ANNUAL REPORT 2020

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DYNACIATE

DYNACIATE GROUP BERHAD

200601012544 (732294-W)

CONTENTS

BOARD OF DIRECTORS

Dato' Liang Chee Fong, Thomas
Independent Non-Executive Chairman

Tan Ooi Jin
Executive Director

Woon Kok Kee
(or his Alternate, Khoo Song Heng)
Executive Director

Lee Poay Keong
Non-Independent Non-Executive Director

Lim Peng Tong
Tan Siew Peng
Independent Non-Executive Directors

CORPORATE INFORMATION

AUDIT COMMITTEE

Tan Siew Peng *(Chairman)*
Dato' Liang Chee Fong, Thomas
Lim Peng Tong

NOMINATION COMMITTEE

Lim Peng Tong *(Chairman)*
Dato' Liang Chee Fong, Thomas
Tan Siew Peng

REMUNERATION COMMITTEE

Lim Peng Tong *(Chairman)*
Dato' Liang Chee Fong, Thomas
Tan Siew Peng

COMPANY SECRETARIES

Tai Yit Chan *(MAICSA 7009143)*
(SSM PC No. 202008001023)
Ong Tze-En *(MAICSA 7026537)*
(SSM PC No. 202008003397)

AUDITORS

KPMG PLT
(LLP0010081-LCA&AF 0758)
Chartered Accountants
Level 18, Hunza Tower
No. 163E, Jalan Kelawei
10250 Pulau Pinang
T: (604) 238 2288
F: (604) 238 2222

LEGAL FORM AND DOMICILE

Public limited liability company incorporated and domiciled in Malaysia

PRINCIPAL PLACE OF BUSINESS

J-08-3A, Block J, Setiawalk
Persiaran Wawasan
Pusat Bandar Puchong
47160 Puchong
Selangor, Malaysia
T: (603) 5879 7662

REGISTERED OFFICE

170-09-01, Livingston Tower
Jalan Argyll, 10050 George Town
Pulau Pinang
T: (604) 229 4390
F: (604) 226 5860

SHARE REGISTRAR

Agriteum Share Registration Services Sdn. Bhd. (578473-T)
2nd Floor, Wisma Penang Garden
No. 42, Jalan Sultan Ahmad Shah
10050 Pulau Pinang
T: (604) 228 2321
F: (604) 227 2391

PRINCIPAL BANKERS

Ambank Berhad (8515-D)
Hong Leong Bank Berhad (97141-X)
Public Bank Berhad (6463-H)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code : 5178
Stock Name : DYNACIA
Listing Date : 22 July 2010

WEBSITE

www.dynaciategroup.com.my

GROUP CORPORATE STRUCTURE
AS AT 30 MARCH 2021

鼎實
DYNACIATE

100%

Dynaciate SPI Sdn. Bhd.
(Registration No. 200501030251 (712388-D))

100%

Magnitude Resources Sdn. Bhd.
(Registration No. 202101009903 (1410202-W))

SUSTAINABILITY STATEMENT

INTRODUCTION

Our sustainability statement in respect of financial year ended 30 November 2020 ("FYE 2020") illustrates Dynaciate Group Berhad and its subsidiaries' (DGB Group or "the Group") progress over its sustainability challenges and opportunities from Economic, Environmental and Social ("EES") dimensions associated with our business and operational activities during the financial year under review. This statement is prepared in accordance with Bursa Malaysia Sustainability Reporting Guide and the principles of the Malaysia Code of Corporate Governance introduced on 26 April 2017.

This statement also demonstrates commitment from DGB towards discharging our social responsibility concurrent with our holistic approach to our business management, taking into consideration EES risks and opportunities alongside financial implications, as a measure to generate long term benefits and business continuity. We take steps to look into progressive improvement of our sustainability footprints by integrating, wherever possible, sustainable practices into our business activities.

In line with the transformation process initiated during the 18-month financial period ended 30 November 2019 ("FPE 2019"), the Group had accelerated and completed the divestment of its equity interests in PT. Indo Bestinox Industri, Nippon EGalv Steel Sdn. Bhd., Nippon Steel Stainless Services (M) Sdn. Bhd., Tatt Giap Hardware Sdn. Bhd. and Superinox Max Fittings Industry Sdn. Bhd. during the financial year. Upon completion of the disposals, the Group completely exited the steel products business segment and focused on growing its new core business in civil and mechanical engineering, architectural, steel fabrication and installation works.

GOVERNANCE STRUCTURE

We have always conducted our business activities in an ethically responsible manner and in compliance with prevailing laws and regulations. In doing so, our actions reflect transparency and accountability whilst strengthening the trust of our stakeholders.

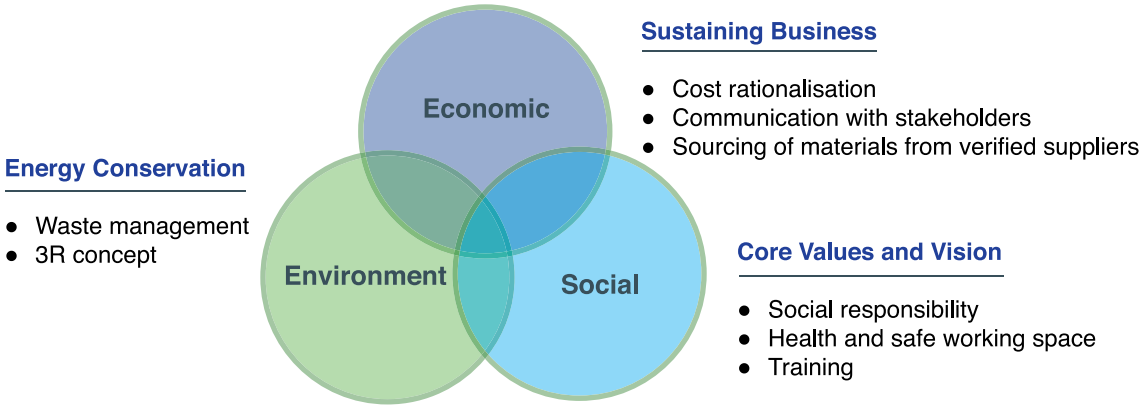
The Board is committed to upholding and implementing sound standards of corporate governance within the Group. Adherence to recommended practices in governance as enshrined in the Board Charter and various other board policies has enabled the Board and the Group to safeguard our reputation and boost shareholders' value as the transformation progresses. Essentially, the Board drives and fosters a corporate culture with sound standards of governance, integrity, transparency and accountability.

On that note, the Board established the Risk Management Committee ("RMC") during the financial year where the RMC reports to the Audit Committee which, in turn, reports to the Board. The Chief Financial Officer is the Chief Risk Officer and takes the lead to drive risk management initiatives with support from the members of the RMC who represent key business units within the Group. The RMC is tasked to drive initiatives that will help to identify and improve pertinent economic, environmental and social matters and other areas of concerns whilst keeping sight of Board's main focus of financial well-being and growth of the Group after years of sustained losses.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY APPROACH AND PRINCIPLES

As of now, the Group has undertaken the following initiatives as an integral part of its business operations and practices to sustain its financial well-being while contributing to the welfare of our employees, stakeholders, the general public and the communities where we operate in. Our sustainability approach as seen through the EES perspective is as illustrated:



Economic

The Group's priority is business sustainability.
12 months on, the Group is still coming to grips with the adverse impact the Covid-19 pandemic has had on the economy and in particular, the construction industry.

To that end, the Board is determined to turn around the financial performance of the Group by closely monitoring our economic performance and managing our resources effectively to ensure that we are adequately funded with sufficient cash reserve for business growth and acquisitions. Our strategic planning is being recalibrated to ensure diversification beyond construction and fabrication works to better position the Group financially and operationally amidst challenging business environment and overreliance on our existing core business.

The Group recognises that the shareholders and the investing public are entitled to timely and quality information on the Group including its financial performance. The corporate website at www.dynaciategroup.com.my is the Group's efforts to facilitate easy access to all the information on the Group.

The Group is committed to see that not only our shareholders' interest is taken care of but also that of our customers and suppliers. Our close business partnerships with our supply chain have enabled all parties to have clear and definitive understanding of roles and responsibilities vis-a-vis needs, rules and regulations of the Group.

We continue to prioritise the engagement of local suppliers and contractors to help develop and grow our sustainable practices along the supply chain whilst stimulating the local economy.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY APPROACH AND PRINCIPLES (CONT'D)

Environment

The Group practices on-site waste management for effective utilisation of construction material with minimal waste and proper segregation of waste material to minimise impact to environment. All construction waste is segregated so that these can be identified for recycling for reuse or transported to designated disposal sites during off peak hours to avoid disruption of the public's daily commute. In our premises, installation of energy efficient lighting and other appliances contribute to better consumption. We also use efficient inverter air conditioning units and LED (light emitting diodes) lights to reduce energy usage in our office premises. Additionally, we place pots of hardy indoor plants in our offices to improve air circulation, reduce carbon footprints and improve morale.

The 3R concept (Reduce, Reuse & Recycle) is practised and we encourage everyone to practice energy saving acts such as reducing the number of air conditioners operating at any given time and minimise electricity wastage by turning off lights and electrical products when not in use. All our employees are to prioritise electronic means as the primary mode of sharing and storing documents with printing or photocopying kept to a minimal or to use double sided printing.

Social

Anchoring our initiatives here are our employees and the communities in which we operate in. We believe that getting the governance message right and across to our audience is important.

The Directors have ensured that the corporate vision, mission and core values, Code of Ethics and Conduct ("Code"), Anti-Bribery and Corruption policy as well as the Whistleblowing Policy are implemented, disseminated and understood by all Directors and employees. Induction training has been revamped to incorporate key elements of the above governance policies to better guide and foster both existing and new employees' understanding and eventual adoption of the Group's governance practices.

Talent management is one of the most challenging scope in our human resource practices. We see caring for employees rising in importance, with inclusivity and diversity high in priority. Employee safety, health and wellness are critical and will remain so as we emerge from the pandemic crisis.

The Group kept its priorities right throughout the lockdown period, with safety and wellbeing right on the top. We had implemented stringent health and safety standard operating procedures ("SOPs") including suspending unnecessary visits to the construction and fabrication sites and limiting any visits to only pre-authorised essential employees.

All employees non-essential to the running of construction sites and fabrication works were required to work from home, while those working on site and in the fabrication plants have to adhere to strict SOPs and segregation of workforce during shift handovers. Following loosening of movement control orders, we implemented a split team rotation for employees returning to the office to minimise risk of infection. We endeavour to achieve a safe and clean working environment for all employees by having a dedicated Health & Safety Officer to monitor and continuously improve the safety and working conditions for all employees. Personal protection equipment is provided to all our employees entering our fabrication yard and/or construction sites. In fact, our employees are trained to be fully aware on the safety and health measures and to meet the SOPs.

The other focus area is continued upskilling of our employees across all levels through professional development programs and trainings for better personal performance, leadership skills and career development. We organise internal training, engage external expertise and as well as encourage our employees to enrol in online seminars and courses to enhance their knowledge.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY APPROACH AND PRINCIPLES (CONT'D)

Social (Cont'd)

At the same time, all social events (especially those employee-oriented and / or organised to mark occasions and cultural festivities) were curtailed indefinitely. Nonetheless, we keep in touch through virtual team meetings throughout this rare once-in-a-lifetime Covid-19 pandemic.

As a general rule, we maintain a no-bias recruitment policy. We encourage the recruitment of suitably qualified female personnel. Equality and gender diversity is one of the hallmarks of working in the Group. We nurture a dynamic work environment that celebrates diversity and equality. Our talent recruitment is merit-based which ensures diversity of qualifications and experiences, age, gender and ethnicity.

The Group has a KPI (Key Performance Indicators) based annual evaluation for feedback to employees in a structured and formal manner to enable the Group to reward employees who have achieved the set goals with career progression opportunities. In a difficult and unprecedented year devastated by the pandemic, the executive leadership took a difficult decision that was supported across the board by every employee giving up 10% to 30% of their salaries from April 2020 onward as a gesture of solidary to help the Group manage through the challenges. At the same time, natural attrition was not replaced with the savings from this workforce sufficient to sustain remaining workforce. These efforts were necessary to streamline cash flow and help deal with the uncertainties of the pandemic.

CONCLUSION

The Board recognises that embedding sustainability into the Group's business is a continuous and evolving practice in which the Board will strive to enhance in order to achieve its long term sustainable financial growth whilst balancing our commitment to customers, the welfare of our community and requirements of other stakeholders.

