPV facilities must request his/her proxy/attorney/authorised representative to register himself/herself for the RPV facilities via the online website at <https://tiih.online>. Please follow the procedures for the RPV facilities in the Administrative Guide of the 19th AGM.*
- e. *The instrument appointing a proxy shall be in writing (in the common seal or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
- f. *The duly completed Proxy Form must be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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 or via TIIH Online at <https://tiih.online> not less than 48 hours before the time fixed for convening the 19th AGM or any adjournment thereof. Please refer to the Administrative Guide for further information on submission via TIIH Online. Proxy Forms or the original certificate of appointment of its corporate representative transmitted by facsimile or electronic mail will not be accepted unless the original copy is received at the Share Registrar's office.*
- g. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Depositories Act"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
- h. *Where a member 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 exempted authorised nominee refers to an authorised nominee defined under the Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act.*
- i. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*
- j. *Only members whose names appear in the Record of Depositors as at 21 September 2022 will be entitled to attend, vote and speak at the 19th AGM or appoint proxy(ies) to attend, vote and speak on their behalf.*
- k. *The resolutions as set out in this notice of 19th AGM is to be voted by poll.*

NOTICE OF NINETEENTH (19TH) ANNUAL GENERAL MEETING

(Cont'd)

Explanatory Notes

1. Item 1 of the Agenda

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

2. Item 2 of the Agenda – Re-election of Directors

Dato' Sri Wira Ayub Bin Yaakob and Mr. Khat Chee How ("Retiring Directors"), who retire in accordance with Article 111(1) of the Company's Constitution and being eligible, has offered themselves for re-election.

The Nomination Committee ("NC") carried out the assessment with the affected NC members abstaining from all deliberations and recommendations.

The NC had assessed the Retiring Directors and considered their performance and contribution based on the Self and Peer assessment, their contribution to the Board and Board committees deliberations, time commitment and their ability to act in the best interests of the Company in decision-making. The Board has recommended their re-election based on the following considerations and the recommendation by the NC:-

- (i) satisfactory performance and they have met the Board's expectation in discharging their duties and responsibilities;
- (ii) met the criteria of character, experience, integrity, competence and time commitment in discharging their roles as directors of the Company;
- (iii) level of independence demonstrated by them as independent directors; and
- (iv) their ability to act in the best interest of the Company in decision-making.

The profiles of the Retiring Directors are stated in the Annual Report 2022 of the Company.

3. Items 3 and 4 of the Agenda

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors shall be approved at a general meeting. The details of the Directors' remuneration are set out in the Corporate Governance Overview Statement of this Annual Report.

The proposed Resolution 4 is to facilitate the payment of Directors' fees on a current financial year basis, calculated based on the current board size. In the event the Directors' fees proposed are insufficient (due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

The proposed Resolution 5 for the Directors' benefit are benefit payable to the directors and meeting allowances. The meeting allowances are calculated based on the current Board size and the number of scheduled Board and Committee meetings from 28 September 2022 to the next Annual General Meeting. In the event the proposed amount is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for the shortfall.

4. Item 5 of the Agenda – Re-appointment of Auditors

The Audit Committee had undertaken an annual assessment of the external auditors, Grant Thornton Malaysia PLT ("GT") including their independence, scope of audit, audit fee, expert and experience, performance based on annual audit scope and planning. The Audit Committee and the Board were satisfied with the suitability of GT on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group.

NOTICE OF NINETEENTH (19TH) ANNUAL GENERAL MEETING

(Cont'd)

Special Business

5. Item 6 of the Agenda - Authority to Allot and Issue Shares

The proposed Ordinary Resolution 1 is for the purpose of granting a renewal of a general mandate ("General Mandate") and empowering the Directors to issue shares in the Company up to an amount not exceeding in total 10% of the total issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company.

This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company to issue shares for any possible fundraising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As the date of this Notice, 25,463,500 new shares in the Company were issued pursuant to the latest mandate via a Private Placement exercise.

6. Items 7 and 8 of the Agenda – Proposed New Shareholders' Mandate and Proposed Renewal of Existing Shareholders' Mandate

The proposed Ordinary Resolutions 2 and 3, if passed, will allow the Group to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms and which are not detrimental to the interests of the minority shareholders.

Please refer to the Circular to Shareholders dated 29 July 2022 for further information.