MANAGEMENT DISCUSSION & ANALYSIS

The first full 12-month year ended 30 November 2020 ("FYE 2020") was to be a significant milestone for Dynaciate Group Berhad ("DGB") and its subsidiaries ("DGB Group" or "the Group") to chart the progress of its diversification and turnaround efforts. The results were, however, less encouraging mainly due to the onset and prolonged Covid-19 pandemic. In its report to the shareholders for the 18-month financial period ended 30 November 2019 ("FPE 2019") issued on 15 May 2020, the Board of Directors ("Board") took cognisance of the potential impact of the Covid-19 pandemic on the country, industry and by extension, the DGB Group. Nonetheless, we bore witness to severe across the board effects which tested the Group's resilience and challenged the Board and Management team to ensure that the Group remains sustainable. As a result, Management has tightened health and safety practices to safeguard employees against what was already becoming a huge threat here and abroad.

Except for essential services, all businesses were shuttered following full lockdown imposed under the Movement Control Order ("MCO") in March 2020 and our national economy, already embattled, grinded to a record new low. Bank Negara Malaysia reported a 17.1% contraction in Malaysia's GDP (gross domestic product) in second quarter of 2020, the worst since the Asian financial crisis in 1998 when growth shrunk to 11%. The hardest hit sector was construction which contracted by 44.5%. Mining and quarrying shrank by 20%, followed by 18% in manufacturing and services at 16.2%. [1]

In line with the reopening of the economy from the containment measures under MCO and improving external demand conditions, our economy recorded a smaller contraction of 2.7% in the third quarter 2020 with recovery seen across most economic sectors. The rate of decline in the construction sector tapered off to a smaller rate of 12.4% with resumption of activities across all sub-sectors. [1]

Yet, Malaysia closed off 2020 with a 3.4% contraction in economy in the fourth quarter 2020 largely attributable to the re-imposition of Conditional MCO on a number of states since October 2020. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activities with the negative impact cushioned by continued improvement in external demand. Consequently, except for manufacturing, all economic sectors (particularly construction) continued to record negative growth. [1]

REVIEW OF OPERATIONS

On that backdrop, the Group posted a less than encouraging results for FYE 2020. Performance was largely contributed by the new core business in civil and mechanical engineering, architectural, steel fabrication and installation works which had restored some stability and helped to grow the Group through continued expansion into new opportunities.

On the flipside, the steel business continued to be weighed down by oversupply of steel products particularly from mainland China as well as challenges from changes to global trade policies, tepid demand arising from review of infrastructure projects by federal government to cost issues and downward profit margin pressure. As such, the Group followed through its assets rationalisation and business optimisation exercise by divesting all its equity interests in PT. Indo Bestinox Industri, Nippon EGalv Steel Sdn. Bhd., Nippon Steel Stainless Services (M) Sdn. Bhd., Tatt Giap Hardware Sdn. Bhd. and Superinox Max Fittings Industry Sdn. Bhd. during the financial year. Upon completion of these disposals, the Group exited the steel product business segment completely.

[1] *Bank Negara Malaysia's Quarterly Reporting.*

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

REVIEW OF OPERATIONS (CONT'D)

The financial performance of the Group for FYE 2020 as compared to FPE 2019 are summarised below:

Statement of Profit or Loss and Other Comprehensive Income	FPE 2020 (RM'000)	FPE 2019 (RM'000)
Revenue (by segment)		
Construction	53,489	88,136
Steel products	5,760	20,161
Total	**59,249**	**108,297**
(Loss)/Profit before tax		
Construction	(13,715)	369
Steel products	(118)	(14,403)
Others	(4,322)	(3,048)
Total	**(18,155)**	**(17,082)**

Statement of Financial Position	As at 30 November 2020	As at 30 November 2019
Total assets (RM'000)	106,997	109,622
Total liabilities (RM'000)	67,903	54,880
Borrowings (RM'000)	25,935	17,537
Equity attributable to owners of the Company (RM'000)	33,094	48,741
Number of ordinary shares ('000)	590,118	480,138

Financial Indicators	As at 30 November 2020	As at 30 November 2019
Debt-to-equity ratio	0.78	0.36
Net assets per shares (RM)	0.06	0.10

The Group was seriously challenged to bear the brunt of Covid-19 pandemic into a hugely challenging economic landscape and highly competitive market environment. The Group reported revenue of RM59.25 million for FYE 2020 compared to RM108.30 million for FPE 2019 due to lower productivity from work-in-progress as construction activities were halted during the MCO.

The Group's finance was severely dented by the MCO. Unlike other sectors, the nature of the Group's activities which are concentrated in construction and fabrication works, do not permit the Group to mobilise all employees to work from home as a substitute.

As a result, the Group was only able to realise minimal revenue which had a profound effect on the Group's cash flow and profitability during the MCO period until now. Although construction activities were allowed to resume from May 2020 onwards, the Group only saw its construction or project sites return back to full swing progressively upon receipt of approval and compliance with the relevant standard operating procedures and guidelines of working in the new norm. In fact, the work performed were limited owing to restrictions in place.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

REVIEW OF OPERATIONS (CONT'D)

Consequently, the Group posted loss before tax ("LBT") of RM18.16 million which mirrored the LBT of RM17.08 million reported for FPE 2019 although the loss in FPE 2019 was contributed mainly by the steel products business. The current year loss resulted largely from lower revenue recognised which was insufficient to absorb the high fixed overheads and cost overruns as well as loss of RM2.67 million arising from disposal of associates.

Total assets for the Group were approximately RM106.99 million as compared with RM109.62 million reported for FPE 2019. Key changes were the increase in contract assets to RM14.80 million (FPE 2019: RM9.17 million) arising from higher work-in-progress, increase in property, plant and equipment and right-of-use assets by RM14.0 million and RM12.7 million respectively as a result of acquisition of two leasehold lands together with factories located in Johor and Pahang (collectively "landed properties") for a total consideration of RM16 million and RM9 million respectively and machine and equipment for a total consideration of RM1.8 million. The increase was offset by a significant drop in trade receivables of RM24.55 million in tandem with decrease in revenue.

Gearing increased following drawdown of facilities to finance working capital and the acquisition of landed properties together with machine and equipment resulting in higher debt-to-equity ratio of 0.78 compared with 0.36 as at FPE 2019. The Group's total equity shrank to RM33.10 million from RM48.74 million as at FPE 2019 due to the losses during the year under review. Accordingly, net assets per share dropped to 6 sen as at 30 November 2020.

At this juncture in time and taking into consideration the two-pronged drive to return to the black and grow a stronger foundation capable of sustaining the Group's growth opportunities, the Board does not recommend any dividend for the year under review.

CORPORATE DEVELOPMENT

Notwithstanding a year that is unprecedented on so many levels, the Group pressed on with its strategic turnaround plans aimed at recapitalising the Group, delivering sustainable and organic top and bottom-line growth, growing the Dynaciate brand to be the contractor of choice and ultimately delivering consistent value for our stakeholders.

At the onset of MCO, the executive leadership has exercised financial prudence and tightened operating costs and expenditure. All employees were committed to sustaining the Group by agreeing to pay cuts ranging from 10% to 30% on their salaries since April 2020. Additionally, natural attrition of employees was not replaced with remaining employees multi-tasking to handle work commitments. With these control measures still in place, the Management team had been able to maintain the Group's financial footing while focussing on concluding the various corporate plans.

On 11 June 2020, 53,645,900 new ordinary shares were issued at RM0.048 per ordinary share and marked the closing of our private placement exercise initiated at close of FPE 2019. The exercise raised about RM2.575 million to finance our working capital.

The disposal of 2 parcels of contiguous freehold land together with all buildings erected thereon, which are located at Kawasan Perusahaan Valdor, Simpang Ampat, Penang to MGudang Sdn. Bhd. ("MGudang"), a wholly owned subsidiary of MMAG Holdings Berhad ("MMAG") for a total cash consideration of RM41.00 million is still ongoing.

On 22 April 2020, given the bleak outlook arising from the imposition of the MCO, the Group and MGudang came to an agreement to allow MGudang the deferment of the second payment tranche of RM8.2 million to 18 October 2020.

On 2 June 2020, MGudang made partial payment of the second tranche amounting to RM1.7 million and at the behest of MGudang, the Group agreed to further extend the deferment of the remaining second payment tranche of RM6.5 million for a further six months to a date not later than 18 April 2021 subject to agreed terms and conditions.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

CORPORATE DEVELOPMENT (CONT'D)

Following a general mandate from its shareholders on 9 October 2020 to allow the Board to raise additional capital provided that the aggregate number of new ordinary shares to be issued does not exceed 20% of the prevailing total number of issued share capital of the Company, DGB had completed a private placement exercise with the listing of 65,885,500 new ordinary shares on 11 March 2021 to raise about RM8.17 million to meet working capital requirements of the Group.

On 24 March 2021, the Group announced to subscribe 4,000,000 ordinary shares representing 15.69% equity interests in MGudang for a total consideration of RM4.00 million. These will provide opportunities for the Group to tap into the potential future rental income and/or capital appreciation of the properties owned by MGudang in line with the future business and expansion of MMAG Group.

PERSPECTIVE ON RISK MANAGEMENT

The Board continues to monitor various risks that the Group is exposed to as it pursues its growth strategies. Our business activities expose us to, among others, financial risks (including 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. The Group's exposure to liquidity risk relates to its ability to fund its working capital as well as meet obligations associated with financial liabilities as and when these fall due. The Board and Management have taken necessary steps to minimise and eliminate the adverse impacts of these financial risks on the financial position, performance and cash flows of the Group and Company. This included maintaining and close monitoring of sufficient levels of cash to meet working capital needs to power the Group's growth and to settle its financial commitments.

Additionally, the Group has raised necessary funding from financial institutions and execution of various corporate exercises. At the same, the Group also scrutinises the receivables and implement credit controls to closely monitor collections and overdue debts to ensure that credit risk exposure is kept at manageable level.

The Group's primary business activities are projects dependent. As such, the Group is potentially exposed to the risks of cost overruns in the projects as well as delay in completing contractual work or meeting customers' quality requirements and / or delivery deadlines; all of which will potentially affect our earnings and reputation. As part of its mitigating action plan, the Group has put in place quality control measures and best practices as well as other pertinent policies and procedures to aid its project management to ensure delivery of required quality and deadlines.

As at this reporting year, the Group is not exposed to any material liability arising from contracts undertaken and has taken various legal and financial measures to ensure that such exposure is limited vis-a-vis review and execution of future contracts.

The industry that the Group operates in and the future prospect of the Group are much linked to developments in the local political, economic and regulatory conditions.

OUTLOOK & PROSPECT

The pandemic has highlighted the urgent need to future-proof our business. The pandemic and other pertinent issues continue to plague the already-weak property and construction sectors. The rippling effects are the limited activities allowed in these sectors presently. Hence, the investment in MGudang represents a recalibration of strategic plan to diversify the Group's busines activities and operation to better position the Group strategically and operationally amidst challenging business environment.

Notwithstanding the strategic development as announced by the Group in recent months and taking into cognisance the economic outlook, the Group's prospects in the near future will be challenging. As such, the Board will continue to take a prudent approach to monitor the market, industry and economic development closely, and ensure that prompt actions are taken in response and or to mitigate the impact of the challenges to ensure the Group's sustainability going forward and in the long run. Another effort to this end is the incorporation of a new wholly owned investment holding entity, Magnitude Resources Sdn. Bhd..

PROFILE OF DIRECTORS

Dato' Liang Chee Fong, Thomas

Chairman, Independent Non-Executive Director | Aged 48 | Male | Malaysian

Dato' Thomas Liang joined the Board of Directors ("Board") of Dynaciate Group Berhad ("DGB" or "the Company") as Executive Director on 28 April 2017 and was re-designated as Non-Independent Non-Executive Director on 25 September 2017. On 23 March 2018, he was appointed as Non-Independent Non-Executive Chairman and re-designated as Independent Non-Executive Chairman on 25 October 2019.

Dato' Thomas Liang is also a member of the Audit, Nomination and Remuneration Committees of DGB. He holds a BA (Hons) in Business Administration and MSc from Coventry University, United Kingdom.

He has extensive experience in financial management and equity market on both domestic and regional fronts. Over the course of his professional career, Dato' Thomas Liang has held numerous senior management positions with increasing responsibilities in a wide array of business sectors where he specialised in corporate restructuring and rejuvenation of business entities. Dato' Thomas Liang is the Executive Chairman of Mega Sun City Holdings Berhad, a public company listed on the Ace Market of Bursa Malaysia Securities Berhad.

Dato' Liang does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company.

Tan Ooi Jin

Executive Director | Aged 46 | Male | Malaysian

Mr. Tan was appointed to the Board on 8 March 2019 as an Independent Non-Executive Director and was re-designated as Executive Director on 22 February 2021. Following his re-designation as Executive Director, he had stepped down as member of the Audit, Nomination and Remuneration Committees of the Company. He graduated with a Bachelor of Law degree from University of Newcastle-upon-Tyne, United Kingdom.

A former ASEAN Scholar, Mr. Tan started his legal career in a medium-sized firm with an international affiliation focusing on corporate, securities and ICT. During his tenure as a practitioner, he has advised on various corporate and commercial transactions especially cross border ones and the listing of various companies in Malaysia as well as overseas including London, Hong Kong and Singapore and has been constantly consulted to assist public-listed companies to recover and unlock their intrinsic value so as to enhance shareholders value. He was involved in corporate exercises of various companies and is familiar with the growth pattern of many industries and how to create or unlock value in this sector.

His work in complex and international transactions resulted in him being recognized as a notable individual by an independent foreign legal publication in 3 different practice areas. Mr Tan also advised the Technopreneurs Association of Malaysia (TeAM) and its members including its council members on legal issues and strategy. He was also part of a group of industry leaders which incorporated the National Incubators Network Association (NINA).

He is currently the Executive Chairman of Vortex Consolidated Berhad and Executive Director of KTG Berhad (formerly known as DWL Resources Berhad).

As his knowledge and experience is widely regarded, he was also appointed and currently sits as Independent Non-Executive Director of a global apparel company listed on the Stock Exchange of Thailand. Previously, he sat on the Board of a company which was part of a NASDAQ-listed group prior to a global merger exercise.

Mr. Tan does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company.

PROFILE OF DIRECTORS (CONT'D)

Woon Kok Kee

Executive Director | **Aged 52** | **Male** | **Malaysian**

Mr. Woon was appointed to the Board as Executive Director on 14 November 2018. He holds a Diploma in Mechanical Engineering from Universiti Teknologi Malaysia, Malaysia. Together with Mr Khoo, they are substantial shareholders of the Company by virtue of their interest in Dynaciate Holdings Sdn. Bhd., a major shareholder of DGB.

Mr. Woon is currently overseeing and managing the operations team and leading the project teams in the procurement and execution of the various projects. He has amassed more than 30 years of experience in the construction and engineering industry. Mr. Woon also has in-depth knowledge and experience in the areas of production and quality assurance having started his early working days as a Quality Assurance Engineer leading a team of QC inspectors in ensuring high quality standards are met. In respect of production and manufacturing, he has experience having been involved in the production division of a company in the computer components manufacturing sector.

Mr. Woon does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company save for the related party transactions disclosed.

Lee Poay Keong

Non-Independent Non-Executive Director | **Aged 65** | **Male** | **Malaysian**

Mr. Lee was appointed to the Board as Managing Director on 23 March 2018. On 31 January 2019, Mr Lee was redesignated as Non-Independent Non-Executive Director of DGB.

Mr. Lee is professionally qualified from The Institute of Chartered Secretary and Administrators, United Kingdom. He also holds a Diploma in Commerce from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University College), Malaysia.

He started his working career serving the Government of Malaysia Federal Audit Department for about 4 years. Subsequently, he left to join the private sector and to-date, has over 30 years' experience in a wide-ranging scope of work encompassing company secretarial work as well as corporate finance and advisory services relating to mergers and acquisitions, restructuring, capital raising exercises and compliance with regulatory requirements and corporate governance issues. During this tenure, he garnered extensive working experience with several public listed companies and with a leading group of companies in Malaysia involved in a diverse range of industries including banking, stockbroking, manufacturing, property development and hospitality & leisure.

Mr. Lee does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company.

PROFILE OF DIRECTORS (CONT'D)

Lim Peng Tong

Independent Non-Executive Director | Aged 62 | Male | Malaysian

Mr. Lim was appointed to the Board as Independent Non-Executive Director on 14 November 2018. On 9 January 2019, Mr. Lim was appointed as a member of the Audit Committee as well as Chairman of the Nomination and Remuneration Committees.

He is professionally qualified with a Diploma in Banking and Financial Services from Institute Bank-Bank Malaysia (IBBM) in 1997 and is a Certified Credit Professional (CCP) since 2002. He is also an Associate member with IBBM which is now known as the Asian Institute of Chartered Bankers (AICB). Mr. Lim retired from Malayan Banking Berhad ("Maybank") after serving for 38 years. His last position with Maybank was as Regional Head of Business Banking of Northern Region (Penang, Kedah and Perlis), a senior position held for 8 years till his retirement in 2018.

Mr. Lim is also an Independent Non-Executive Director of KTG Berhad (formerly known as DWL Resources Berhad).

Mr. Lim does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company.

Tan Siew Peng

Independent Non-Executive Director | Aged 52 | Female | Malaysian

Ms Tan was appointed to the Board as Independent Non-Executive Director on 8 March 2019. Concurrently, she was also appointed as the Chairman of the Audit Committee as well as member of the Nomination and Remuneration Committees.

She is professionally qualified from The Association of Chartered Certified Accountants (ACCA), United Kingdom. Ms Tan also holds a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College (now known as Tunku Abdul Rahman University College), Malaysia and is a member of the Malaysian Institute of Accountants (MIA).

Ms Tan has over 25 years' experience in the areas of financial management, treasury, tax planning and compliance and enterprise risk management. Ms Tan started her career in Price Waterhouse Johor Bahru in year 1994 before she moved to the commercial sectors where she held senior positions in companies involved in the electronics, construction and property development activities. Currently, as the Assistant Director of Finance for United Malayan Land Bhd Group, Ms Tan is entrusted with the role to take charge of the Finance Division of the Group's townships development in the southern region.

Ms Tan does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company.

PROFILE OF DIRECTORS (CONT'D)

Khoo Song Heng

Alternate Director | **Aged 52** | **Male** | **Malaysian**

Mr. Khoo was appointed to the Board as Executive Director on 14 November 2018 and assumed the role of Managing Director effective 31 January 2019. He tendered his resigned as Director and Managing Director of the Company on 22 February 2021. On the same date, he was appointed as Alternate Director to Mr. Woon Kok Kee.

Mr. Khoo graduated with a Bachelor of Mechanical and Materials Engineering from Loughborough University of Technology, United Kingdom.

Together with Mr. Woon, they are substantial shareholders of the Company by virtue of their interest in Dynaciate Holdings Sdn. Bhd., a major shareholder of DGB.

In DGB, Mr. Khoo is responsible for the development of strategic planning and implementation of the same group-wide. He oversees the Group's projects as contractor for key players in the oil and gas as well as food and beverages industries. Mr. Khoo carries with him more than 25 years of experience in the engineering and project execution industry and he also has vast experience and knowledge in designing, specifying and reviewing pressure vessel type equipment, to being a specialist in project management, planning, procurement, tenders and contract. Throughout the years, he has accumulated valuable knowledge in the oil and gas industry.

Mr. Khoo does not have any family relationship with any director and/or major shareholder nor does he have any conflict of interests with the Company save for the related party transactions disclosed.

Notes:

1. Save as disclosed herein, none of the other Directors holds directorship in any other public companies and listed issuers.
2. None of the Directors has any conviction for any offences within the past 5 years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year ended 30 November 2020.
3. Details of the attendance of the Directors at Board meetings are set out in the Corporate Governance Overview Statement in this Annual Report 2020.

KEY SENIOR MANAGEMENT

Lim Yong Hwa

Chief Financial Officer | **Aged 50** | **Male** | **Malaysian**

Mr. Lim was appointed as Chief Financial Officer of the Group on 1 April 2019. He is professionally qualified from The Association of Chartered Certified Accountants (ACCA), United Kingdom and is a member of the Malaysian Institute of Accountants (MIA).

Prior to joining Dynaciate Group Berhad ("DGB" or "the Company"), he was the General Manager for Finance & Chief Risk Officer of a listed issuer on the Main Market of Bursa Malaysia Securities Berhad where he led teams managing finance, warehouse operations as well as information technology functions. Mr. Lim started his career in a public accounting firm in 1994 before he moved to the commercial environment where he held various senior positions with increasing scope of responsibilities in finance, project operation to business development functions in companies involved in plantation, property development as well as trading and building materials activities.

Low Wee Siong

General Manager | **Aged 52** | **Male** | **Malaysian**

Mr. Low joined the Group as the General Manager of Supply Chain Department on 1 October 2018, specializing in the engineering and construction areas in the petrochemical and oil and gas industries. He graduated with an Advance Diploma in Mechanical & Manufacturing Engineering Tunku Abdul Rahman College.

He is heavily involved in the daily operation of the Group with direct reporting on procurement and logistics, cost control, sub-contractor management and oversee these aspects of any related projects.

Prior to joining the Group, Mr. Low was the Deputy General Manager at Hexagon Tower Sdn. Bhd. for sixteen (16) years focusing on construction of petrochemical plants, semiconductor & solar wafer plants, steel & thermoplastic piping works, tank erection and power plant maintenance works.

Notes:

1. None of these Key Senior Management (who are not Directors of DGB) holds directorship in any public companies and listed issuers.
2. None of the Key Senior Management (who are not Directors of DGB) has any family relationship with any Directors and/or major shareholders of DGB.
3. None of these Key Senior Management (who are not Directors of DGB) has any conflict of interest with DGB.
4. None of these Key Senior Management (who are not Directors of DGB) has been convicted of any offences (excluding traffic offences) within the past 5 years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during financial year ended 30 November 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of Dynaciate Group Berhad ("DGB" or "the Company") is committed to ensure that good corporate governance practices are applied throughout DGB and its subsidiaries ("the Group" or "DGB Group") to direct and manage the business and affairs of the Group towards promoting business prosperity and corporate accountability, thereby enhancing shareholders' value. The Board recognises the growing level of expectation by stakeholders for increased corporate governance and, accordingly has taken necessary steps to ensure strong governance practices are adopted throughout the Group.

In accordance with Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR") and Corporate Governance Guide (3rd edition) issued by Bursa Securities, the Board is pleased to provide this Corporate Governance Overview Statement ("CG Statement") to set out an overview of the manner in which the Company has applied the Principles set out in the Malaysian Code on Corporate Governance ("Code") which was launched on 26 April 2017. This CG Statement is to be read together with Corporate Governance Report ("the CG Report"), based on a prescribed format as outlined in paragraph 15.25 of the MMLR. The CG Statement and CG Report are available for reference on the Group's website at www.dynaciategroup.com.my.

The Board is pleased to provide the following statement which provides an overview of the Company's application of the Practices set out in the Code that has been in place throughout the financial year ended 30 November 2020 ("FYE 2020") up till to-date.

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Part I Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board is ultimately responsible for the direction and control of the Company and the Group as well as the overall business framework within which the Group operates. As a collective body, the Board assumes full responsibility for the Group's strategic direction, overseeing the proper conduct of the Group's business, identifying principal risks and ensuring the implementation of systems to manage risks, succession planning, developing investor relations programme, reviewing the adequacy and integrity of the Group's internal control systems and management information systems, establishing goals for management and monitoring the achievement of these goals, ensuring effective stakeholder engagement and promoting sustainability to ensure long-term value creation.

The Board has established 3 Board Committees to assist in the performance of its stewardship duties under specific terms of reference ("TOR") which are published on corporate website at www.dynaciategroup.com.my. The Committees are Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"). All 3 Committees comprise of Independent Non-Executive Directors ("INEDs").

1.2 Chairman of the Board

Dato' Liang Chee Fong, Thomas is the Independent Non-Executive Chairman of the Board. He provides leadership and governance on the Board in discharging responsibilities for the business and affairs of the Group and its oversight of Management in order to create a conducive environment geared towards building and strengthening Directors' oversight and effectiveness and ensure that appropriate issues are discussed by the Board in a timely and congenial manner.

The Chairman also ensures that no member dominates discussion and that appropriate discussions takes place and that relevant opinions among Board members is forthcoming. Additionally, the Chairman also ensures that all Board resolutions are put to vote with the will of majority to prevail. Details of the roles and responsibilities of the Chairman are spelled out in the Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I Board Responsibilities (Cont'd)

1. Board's Leadership on Objectives and Goals (Cont'd)

1.3 Separation of the Position of Chairman and the Managing Director ("MD")

In order to ensure that there is a balance of power and authority within the Board for better governance, the position of the Chairman and the MD is held by separate persons. The MD leads the management and is responsible for the day-to-day business and operational management of the Group including the daily conduct of operating units, human resource management with respect to key positions in the Group's hierarchy, financial management and business affairs as well as organisational effectiveness and implementation of Board policies and decisions.