PROXY FORM

VERSATILE CREATIVE BERHAD

[Registration No. 200301001350 (603770-D)]

(Incorporated in Malaysia)

No. of Ordinary Shares held :	
CDS Account No. :	
Proportion of shareholdings to be represented by proxies	First Proxy :
	Second Proxy :
Contact No. :	

I/ We _____ NRIC/ Company No. _____

Tel No. _____ of _____

being a member/members **Versatile Creative Berhad** hereby appoint _____

NRIC No. _____ Tel No. _____ of _____

_____ *and/or failing him,

NRIC No. _____ Tel No. _____ of _____

or failing him, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the 19th Annual General Meeting of the Company to be held fully virtual through live streaming and online meeting platform provided by Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia via its website at <https://tiih.online> on Wednesday, 28 September 2022 at 11:00 a.m.. and at any adjournment thereof.

Item	AGENDA	Resolution	For	Against
1.	Ordinary Business Receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon.			
2.	Re-election of Dato' Sri Wira Ayub bin Yaakob as Director	1		
3.	Re-election of Khat Chee How as Director	2		
4.	Approval of Directors' fees of RM222,000/- for the financial year ending 31 March 2023.	3		
5.	Approval of Directors' benefits of RM35,000/- from 29 September 2022 until the next Annual General Meeting of the Company	4		
6.	To re-appoint Grant Thornton Malaysia PLT as auditors of the Company	5		
	Special Business			
7.	Ordinary Resolution 1 - Authority to Allot and Issue Shares	6		
8.	Ordinary Resolution 2 - Proposed New Shareholders' Mandate	7		
9.	Ordinary Resolution 3 - Proposed Renewal of Existing Shareholders' Mandate	8		

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 directions, your proxy will vote or abstain as he/she thinks fits.

As witness my/our hand(s) this _____ day of _____ 2022.

Signature or Common Seal of Member(s)

*Strike out whichever is not desired. (Unless otherwise instructed the proxy may vote as he thinks fit)

NOTES:

- a. The 19th Annual General Meeting ("19th AGM") will be conducted fully virtual through live streaming and online remote voting via the remote participation and voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. Please read and follow the procedures as set out in the Administrative Guide of the 19th AGM in order to register, participate and vote remotely via the RPV facilities.
- b. The Broadcast Venue of the 19th AGM 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. Member(s)/proxy(ies)/corporate representative(s) will not be allowed to be physically present at the Broadcast Venue on the day of the 19th AGM.
- c. A member entitled to attend and vote at the 19th AGM may appoint not more than two (2) proxies to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy save that the proxy must be of full age.
- d. A member who wishes to appoint a proxy or attorney or authorised representative to attend, participate, speak and vote at the 19th AGM via the RPV facilities must request his/her proxy/attorney/authorised representative to register himself/herself for the RPV facilities via the online website at <https://tjih.online>. Please follow the procedures for the RPV facilities in the Administrative Guide of the 19th AGM.
- e. The instrument appointing a proxy shall be in writing (in the common seal or usual form) under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- f. The duly completed Proxy Form must be deposited at the office of the Company's Share Registrar situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur 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 or via TIH Online at <https://tjih.online> not less than 48 hours before the time fixed for convening the 19th AGM or any adjournment thereof. Please refer to the Administrative Guide for further information on submission via TIH Online. Proxy Forms or the original certificate of appointment of its corporate representative transmitted by facsimile or electronic mail will not be accepted unless the original copy is received at the Share Registrar's office.
- g. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("Depositories Act"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- h. Where a member 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 exempted authorised nominee refers to an authorised nominee defined under the Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Depositories Act.
- i. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- j. Only members whose names appear in the Record of Depositors as at 21 September 2022 will be entitled to attend, vote and speak at the 19th AGM or appoint proxy(ies) to attend, vote and speak on their behalf.
- k. The resolutions as set out in this notice of 19th AGM is to be voted by poll.

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**VERSATILE
CREATIVE BERHAD**
Registration No: 200301001350 (603770-D)

THE SHARE REGISTRAR

TRICOR INVESTOR & ISSUING SERVICES SDN. BHD.

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

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www.vc-b.com

REGISTERED OFFICE

No. 808, Jalan 17/24, 46400 Petaling Jaya, Selangor Darul Ehsan.

Tel No: +603-8084 3751 Fax No: +603-8084 3751

CORPORATE BUSINESS OFFICE

Lot 30745, Jalan Pandan Indah, Pandan Indah, 55100 Kuala Lumpur.

Tel No: +603-4292 1288 Fax No: +603-4294 2388