The position is temporarily vacant following Khoo Song Heng's decision stepped down as the MD on 22 February 2021 to focus on his personal interests. The roles and responsibilities of the MD are presently assumed by the Executive Directors.

1.4 Qualified and Competent Company Secretary

The Company Secretaries, who are qualified and experienced, advise the Board on any updates relating to new statutory and regulatory requirements pertaining to the duties and responsibilities of Directors and the potential impact and implications arising therefrom.

The Company Secretary, or her assistant, is present at all meetings to record deliberation, issues discussed and conclusions in discharging her duties and responsibilities and also provide advice in relation to relevant guides and legislations.

The duties of the Company Secretaries include, among others, the preparation of agendas and co-ordinating the preparation of Board papers, ensure Board procedure and applicable rules are observed, maintain records of the Board and ensure effective management of the Group's records, prepare minutes to document Board proceedings and ensuring conclusions are accurately recorded and timely dissemination of information relevant to Directors' roles and functions.

1.5 Access to Information and Advice

All Directors have unrestricted access to all information within the Group and to the advice and service of the Company Secretaries. The Company Secretaries are responsible in ensuring that all Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary also acts as the Company Secretary for all the Board Committees.

All Directors also have access to all information within the Group and may seek advice from senior management on matters under discussion or request further information on the Group's business activities. Minutes are prepared for all Board and Board Committees' proceedings, circulated to the Board and / or Board Committee Members and will be confirmed and signed by the respective Chairman. The minutes will then be tabled at the subsequent meetings for notation.

The Board, whether as full Board or in their personal capacity and upon approval from the Board, may seek independent professional advice, if so required in furtherance of their duty, at the Group's expense.

Prior to each Board meeting, all Board members are furnished with an agenda and a set of board papers which are issued in sufficient time to enable them to obtain a comprehensive understanding of the issues to be deliberated upon in order to arrive at an informed decision.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part I Board Responsibilities (Cont'd)

2. Demarcation of Responsibilities

2.1 Board Charter

The Board has established a Board Charter as a point of reference for Board activities. The Charter clearly delineates the roles, duties and responsibilities of the Board, Board Committees, Directors and Management in order to provide a structured guidance regarding their responsibilities, duties, roles, functions and powers.

Salient features of the Board Charter are available on the Company's website at www.dynaciategroup.com.my. The Board Charter and TORs and other policies will be reviewed from time to time to ensure its relevance.

3. Good Business Conduct and Corporate Culture

3.1 Code of Ethics & Conduct

The Board has adopted a Code of Conduct and Ethics which is to instil and inculcate, amongst Directors, management and employees of the Group, a corporate culture which engenders ethical conduct to permeate throughout the Group. The Code sets out broad standards to guide our Directors, management and employees to carry out their duties and responsibilities in an ethical manner covering various elements from, among others, human rights, health and safety, environmental care, company's assets, records and controls to confidentiality, gifts and business courtesies and integrity and professionalism.

An Employee Handbook, which contained various human resources policies, serves as a guide for Management and employees of the Group and is communicated to all the employees, both new and existing, through training, notice board and induction programme.

The Code of Conduct and Ethics, revised to be aligned with the recommendations of the Code, is published on the corporate website at www.dynaciategroup.com.my.

3.2 Whistleblowing Policy

The Board has formalised and adopted a Whistleblowing Policy which was updated recently to conform with para 15.29 of the MMLR and now published on the corporate website at www.dynaciategroup.com.my. The Whistleblowing Policy sets out the mechanism and framework by which employees or any third parties can confidently raise concerns or complaints in a responsible manner without the fear of discriminatory treatment. All malpractices or wrongdoings reported by the whistleblower are to be directed to the Chairman of the Audit Committee.

3.3 Anti-Bribery and Corruption Policy

On 21 January 2020, the Board adopted an Anti-Bribery and Corruption Policy ("ABC Policy") which signalled the commitment by the Board and the Group to conduct all businesses in an honest and ethical manner requiring all Directors and employees to act professionally, fairly and with integrity in all our business dealings and relationships.

The ABC Policy sets out adequate procedures designed to prevent situations in which bribery and corrupt practices may take root. The ABC Policy has been disseminated to all the employees and business partners and the same is published on the corporate website at www.dynaciategroup.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition

4. Board Objectivity

4.1 Board Composition

The Board presently comprised of six (6) members with the composition as outlined below:

Directorate	Director(s)
Executive	Tan Ooi Jin, Executive Director Woon Kok Kee, Executive Director *(or his alternate, Khoo Song Heng)*
Non-Independent Non-Executive	Lee Poay Keong
Independent Non-Executive	Dato' Liang Chee Fong, Thomas, Chairman Tan Siew Peng Lim Peng Tong

On 22 February 2021, Khoo Song Heng stepped down as MD and Tan Ooi Jin was appointed as Executive Director. Concurrent with his appointment, Tan Ooi Jin also stepped down from his roles in all Board Committees.

Brief profile of each Director is detailed under Profile of Directors in this Annual Report. As all concerns regarding the Group can be conveyed to any one of the Directors and will be deliberated by all Directors during Board meetings (if so deemed necessary), there is no immediate need to consider the appointment of a Senior INED.

The Board is in compliance with para 15.02 of the MMLR which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are INEDs. The concept of independence as adopted by the Board is consistent with definition of INEDs outlined in para 1.01 and Practice Note 13 of the MMLR. The key elements for fulfilling the criteria are the appointment of Directors who are not members of Management and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company and the Group.

Further, the Board met the composition recommended for which INEDs are to comprise half (50%) of the Board members. These INEDs, with their breadth of professional background, have enabled the Board to exercise objective judgement on various issues through their sharing of impartial, objective and unbiased opinion and viewpoints.

The current composition of all Board Committees, made up of solely INEDs affirmed the Board's commitment towards independence and provide strong check and balance in the Board's governance function.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

4. Board Objectivity (Cont'd)

4.2 Tenure of Independent Director

As recommended by the Code and provided for in the Board Charter, the tenure of an INED should not exceed a cumulative or consecutive term of nine (9) years. Upon completion of the nine (9) years, the INED may continue to serve on the Board subject to the director's re-designation as a Non-INED.

The INEDs do not participate in daily management of the Group. During meetings, the INEDs participate fully during deliberations and fulfil crucial role in corporate accountability by providing independent, impartial, unbiased and objective views, opinions, advice and judgement in the evaluation of various issues on strategies, performance and resources.

As at to-date, none of the INEDs have served on the Board for a cumulative or consecutive term of nine (9) years. In fact, all our INEDs have served less than three (3) years with the Company.

During the financial year under review, the Board had, through NC, assessed the independence of its INEDs and is satisfied that the INEDs have demonstrated independence in their conduct and behaviour and that each of them is independent of the Management and free from any business or other relationships which could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company and the Group.

4.3 Policy on Tenure of Independent Director

The Board Charter provides that the tenure of its INEDs shall be nine (9) years. In the event the Board intends to retain a Director as INED after the latter has served a cumulative/consecutive term of nine (9) years, the Board will justify the decision and seek shareholders' approval at the annual general meeting ("AGM").

4.4 Diverse Board and Senior Management Team

The Board supports diversity on the Board and in key senior management. Appointment of members of the Board and key senior management are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

The Directors, with their diverse background and professional specialization, collectively, bring with them a wealth of experience and expertise in areas ranging from general management and operations, industrial, finance and accounting, corporate restructuring, manufacturing, sales and marketing, business, tax, product development to law.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

4. Board Objectivity (Cont'd)

4.5 Gender Diversity

The Board is supportive of gender diversity on the Board and in key senior management team. One (1) out of the six (6) Directors is a female, which reflects the Group's commitment on gender diversity.

Whilst acknowledging the recommendation of the Code on gender diversity, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy presently as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. The NC and the Board will consider gender diversity as part of its future selection process and will look into increasing female board representation going forward.

4.6 Diverse Sources for New Candidate(s) for Board Appointment

There was no new appointment to the Board during the year under review. The NC and the Board will consider utilising independent sources to identify suitably qualified candidates going forward.

4.7 NC

The NC, comprised solely of INED with present composition as follows:

Directorate	Director(s)
Chairman	Lim Peng Tong
Members	Dato' Liang Chee Fong, Thomas Tan Siew Peng

On 22 February 2021, Tan Ooi Jin stepped down as member of the NC concurrent with his appointment as Executive Director.

The NC would meet at least once (1) annually with additional meetings convened on as and when needed basis. The TOR of the NC, which spelled out its duties and responsibilities, is published on corporate website at www.dynaciategroup.com.my.

During the financial year under review, the NC met once with key activities undertaken summarized as follows:

(a) Reviewed the composition, mix of skills and experience and other qualities, including core competencies as well as contribution of each individual Director and the effectiveness of the Board as a whole and the Board Committees as well as contribution of each individual Director.
(b) Reviewed the level of independence of the INEDs.
(c) Discussed the character, experience, integrity and competence of the Directors, chief executive or chief financial officer and to ensure they have the time to discharge their respective roles.
(d) Discussed and recommended the re-election of Directors at AGM.
(e) Reviewed the term of office and performance of the AC and its members pursuant to Paragraph 15.20 of the MMLR.
(f) Conducted annual assessment on Board, Board Committees and Individual Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

5. Overall Board Effectiveness

5.1 Overall Effectiveness of the Board and Individual Directors

The NC undertakes annual assessment of the effectiveness of the Board, the Board Committees and the contribution of each individual Director on an annual basis. The INEDs are also assessed annually by the NC on behalf of the Board. Following assessments carried out for FYE 2020, the Board is satisfied with the level of independence demonstrated by the INEDs and their ability to provide unbiased impartial and objective opinion during meetings and act in the best interest of the Company.

All assessments and evaluations carried out by the NC in the discharge of all its functions are documented. The evaluation is performed on self-assessment basis. All Directors are provided with the same set of assessment forms for their completion. The results of all assessments and comments by Directors are summarised and tabled at the NC meeting. The Chairman of the NC will report the results and deliberation to the Board.

The criteria used in the assessment of the Board and the Board Committees focussed on composition, quality of information and decision-making, boardroom activities, board's relationship with Management and Board Committees. The assessment of individual Director focussed on fit and proper, contribution and performance, calibre and personality, skills set and independence. The assessment in respect of FYE 2020 was carried out with the results deemed satisfactory by the Board.

The Constitution of the Company provides that an election of Directors shall take place each year and, at the AGM, one-third of the Directors for the time being or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election. All the Directors shall retire from office once at least in three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their appointment or reappointment. A retiring Director is eligible for re-appointment. This provides an opportunity for shareholders to renew their mandates. The re-election of each Director is voted on separately.

The Director who is subject to re-election at next AGM is assessed by the NC before recommendation is made to the Board and shareholders for re-election. Appropriate assessment and recommendation by the NC are based on the annual assessment conducted.

The Board of Directors meets at least five (5) times a year with additional meetings convened as necessary. During the FYE 2020, seven (7) Board meetings were held where the Board deliberated upon and considered a variety of matters including the Group's quarterly operations and financial results, major divestments and strategic decisions, business plan, corporate fund-raising exercise and any other strategic issues that may affect the Group's businesses.

In the intervals between Board meetings, approvals are obtained via circular resolutions for exceptional matters requiring urgent Board decision-making which are then supported with information necessary for informed decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

The listing of the Board members and their attendance at Board and Board Committees' meetings held during the financial year under review are as tabulated below:

Director	Board	AC	NC	RC
Dato' Liang Chee Fong, Thomas	7/7	5/5	1/1	1/1
Khoo Song Heng [(1)]	7/7	-	-	-
Woon Kok Kee	7/7	-	-	-
Lee Poay Keong	7/7	-	-	-
Lim Peng Tong	7/7	5/5	1/1	1/1
Tan Siew Peng	7/7	5/5	1/1	1/1
Tan Ooi Jin	7/7	5/5	1/1	1/1

Note:

(1) Khoo Song Heng stepped down as MD on 22 February 2021. Attendance at Board and Board Committee meetings (as applicable) is counted from date of appointment and up until date of resignation.

Board meetings are scheduled ahead to enable the Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention to the Board meeting agenda. Management personnel and external consultants are also invited to attend the Board meetings as and when required in order to present and advise the members with information and clarification on certain meeting agenda to facilitate informed decision-making.

The Board is satisfied with the time commitment given by the Directors based on the full attendance by majority of all Directors at all meetings convened. All the Directors have exceeded the requirement for at least 50% attendance at Board meetings convened during the financial period under review pursuant to para 15.05 of the MMLR. In addition, all of the Directors do not hold more than 5 directorships as required under paragraph 15.06 of the MMLR. The Board members will notify the Board or the Chairman upon acceptance of new Directorship in other public listed companies.

The Board is cognisant of the need to ensure that its members undergo continuous trainings to enhance their knowledge, expertise and professionalism in discharging their duties.

The Directors will continue to attend various seminars and training programmes necessary to enhance and keep abreast with relevant changes, development and updates affecting industries that the Group operates in as well as regulatory requirements. The Directors are regularly updated by the Company Secretary on any changes to new statutory, corporate and regulatory developments relating to Directors' duties and responsibilities or the discharge of their duties as Directors of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

The trainings attended by the Directors during the financial year under review are as follows:

Director	Date	Training
Dato' Liang Chee Fong, Thomas	27 October 2020	Internal Briefing on Guidelines on Conduct of Directors for listed corporations and their subsidiaries (Guidelines) issued by Securities Commission Malaysia pursuant to section 158 and subsection 15(1)(q) of the Securities Commission Malaysia Act 1933 (SCMA).
Khoo Song Heng	9 April 2020	Covid-19 – An Employer's Guide Webinar.
	27 October 2020	Internal Briefing on Guidelines on Conduct of Directors for listed corporations and their subsidiaries (Guidelines) issued by Securities Commission Malaysia pursuant to section 158 and subsection 15(1)(q) of the Securities Commission Malaysia Act 1933 (SCMA).
Woon Kok Kee	27 October 2020	Internal Briefing on Guidelines on Conduct of Directors for listed corporations and their subsidiaries (Guidelines) issued by Securities Commission Malaysia pursuant to section 158 and subsection 15(1)(q) of the Securities Commission Malaysia Act 1933 (SCMA).
Lee Poay Keong	27 October 2020	Internal Briefing on Guidelines on Conduct of Directors for listed corporations and their subsidiaries (Guidelines) issued by Securities Commission Malaysia pursuant to section 158 and subsection 15(1)(q) of the Securities Commission Malaysia Act 1933 (SCMA).
Tan Ooi Jin	27 October 2020	Internal Briefing on Guidelines on Conduct of Directors for listed corporations and their subsidiaries (Guidelines) issued by Securities Commission Malaysia pursuant to section 158 and subsection 15(1)(q) of the Securities Commission Malaysia Act 1933 (SCMA).
Lim Peng Tong	10 December 2019	Seminar on Recent MFRS Development: Practical Application Issues on MFRS 15 and MFRS 16.
	27 October 2020	Internal Briefing on Guidelines on Conduct of Directors for listed corporations and their subsidiaries (Guidelines) issued by Securities Commission Malaysia pursuant to section 158 and subsection 15(1)(q) of the Securities Commission Malaysia Act 1933 (SCMA).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

5. Overall Board Effectiveness (Cont'd)

5.1 Overall Effectiveness of the Board and Individual Directors (Cont'd)

Director	Date	Training
Tan Siew Peng	30 April 2020	PWC Malaysia – Covid 19 Recovery and resilience (Governance and risk: An uncertain world, a riskier landscape).
	4 May 2020	MASB Virtual Conference – Presentation of the Financial Statements: A change for better comparability and transparency of companies performance reporting.
	5 May 2020	PWC Malaysia – Covid 19 Recovery and resilience (Covid 19 impact on Financial Reporting: Not business as usual).
	6 May 2020	Rehda Webinar – Covid 19 and Its impact (Managing Tax concerns for property developers).
	13 May 2020	ZICO Law – Section 17A MACC Act 2009 (What in-house counsels must know).
	15 May 2020	Thannees Tax Consulting Services – Property Developer Vs Inland Revenue Board.
	3 June 2020	Malaysian Institute of Accountants – Impact of covid 19 on Financial Reporting.
	27 October 2020	Internal Briefing on Guidelines on Conduct of Directors for listed corporations and their subsidiaries (Guidelines) issued by Securities Commission Malaysia pursuant to section 158 and subsection 15(1)(q) of the Securities Commission Malaysia Act 1933 (SCMA).
	17 November 2020	PWC Malaysia's Budget 2021 Webinar - Paving the way towards a resilient future.
	23 November 2020	LHAG Talk – Budget 2021 Key Highlights and Web launch of 'Spotlight on Current Malaysian Tax issues'.

The Board had, through the NC, undertaken an assessment of the training needs of the Directors and concluded that the Directors are to determine their training needs as they are in a better position to assess their areas of concern. Nonetheless, the NC had recommended for training to improve financial literary and keep up with changes to financial reporting environment as well as understanding the impact of the changes arising from implementation of Companies Act 2016 and other related laws. Internal briefings are provided from time to time to update on any amendment(s) or implementation of existing or new laws.

The Company facilitates the organisation of training programs for Directors and maintain a record of the trainings attended by the Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Part II Board Composition (Cont'd)

6. Level and Composition of Remuneration

6.1 Remuneration Policy

The objective of the Group's Remuneration Policy is to attract and retain the Directors and senior management required to lead and control the Group effectively. In the case of the executive Board members, the components of the remuneration package are linked to individual and corporate performance. As for Non-Executive Directors, the level of remuneration is reflective of their experience, broad based roles and responsibilities as well as time commitment to the Group that go with Board membership and the onerous challenges in discharging their fiduciary duties.

The Directors' fees and benefits payable to the Non-Executive Directors are reviewed annually. The Executive Directors played no part in deciding their own remuneration and the respective Board members abstained from all discussion and decisions pertaining to their remuneration.

6.2 RC

The RC is populated solely by INEDs as follows:

Directorate	Director(s)
Chairman	Lim Peng Tong
Members	Dato' Liang Chee Fong, Thomas Tan Siew Peng

The TOR of the RC and Remuneration Policy are available on the corporate website at www.dynaciategroup.com.my.

The RC met once during the year to consider the remuneration package for the Executive Directors and senior management as well as Directors' fees and benefits payable for the Directors.

7. Remuneration of Directors and Senior Management

7.1 Details of Directors' Remuneration

The remuneration received / receivable by the Directors of the Company during FYE 2020 is as disclosed in the CG Report.

7.2 Details of Top 5 Senior Management's Remuneration on Named Basis

Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place, the Board takes the view that there is no necessity for the Group to disclose the remuneration of the Company's senior management personnel who are not Directors or the CEO.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

Part I AC

8. Effective and Independent AC

8.1 Chairman of the AC

Tan Siew Peng, an INED, is the Chairman of the AC. Details on the composition and activities of the AC are outlined under the AC Report in this Annual Report.

8.2 Policy Requiring Former Key Audit Partner to observe 2-year Cooling-off Period

None of the members of the Board were former key audit partners. Hence, no former key audit partner is appointed to the AC. The Board will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the AC is a former key audit partner.

8.3 Policy and Procedures to Assess the Suitability, Objectivity and Independence of the External Auditor

The AC undertakes an annual assessment of the suitability and independence of the external auditors and is satisfied with the technical competency, quality of audit engagement and independence of the external auditors. Upon satisfaction with the performance of the external auditors based on the annual assessment conducted, AC has recommended to the Board for the reappointment of the external auditor at the forthcoming AGM.

The Audit Committee meets with the external auditors at least once a year to discuss their audit plan, audit findings and the Company's financial statements.

At least once a year and whenever necessary, the AC met with the external auditors without the presence of executive Board members or management personnel, to allow the Audit Committee and the external auditors to exchange independent views on matters which require the AC's attention. During the year, the AC met up twice with the external auditors. The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the professional and regulatory requirements.

The AC would look into formalizing a policy on selection, appointment and assessment of external auditors to guide the AC in reviewing the suitability, objectivity and independence of the external auditors of the Company on an annual basis.

The AC has considered the non-audit services provided by the external auditors during FYE 2020 and concluded that the provision of these services did not compromise the external auditors' independence and objectivity. The amount of fees paid for these services was not significant when compared to the total fees paid to the external auditors. Details of the fees paid to the external auditors and its affiliates are disclosed under Additional Compliance Information in this Annual Report.

8.4 Composition of the AC

The AC is comprised solely of INEDs as part of the Board's initiative for more independence and transparency in deliberation and decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Part I AC (Cont'd)

8. Effective and Independent AC (Cont'd)

8.5 Diversity in the Skills of the AC

The Audit Committee currently comprised of members with professional experience in financial, taxation, business and law. All members are financially literate and are able to read, interpret and understand the financial statements.

The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities. All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

9. Effective Risk Management and Internal Control Framework

9.1 Establish an effective risk management and internal control framework

The Statement on Risk Management and Internal Controls ("SORMIC") in this Annual Report provides an overview on the state of internal controls and risk management within the Group. Regular reviews would be carried out by the internal audit function and management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The findings of the internal audit function are reported to the AC regularly.

9.2 Disclosure on the Features of Risk Management and Internal Control Framework

The SORMIC in this Annual Report provides an overview on the state of internal controls and risk management within the Group.

9.3 Establishment of a Risk Management Committee

The Board had set up a Risk Management Committee to lead from the top and drive the importance of embedding sound practices of risk management throughout the business operations of the Group.

10. Effective Governance, Risk Management and Internal Control

10.1 Effectiveness of the Internal Audit Function

The internal audit function of the Group is carried out by an outsourced and competent consulting firm, JWC Consulting Sdn. Bhd. ("JWC"), that assists the AC and the Board in managing the risks and establishment of the internal control system and processes within the Group by providing an independent assessment on the adequacy, efficiency and effectiveness of the Group's risk management and internal control system and processes. The internal auditors report directly to the AC.

The internal auditors have and will continue to keep abreast with developments in the profession, relevant industry and regulations. The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively. Further details of the internal audit function are set out in the SORMIC of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Part I AC (Cont'd)

10. Effective Governance, Risk Management and Internal Control (Cont'd)

10.2 Disclosure on the Internal Audit Function

JWC is a competent consulting firm, which is sufficiently resourced and is a member of the Institute of the Internal Auditors Malaysia to provide the services that meet with the Group's required service level.

The service provider has been able to provide reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively. The internal auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system.

11. Continuous Communication Between Company and Stakeholders

11.1 Effective and Transparent and Regular Communication with Stakeholders

The Group recognises the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Group aims to build long-term relationships with shareholders and potential investors through appropriate channels for disclosure of information.

The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance. Investors are provided with sufficient business, operational and financial information on the Group to enable them to make informed investment decisions.

All material announcements are reviewed and endorsed by the AC (as applicable) and the Board prior to release to the public through Bursa Securities.

The Executive Directors and Chief Financial Officer are the designated spokespersons for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

The Group maintains a corporate website at www.dynaciategroup.com.my for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance and updates on its awards and recognitions and promotions. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email at ir@dynaciategroup.com.my.

The Group recognises the value of transparent, consistent and coherent communications with the investment community consistent with commercial confidentiality and regulatory considerations. The Group aims to build long-term relationships with shareholders and potential investors through appropriate channels for disclosure of information.

11.2 Integrated Reporting

Integrated reporting is not applicable to the Group presently as the Company does not fall within the definition.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Part II Conduct of General Meetings

12. Encourage Shareholders Participation at General Meetings

12.1 Notice for AGM

The Board encourages shareholders' participation and as such, the AGM is an important event as the Board is given the opportunity to have a dialogue with the shareholders following presentation of annual audited financial results and to address any questions that may arise.

The Directors, Company Secretary and the Group's external auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholders.

The notice of the 13th AGM held in 2020 was sent more than twenty-three (23) days before meeting date to shareholders and published in a major local newspaper. Items of special business included in the Notice of 13th AGM was accompanied by an explanation of the proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting. All suggestions and comments put forth by shareholders was noted by the Board for consideration.

All Directors attended the AGM to answer any such questions that may arise as shareholders may seek more information than what is available in the Annual Report and/or circulars. All the resolutions set out in the Notice for the 13th AGM were put to vote by poll with the outcome announced to Bursa Securities on the same day. The Board is satisfied with the current programme at AGM and there have been no major contentious issues noted with shareholders/investors.

12.2 All Directors to Attend General Meetings

All the Directors, except for Tan Ooi Jin, attended the 13th AGM held on 22 June 2020. All Directors attended the extraordinary general meeting held on 21 January 2020, 22 June 2020 and 9 October 2020.

12.3 Leveraging on Technology for Voting in Absentia and Remote Shareholders' Participation

Based on an analysis of the shareholders, the Company does not have a large number of shareholders. Also, a large majority of the shareholders are Malaysians. Further, most general meetings are held at a hotel, which is easily accessible to all shareholders.

As such, the concern over voting in absentia and/or remote shareholders' participation at AGM are not applicable. As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

STATEMENT ON COMPLIANCE

The Board will continue to strive for sound standards of corporate governance throughout the Group. Presently, the Board is of the view that the Company has in all material aspects satisfactorily complied with the principles and practices set out in the Code, except for the departures set out in the CG Report.

The Corporate Governance Overview Statement is issued in accordance with a resolution of the Board of Directors dated 30 March 2021.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Malaysian Code on Corporate Governance 2017 requires the Board of Directors ("the Board") of listed issuers to establish a sound risk management framework and internal controls system to safeguard shareholders' investments and the assets of the Group. Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of listed issuers is required to include in its Annual Report, a statement on the Group's state of internal control. The Board recognises its responsibilities for and the importance of a sound system of Risk Management and Internal Controls.

The Board of Dynaciate Group Berhad ("DGB" or "the Company") is committed to maintain a sound system of risk management and internal control throughout DGB and its subsidiaries ("the Group"). In compliance with the Listing Requirements and the Statement on Risk Management and Internal Control (Guidelines for Directors of Listed Issuers) ("Internal Control Guidelines"), the Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal controls within the Group during the financial year ended 30 November 2020 ("FYE 2020").

BOARD RESPONSIBILITY

The Board acknowledges the importance of a sound system of risk management and internal control being embedded into the culture, processes and structures of the Group to embed good governance practices throughout the Group. The systems of internal control cover risk management and financial information, organisational, operational, project and compliance controls.

The Board further affirms its overall responsibility for risk oversight and the Group's systems of internal control and for reviewing the adequacy, effectiveness and efficiency of these systems for applicable laws, regulations, rules, directives and guidelines to ensure its viability and robustness.

In view of the inherent limitation in any system on internal controls, the systems are designed to manage, rather than to eliminate the risk of failure to achieve corporate objectives and therefore, can only provide reasonable rather than absolute assurance against material misstatement of management and financial information, fraud and breaches of laws or regulations.

RISK MANAGEMENT

The risk oversight responsibility has always been within the purview of the Audit Committee ("AC") which is responsible for reviewing policies and framework on risk management for implementation within the Group. The AC is also tasked to review and endorse the corporate risk profile for the Group.

During the financial year under review, the Board has established the Risk Management Committee ("RMC") which reports to the AC. The Chief Financial Officer ("CFO") is the Chief Risk Officer and takes the lead to drive risk management initiatives with support from the members of the RMC who represent key business units within the Group.

Ultimately, the main components of the Group's risk governance and structure will consist of the Board, the AC and the RMC. The structure allows for strategic risk discussions to take place between the Board and the two Committees.

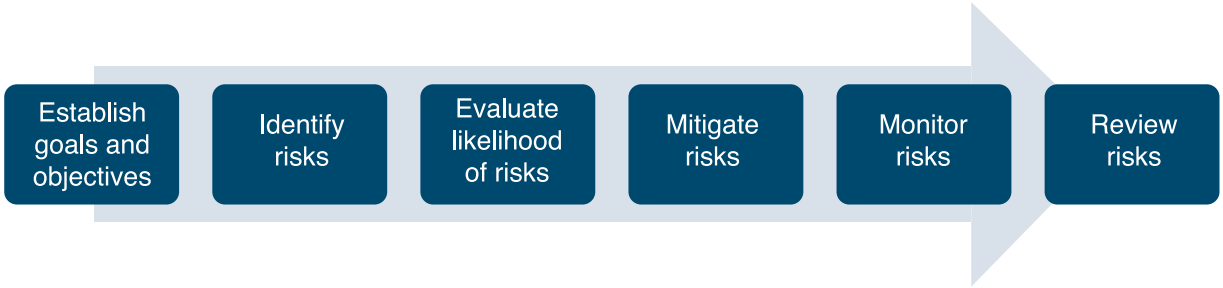
As part of its risk management initiative, the RMC has developed a change map to drive risk management within the Group with key milestones that focused on soft issues such as culture of openness and a risk-centric approach to business to identify the risks, and put in place the appropriate controls to manage and maintain those risks to a level acceptable by the Audit Committee and the Board.

Following the change in major shareholders and board composition during the 18-month financial period ended 30 November 2019, the Group had recalibrated its strategic direction to focus on civil and mechanical engineering, architectural, steel fabrication and installation works. Close to the current financial year end, the Group had entirely exited the steel products segment following the disposal of equity interests in all non-active and loss-making steel products related entities. These disposals are necessary and are part of the Group's continuous assets rationalisation and business optimisation exercise.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (CONT'D)

The senior management has worked together with the internal auditors to put in place an Enterprise Risk Management ("ERM") process (as illustrated) to identify, assess, mitigate and monitor risks faced or potentially exposed to by the Group that could impact the Group in pursuing its new direction and business objectives.



The outcome of the ERM exercise formed the basis to draw up internal audit plan for FYE 2020 and provides guidance to RMC in identifying key risks affect Group and establish risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategies and provided assurance to the Groups' various stakeholders.

The AC and the Board had accepted the Risk Management Report from the RMC which outlined significant risks identified in operational processes and activities which arose from its core business and changes in operating environment as they relate to capital market and financing risk, financial performance of the Group and strategic planning.

At the operational level, the restructuring is ongoing with the Board working together with senior management to manage the identified risks and aligning objectives at all levels to overall organisational goals to ensure sustainable growth going forward. The Board is cognizant of the T.R.U.S.T. principles set out in the Guidelines on Adequate Procedures in accordance with Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018. In this regard, further to the Board having adopted the Anti-Bribery and Corruption Policy on 21 January 2020 and updated the Group's Whistleblowing Policy on 30 March 2020, the Board will be including corruption risk into the Group's risk register in the upcoming review of ERM in financial year 2021.

CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board's commitment to maintain sound system of risk management and internal controls, the Group has developed and implemented a structure and environment for the proper conduct of the Group's business operations as follows:

(a) The AC and the Board meet at least quarterly and set a schedule of matters to be discussed to ensure that it maintains full and effective supervision over appropriate controls.

The CFO leads the presentation of board papers and provides explanation of pertinent issues with input from the executive Board members as needed. In addition, the Board is kept updated on the Group's activities and its operations on a quarterly basis.

(b) An organisation structure with defined scopes of responsibility, lines of accountability, and levels of delegated authority.

A set of terms of reference and position descriptions are set out in the Board Charter and Terms of Reference of Board Committees. The Board is supported by the Board Committees, namely, AC, Nomination Committee and Remuneration Committee as well as the senior management team.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

CONTROL STRUCTURE AND ENVIRONMENT (CONT'D)

(c) A process of hierarchical reporting which provides for a documented and auditable trail of accountability.

(d) Adopted a Related Party Transaction Policy which is subject to review and improvement.

(e) The executive Board members and senior management attends monthly management meetings to address operational and financial performance and other issues.

(f) The Group has in place an Enterprise Resource Planning (ERP) system for effective control of information and to ease the management of business activities in relation to accounting, project and supply chain management.

(g) Adopted a Whistleblowing Policy and Anti-Bribery and Corruption Policy ("ABC Policy") across the Group. The former sets out the mechanism and framework by which employees or any third parties can confidently raise concerns or complaints in a responsible manner without the fear of discriminatory treatment. As for the latter, the ABC Policy delineates procedures designed to prevent situations in which bribery and corrupt practices may take root. A copy of the said policies can be found in the Company's official website at https:/www.dynaciategroup.com.my. Trainings will be rolled out to the Group's employees as required under the ABC Policy during financial year ending 2021.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional accounting and consulting firm, JWC Consulting Sdn. Bhd. ("JWC") to provide assurance regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

JWC adopts a risk-based approach in developing its audit plan which addresses the core business processes of the Group based on their risk profiles. Scheduled internal audits were carried out by the internal auditors based on the audit plan presented and approved by the AC. The internal audits were carried out on activities supporting the construction segment.

During FYE 2020, JWC carried out 2 cycles of internal audit in respect of FYE 2020 to test the adequacy and effectiveness of the internal control systems governing project budgeting and property plant and machinery management as well as review of related party transactions involving recurrent transactions of revenue or trading nature ("RRPT") which are necessary for the Group's day-to-day operations.

Significant findings and recommendations for improvement are highlighted to management and presented to the AC, with periodic follow-up of the implementation of action plans. The AC had reviewed the internal control issues identified and evaluated the adequacy and effectiveness of the risk management and internal control system. Accordingly, the Board, as recommended by the AC, had directed the management to rectify and improve control procedures and processes based on internal audit's suggestions for improvement. The management is responsible for ensuring that corrective actions were implemented accordingly.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL (CONT'D)

CONCLUSION

Based on the internal auditors' reports for FYE 2020, the Board has reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily for the financial year under review and up to the date of issuance of this Statement. A number of minor internal control weaknesses were identified during the year under review, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

The Board has received assurance from the then Managing Director and CFO that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives. The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement was issued in accordance with a resolution of the Directors dated 30 March 2021.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of Dynaciate Group Berhad ("DGB" or "the Company") is an independent committee established to assist the Board in the effective discharge of its fiduciary duties over, among others, integrity of financial reporting, effectiveness of the risk management and internal control systems as well as governance and compliance matters.

1. COMPOSITION AND MEETINGS

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors at the date of this report. The composition is in compliance with para 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("MMLR").

The members of the AC and their attendance at the five (5) meetings held during the financial year ended 30 November 2020 ("FYE 2020") are as tabulated:

Composition I Designation	Attendance
Tan Siew Peng I Chairman	5/5
Dato' Liang Chee Fong, Thomas I Member	5/5
Lim Peng Tong I Member	5/5

On 22 February 2021, Tan Ooi Jin was appointed as Executive Director. Concurrent with his appointment, Tan Ooi Jin also stepped down from his membership in the AC and other Board Committees.

All members of the AC are financially literate and are able to analyse and interpret financial statements and therefore, able to effectively discharge their duties and responsibilities as members of the AC. The Chairman of the AC is a member of the Malaysian Institute of Accountants.

The Terms of Reference ("TOR") of the AC is available for reference at the corporate website at www.dynaciategroup.com.my. Certain designated members of the Management and representatives of the external and internal auditors are invited to attend and brief the AC members on specific issues during AC meetings as and when the need arose.

The Company Secretary is the secretary of the AC and is responsible, together with the Chairman, to draft the agenda and circulating it prior to each meeting. Discussion at AC meetings were robust and detailed. The minutes of each AC meeting were recorded and tabled for confirmation at the following AC meeting. The AC Chairman would report to the Board on the activities undertaken and the key recommendations for the Board's consideration and decision.

The AC also made arrangements to meet and discuss with the external and internal auditors on any matters relating to the Group and its audit activities. The AC held private discussion at least once (1) with the external and internal auditors without the presence of the executive Board members and management during the financial year under review.

AUDIT COMMITTEE REPORT (CONT'D)

2. SUMMARY OF ACTIVITIES

A summary of the activities carried out by the AC during FYE 2020 and up to-date is as follows:

Financial Reporting

(1) Reviewed the quarterly unaudited financial results and annual audited financial statements as well as appropriate announcements (as applicable) to the regulatory authorities to ensure that the financial reporting and disclosure requirements, particularly relating to changes in accounting policies as well as significant and unusual events or transactions are in compliance with the approved accounting standards, MMLR and other relevant statutory and legal requirements before recommending the financial statements to the Board for approval.

(2) Reviewed the financial position of the Group and followed up with Management on business and operational restructuring initiatives.

(3) Reviewed relevant issues which have or could have significant impact on the results of the Group such as receivables, order book in-hand, investment and divestments, bank borrowings and strategic operations of subsidiaries.

External Audit

(4) Reviewed the external auditors' scope of work which included areas of emphasis and new areas such as changes in laws and regulations and accounting standards, proposed audit timeline and audit plan and statutory audit fees prior to the commencement of the audit for the financial year under review.

(5) Held private discussion with external auditors on 30 March 2020 and 27 October 2020 in the absence of Management staff and Executive Directors to discuss relevant issues and obtain feedback.

(6) Reviewed and discussed the following with the external auditors:

(a) The adequacy and effectiveness of the internal control systems and any other areas of concern arising from their audit for FYE 2020. The discussion on material uncertainty over going concern arising from the continuous losses of the Group and the Company and tight cash flows had been highlighted to the Board for their onward actions. This matter had been addressed by various financial arrangements.

(b) The results of the audit for FYE 2020, relevant audit reports on significant findings and recommendations (in Management Letter as applicable) as well as Management's responses to the issues highlighted.

(7) Responded to external auditors' enquiries and recommendations, if any, to ensure compliance with the various approved accounting standards in the preparation of the Group's financial statements.

(8) Reviewed and assessed the performance and independence of the external auditors with consideration to the quality of the people and service level, timeliness of the audit and report furnished, audit governance, level of understanding demonstrated of the Group's business as well as communication about new and applicable accounting practices and auditing standards and its impact on the Group's financial statements.

The external auditors had declared their independence throughout the conduct of the audit engagement in accordance with relevant professional and regulatory requirements annually to the AC as specified in the By-Laws issued by the Malaysian Institute of Accountants. The external auditors had provided the declaration in their annual audit plan and audit findings report presented to the AC.

Following a review of the performance and independence of the external auditors upon conclusion of audit for FYE 2020, the AC recommended the re-appointment of KPMG PLT as external auditors of the Company.

AUDIT COMMITTEE REPORT (CONT'D)

2. SUMMARY OF ACTIVITIES (CONT'D)

External Audit (Cont'd)

(9) Reviewed the non-audit services provided by the external auditors. The AC had reviewed the provision of non-audit services provided by the external auditors. The recurring non-audit services were in respect of tax compliance and annual review of the Statement on Risk Management and Internal Control. The non-recurring non-audit service was for acting as reporting accountant for the recently concluded corporate exercise.

The AC is satisfied that, given the nature and scope, the non-audit fees were unlikely to create any conflict or impair the independence and objectivity of the external auditors, KPMG PLT.

Internal Audit & Risk Management

(10) Met with the Risk Management Committee ("RMC") and accepted the Risk Management Report ("RMR") from RMC and endorsed the key business strategies, operational and process risks as identified. The RMR provides detail information on the risks and management's action plans to monitor and mitigate the risk identified.

(11) Appointed JWC Consulting Sdn. Bhd. ("JWC") as internal auditor upon confirmation that JWC and its senior personnel have the appropriate qualification and experience as well as being a member of the Institute of Internal Auditors Malaysia.

(12) Reviewed the adequacy and relevance of the internal audit scope and competency of internal audit function.

(13) Reviewed and approved internal audit plan for FYE 2020 taking into consideration engagement timeline, scope of work and resources prior to the commencement of the field work for the financial year under review.

(14) Accepted the Internal Audit Reports presented on 21 January 2020, 29 July 2020 and 27 January 2021.

(15) Reviewed the adequacy and effectiveness of the system of internal controls, reporting and risk management to ensure that management is developing a systematic methodology to identify, assess and mitigate risk areas.

The responsibilities of the Internal Auditor are stated under the Statement on Risk Management and Internal Control in this Annual Report.

Corporate Governance

(16) Reviewed relevant regulatory changes and ensure compliance by the Company and the Group.

(17) Reviewed and approved / recommended (as applicable) the AC Report for inclusion in the Annual Report 2020 and the Statement on Risk Management and Internal Control for Board's approval.

(18) Reviewed quarterly reports on recurrent related party transactions of revenue and trading nature and other related party transactions entered into by the Group.

(19) Reviewed and endorsed related party transactions as proposed by Management and recommended the same for approval by the non-interested Directors at Board level subsequently.

(20) Appointed Independent Advisor to guide non-interested Directors and shareholders in connection with proposed related party transactions contemplated by the Group.

AUDIT COMMITTEE REPORT (CONT'D)

3. INTERNAL AUDIT FUNCTION

JWC is a competent consulting firm and also a third party with no involvement in the operations of the Group. As such, JWC is able to provide the AC and the Board with much of the assurance regarding the adequacy and integrity of the internal control systems within the Group.

The principal role of JWC is to undertake independent, regular and systematic reviews of the internal control and risk management to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of JWC to provide the AC with independent and objective reports on the state of internal control of the various operating units within the Group.

JWC carried out internal audits within the Group based on a risk-based audit plan approved by AC. JWC carried out 2 cycles of internal audit in respect of FYE 2020 to test the adequacy and effectiveness of the internal control systems governing project budgeting and property plant and machinery management as well as review of related party transactions involving recurrent transactions of revenue or trading nature ("RRPT") which are necessary for the Group's day-to-day operations. A number of minor internal control weaknesses were identified, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

The total cost incurred to engage the internal audit function of the Group for the financial year under review amounted to RM30,082.50.

This Audit Committee Report was issued in accordance with a resolution dated 30 March 2021.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

On 25 September 2019, Dynaciate Group Berhad ("DGB" or "the Company") announced its intention to undertake a private placement of new ordinary shares in DGB ("Placement Shares") representing not more than 10% of the enlarged number of existing ordinary shares of DGB ("DGB Shares") in issue (excluding any treasury shares) ("Private Placement").

The Private Placement, which entailed the issuance of 53,645,900 ordinary shares at issue price of RM0.048 per ordinary share, was completed following listing and quotation on the Main Market of Bursa Malaysia Securities Berhad on 11 June 2020. The proceeds from the Private Placement of RM2,575,003 had been fully utilised for working capital purpose during the financial year under review.

2. MATERIAL CONTRACTS

No contract of a material nature which involved the interest of the Directors and/or major shareholders was entered into by the Group or still subsisted as at the end of FYE 2020 except as disclosed in the Note 30(a) in the audited financial statements for the financial year ended 30 November 2020.

3. AUDIT & NON-AUDIT FEES

The amounts of statutory audit fees and non-audit fees paid/payable to KPMG PLT and the local affiliates of KPMG PLT by the Group and the Company for FYE 2020 as tabulated:

Fees (paid/payable)	Group (RM)	Company (RM)
Statutory audit fees	113,000	63,000
Non-audit fees	69,000	56,000

The recurring non-audit services includes annual tax compliance and annual review of the Statement on Risk Management and Internal Control. The non-recuring non-audit services was in respect of acting as reporting accountants for the Company's corporate exercise.

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

Details of the RRPT transacted during FYE 2020 pursuant to the shareholders' mandate obtained by the Company at the annual general meeting held on 22 June 2020 are as tabulated below. The information contained herein, save for the actual value transacted, is extracted from the circular to shareholders dated 5 April 2021.

Provider of goods and services	Recipient of goods and services	Nature of Transaction	Actual value transacted [1] (RM)	Related Parties
DSPI [2]	DESB Group [3]	(a) Providing civil, structural, building and architectural works (b) Mechanical works – inclusive of, piping & equipment, steel structure, fabrication & erection works and piping and tankage works	25,420,509	Woon Kok Kee ("WKK") and his alternate Khoo Song Heng ("KSH") are Directors and major shareholders of DESB. [3] WKK and KSH are also Directors of our Company and DSPI as well as our major shareholders with equity interests of 9.98% by virture of their interest in Dynaciate Holdings Sdn. Bhd. ("DHSB").
DESB Group	DSPI	Rental of factory and equipment for fabrication works [4]	1,881,024	

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE ("RRPT") (CON'TD)

Provider of goods and services	Recipient of goods and services	Nature of Transaction	Actual value transacted [1] (RM)	Related Parties
DSPI	DSPL	Providing metal fabrication and mechanical engineering services including steel structure, tankage, piping and mechanical works. Supplying of construction & fabrication material/consumable item for project such as steel pipes, concrete, doors, window frames, roller shutters and etc.	1,593,902	Woon Kok Kee ("WKK") and his alternate Khoo Song Heng ("KSH") are major shareholders of DESB. WKK and KSH are also Directors of our Company and DSPI as well as our major shareholders with equity interests of 9.98% by virture of their interest in DHSB.
DESB Group	DSPI	Supply of manpower and/or labour services for project. Carry out inspection services for fabricated products.	10,570,356	Woon Kok Kee ("WKK") and his alternate Khoo Song Heng ("KSH") are major shareholders of DESB. WKK and KSH are also Directors of our Company and DSPI as well as our major shareholders wiht equity interests of 9.98% by virture of their interest in DHSB.
DESB Group	DGB	Rental of corporate office [5]	23,358	

Notes:

(1) The actual value transacted during FYE 2020.

(2) Dynaciate SPI Sdn. Bhd., a wholly owned subsidiary of DGB.

(3) Dynaciate Engineering Sdn. Bhd. and its subsidiaries, on a collective basis. On 29 July 2020, DESB ceased to be a substantial shareholder of DGB following sale of its stake in DGB to Dynaciate Holdings Sdn. Bhd..

(4) DSPI rented the two factories including the equipment described below ("said Properties") from DESB and Dynaciate (Kuantan) Sdn. Bhd. ("DKSB") respectively. On 12 February 2020, DSPI had entered into a conditional Sale and Purchase Agreement with DESB and DKSB to purchase the said Properties ("said SPAs"). In light of this, the Parties agree to continue with the tenancy up to the completion date or extended completion date of the said SPAs, whichever is applicable.

(a) A factory lot located at Lot 136A, Jalan Gebeng 3/2, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang. The land area is approximately 13,851 square meters whilst the built-up area measured at 4,342 square meters. The anticipated monthly rental is about RM59,434 ("Pahang Premises").

(b) A factory lot located at PLO 670, Zone 12B, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor. The land area is approximately 16,187 square meters whilst the built-up measured at 5,000 square meters. The anticipated monthly rental is about RM66,781 ("Johor Premises").

(collectively "Acquisitions")

The Acquisitions were approved at an extraordinary general meeting held on 22 June 2020. The Acquisitions of Johor Premises and Pahang Premises were completed on 15 October 2020 and 27 October 2020 respectively. Accordingly, the tenancies for the Properties were terminated on respective dates.

(5) A corporate office located at J-08-3A, Block J, Setiawalk, Persiaran Wawasan, Pusat Bandar Puchong, 47160, Puchong, Selangor owned by DESB. The area of the premises is approximately 2123.4 square feet. The monthly rental is about RM4,671.

STATEMENT ON DIRECTORS' RESPONSIBILITY

IN RESPECT OF THE PREPARATION OF THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the financial statements of the Group and the Company are drawn up in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs and financial position of the Group and the Company as at 30 November 2020 and of the results and cash flows of the Group and the Company for the financial year ended 30 November 2020.

In preparing the financial statements, the Directors have:

(a) adopted suitable accounting policies and applied them consistently;

(b) made judgements and estimates that are prudent and reasonable;

(c) ensured the adoption of and compliance with applicable approved accounting standards; and

(d) used the going concern basis for the preparation of the financial statements.

The Directors are responsible for ensuring that proper accounting records which reflects the financial position of the Group and the Company with reasonable accuracy at any time are kept in accordance with the Companies Act 2016 in Malaysia. The Directors are also responsible for ensuring that a proper system of internal control is in place to safeguard the Group's assets and to prevent and detect fraud and other irregularities as well as material misstatements.

The Audit Committee assists the Board in reviewing and scrutinizing the information in terms of accuracy, adequacy, transparency and completeness for disclosure to ensure reliability and compliance with MFRS and IFRS. The Audit Committee reviewed the quarterly financial information and annual audited financial statements of the Group prior to recommendation of the same to the Board for approval and submission to Bursa Malaysia Securities Berhad.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 NOVEMBER 2020

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 November 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM	Company RM
Loss for the year attributable to owners of the Company	18,222,343	5,996,835

RESERVES AND PROVISIONS

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

DIVIDEND

No dividend was paid since the end of the previous financial period and the Directors do not recommend any dividend to be paid for the financial year under review.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Director	Alternate
Tan Ooi Jin	
Woon Kok Kee	Khoo Song Heng *(Appointed on 22 February 2021)*
Dato' Liang Chee Fong	
Lee Poay Keong	
Lim Peng Tong	
Tan Siew Peng	
Khoo Song Heng	*(Resigned on 22 February 2021)*

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 NOVEMBER 2020

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.12.2019	Bought	(Sold)	At 30.11.2020
Direct interests				
The Company				
Dato' Liang Chee Fong	8,360,000	-	(8,360,000)	-
Lee Poay Keong	4,338,660	-	(4,338,660)	-
Deemed interests				
The Company				
Khoo Song Heng	66,300,000	-	-	66,300,000
Woon Kok Kee	66,300,000	-	-	66,300,000

None of the other Directors holding office at 30 November 2020 had any interest in the ordinary shares, Irredeemable Convertible Preference Shares ("ICPS") and Warrants of the Company and of its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company and a related company) by reason of a contract made by the Company or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 25 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object 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 other than through the ICPS and Warrants of the Company.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued :

(a) 56,334,800 new ordinary shares at RM0.12 per ordinary share arising from the conversion of 112,669,600 ICPS; and

(b) 53,645,900 new ordinary shares at RM0.048 per share via a private placement to eligible investors for a total cash consideration of RM2,575,003, for working capital purposes.

There were no debentures in issue during the financial year.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 NOVEMBER 2020

IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") AND WARRANTS

On 3 January 2019, the Company issued 682,453,608 5-year ICPS at RM0.06 per ICPS together with 85,306,696 free detachable warrants ("Warrants") on the basis of 8 ICPS together with 1 Warrant for every 2 existing ordinary shares held in the Company for a total cash consideration of RM40,947,217. The ICPS are convertible into ordinary shares on the following basis :

(i) by surrendering for cancellation 2 ICPS at RM0.06 per ICPS for every 1 new ordinary share of RM0.12 per share; or

(ii) by surrendering for cancellation 1 ICPS at RM0.06 per ICPS together with cash payment of RM0.06 for every 1 new ordinary share of RM0.12 per share.

The salient features of the ICPS are disclosed in Note 13.2 to the financial statements.

The Warrants entitle the holders, to subscribe for one (1) new ordinary share in the Company on the basis of one (1) new ordinary share for every Warrant held at an exercise price of RM0.12 per ordinary share, to be satisfied in cash within five (5) years from the date of the issue of the Warrants, subject to adjustments in accordance with the provisions of the Deed Poll created on 16 November 2018. Any Warrant not exercised during the exercise period will lapse and thereafter ceases to be valid for any purpose.

During the financial year, Nil (2019: 1,865,000) Warrants were exercised. As at the end of reporting period, the Company has 140,356,720 (2019: 253,026,320) outstanding number of ICPS and 83,441,696 (2019: 83,441,696) Warrants which remained unexercised.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the ICPS and Warrants of the Company.

INDEMNITY AND INSURANCE COSTS

During the financial year, the cost of insurance effected for Directors and officers of the Group amounted to RM11,000 for a total sum insured of RM10 million.

There was no indemnity given to Directors, officers or auditors of the Group during the financial year.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 NOVEMBER 2020

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business 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 :

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) 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

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the impairment loss on investments in subsidiaries, reversal of impairment loss on amount due from subsidiaries, gain/(loss) on disposal of subsidiaries and associates and waiver of debts owing to subsidiaries as disclosed in Note 21 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 30 November 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

The details of such events are disclosed in Note 30 to the financial statements.

SUBSEQUENT EVENTS

The details of such events are disclosed in Note 31 to the financial statements.

DIRECTORS' REPORT (CONT'D)
FOR THE YEAR ENDED 30 NOVEMBER 2020

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 21 to the financial statements.

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

……..
Tan Ooi Jin
Director

……..
Woon Kok Kee
Director

Johor,

Date: 30 March 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Assets					
Property, plant and equipment	3	21,073,767	7,100,267	3,581	4,648
Right-of-use assets	4	12,725,060	-	-	-
Investment properties	5	40,650,000	40,650,000	-	-
Investments in subsidiaries	7	-	-	40,906,895	3
Investments in associates	8	-	4,915,543	-	1
Total non-current assets		74,448,827	52,665,810	40,910,476	4,652
Inventories	9	-	173,284	-	-
Current tax assets		35,926	57,282	35,926	52,290
Trade and other receivables	10	15,481,927	41,508,220	47,541	47,999,494
Contract assets	11	14,796,198	9,174,783	-	-
Cash and cash equivalents	12	2,234,222	6,042,302	480,990	404,881
Total current assets		32,548,273	56,955,871	564,457	48,456,665
Total assets		106,997,100	109,621,681	41,474,933	48,461,317

STATEMENTS OF FINANCIAL POSITION (CONT'D) AS AT 30 NOVEMBER 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Equity					
Share capital	14	76,696,210	71,805,847	76,696,210	71,805,847
Reserves	15	(43,602,238)	(23,064,535)	(36,585,415)	(28,273,220)
Equity attributable to owners of the Company		33,093,972	48,741,312	40,110,795	43,532,627
Non-controlling interests	16	6,000,000	6,000,000	-	-
Total equity		39,093,972	54,741,312	40,110,795	43,532,627
Liabilities					
Loans and borrowings	17	17,107,057	8,345,663	-	-
Other payables	18	11,038,661	-	-	-
Total non-current liabilities		28,145,718	8,345,663	-	-
Loans and borrowings	17	8,827,910	9,191,104	-	-
Current tax liabilities		8,382	-	-	-
Trade and other payables	18	29,758,620	33,908,854	1,364,138	4,928,690
Contract liabilities	11	1,162,498	3,434,748	-	-
Total current liabilities		39,757,410	46,534,706	1,364,138	4,928,690
Total liabilities		67,903,128	54,880,369	1,364,138	4,928,690
Total equity and liabilities		106,997,100	109,621,681	41,474,933	48,461,317

The notes on pages 61 to 130 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 NOVEMBER 2020

	Note	Group		Company	
		Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Revenue	20	59,249,568	108,297,221	-	-
Cost of sales		(65,441,399)	(106,560,275)	-	-
Gross (loss)/profit		(6,191,831)	1,736,946	-	-
Other income		1,037,530	2,503,133	3,353,765	15,746,113
Distribution expenses		(116,024)	(166,881)	-	-
Administrative expenses		(8,936,906)	(11,530,145)	(2,301,368)	(3,252,995)
Net (loss)/gain on impairment of financial instruments and contract assets	21	(1,069,727)	(922,749)	44,093,106	2,772,138
Other expenses		(2,170,875)	(4,798,284)	(51,093,106)	(32,373,812)
Results from operating activities		(17,447,833)	(13,177,980)	(5,947,603)	(17,108,556)
Finance income		25,952	156,128	1,558	113,481
Finance costs		(732,872)	(3,103,187)	-	(2,839)
Net finance (costs)/income		(706,920)	(2,947,059)	1,558	110,642
Operating loss		(18,154,753)	(16,125,039)	(5,946,045)	(16,997,914)
Share of loss of equity-accounted associates, net of tax		-	(957,116)	-	-
Loss before tax	21	(18,154,753)	(17,082,155)	(5,946,045)	(16,997,914)
Tax (expense)/income	23	(67,590)	1,981,022	(50,790)	25,226
Loss for the year/ period representing total comprehensive expense for the year/ period		(18,222,343)	(15,101,133)	(5,996,835)	(16,972,688)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONT'D) FOR THE YEAR ENDED 30 NOVEMBER 2020

		Group		Company	
	Note	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Loss for the year/period attributable to:					
Owners of the Company		(18,222,343)	(15,101,133)	(5,996,835)	(16,972,688)
Total comprehensive expense for the year/period attributable to:					
Owners of the Company		(18,222,343)	(15,101,133)	(5,996,835)	(16,972,688)
Basic loss per ordinary share (sen)	24	(3.26)	(4.54)		
Diluted loss per ordinary share (sen)	24	(3.00)	(3.56)		

The notes on pages 61 to 130 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2020

	Attributable to owners of the Company								
	Non-distributable								
	Share capital RM	Reverse acquisition reserve RM	Capital reserve RM	Warrants reserve RM	Revaluation reserve RM	(Accumulated losses)/ Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 June 2018	84,681,031	(53,300,000)	-	-	16,571,013	(26,513,277)	21,438,767	6,000,000	27,438,767
Loss for the period representing total comprehensive expense for the period	-	-	-	-	-	(15,101,133)	(15,101,133)	-	(15,101,133)
Contributions by owners of the Company									
– Issuance of ICPS and Warrants	26,922,796	-	-	14,024,421	-	-	40,947,217	-	40,947,217
– Issuance of ordinary shares pursuant to conversion of ICPS	19,978,220	-	(8,824,730)	-	-	-	11,153,490	-	11,153,490
– Exercise of Warrants	223,800	-	306,606	(306,606)	-	-	223,800	-	223,800
Total transactions with owners of the Company	47,124,816	-	(8,518,124)	13,717,815	-	-	52,324,507	-	52,324,507
Capital reduction	(60,000,000)	-	-	-	-	60,000,000	-	-	-
Realisation of revaluation surplus on:									
– impairment on land and buildings	-	-		-	(9,920,829)	-	(9,920,829)	-	(9,920,829)
– disposal of assets held for sale	-	-	-	-	(6,650,184)	6,650,184	-	-	-
At 30 November 2019	71,805,847	(53,300,000)	(8,518,124)	13,717,815	-	25,035,774	48,741,312	6,000,000	54,741,312
	Note 14	Note 15							

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D) FOR THE YEAR ENDED 30 NOVEMBER 2020

	← Attributable to owners of the Company →							
	← Non-distributable →							
	Share capital RM	Reverse acquisition reserve RM	Capital reserve RM	Warrants reserve RM	(Accumulated losses)/ Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 December 2019	71,805,847	(53,300,000)	(8,518,124)	13,717,815	25,035,774	48,741,312	6,000,000	54,741,312
Loss for the year representing total comprehensive expense for the year	-	-	-	-	(18,222,343)	(18,222,343)	(18,222,343)	
Contributions by owners of the Company								
– Issuance of ordinary shares	2,575,003	-	-	-	-	2,575,003	-	2,575,003
– Issuance of ordinary shares pursuant to conversion of ICPS	2,315,360	-	(2,315,360)	-	-	-	-	-
Total transactions with owners of the Company	4,890,363	-	(2,315,360)	-	-	2,575,003	-	2,575,003
Reclassification on disposal of subsidiary	-	53,300,000	-	-	(53,300,000)	-	-	-
At 30 November 2020	76,696,210	-	(10,833,484)	13,717,815	(46,486,569)	33,093,972	6,000,000	39,093,972
	Note 14	← Note 15 →						

The notes on pages 61 to 138 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 NOVEMBER 2020

	Attributable to owners of the Company				
	Non-distributable				
	Share capital RM	Warrants reserve RM	Capital reserve RM	Accumulated losses RM	Total equity RM
At 1 June 2018	84,681,031	-	-	(76,500,223)	8,180,808
Loss for the period representing total comprehensive expense for the period	-	-	-	(16,972,688)	(16,972,688)
Contributions by owners of the Company					
– Issuance of ICPS and Warrants	26,922,796	14,024,421	-	-	40,947,217
– Issuance of ordinary shares pursuant to conversion of ICPS	19,978,220	-	(8,824,730)	-	11,153,490
– Exercise of Warrants	223,800	(306,606)	306,606	-	223,800
Total transactions with owners of the Company	47,124,816	13,717,815	(8,518,124)	-	52,324,507
Capital reduction	(60,000,000)	-	-	60,000,000	-
At 30 November 2019/ 1 December 2019	71,805,847	13,717,815	(8,518,124)	(33,472,911)	43,532,627
Loss for the year representing total comprehensive expense for the year	-	-	-	(5,996,835)	(5,996,835)
Contributions by owners of the Company					
– Issuance of ordinary shares pursuant to private placement	2,575,003	-	-	-	2,575,003
– Issuance of ordinary shares pursuant to conversion of ICPS	2,315,360	-	(2,315,360)	-	-
Total transactions with owners of the Company	4,890,363	-	(2,315,360)	-	2,575,003
At 30 November 2020	76,696,210	13,717,815	(10,833,484)	(39,469,746)	40,110,795
	Note 14	Note 15			

The notes on pages 61 to 130 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 NOVEMBER 2020

	Note	Group Year ended 30.11.2020 RM	Group Period from 1.6.2018 to 30.11.2019 RM	Company Year ended 30.11.2020 RM	Company Period from 1.6.2018 to 30.11.2019 RM
Cash flows from operating activities					
Loss before tax		(18,154,753)	(17,082,155)	(5,946,045)	(16,997,914)
Adjustments for:					
Depreciation on:					
– property, plant and equipment	3	1,352,279	1,869,019	1,067	690
– right-of-use assets	4	37,428	-	-	-
Fair value loss on other investments		-	20,000	-	-
Impairment loss on:					
– investments in subsidiaries	21	-	-	51,093,106	20,389,068
– investments in associates	21	-	-	-	11,983,064
– property, plant and equipment	21	-	3,074,015	-	-
Interest expense		732,872	3,103,187	-	2,839
Interest income		(25,952)	(156,128)	(1,558)	(113,481)
Loss/(Gain) on disposal of:					
– plant and equipment		-	(11,705)	-	-
– investments in subsidiaries	21	(482,791)	1,638,376	(2)	(2)
– investments in associates	21	2,665,441	-	(1)	-
– other investments	21	-	(72,364)	-	(1,012,373)
Waiver of amount owing to subsidiaries	21	-	-	(3,192,915)	(14,522,107)
Reversal of impairment loss on amount owing from subsidiaries	21	-	-	(44,093,106)	(2,772,138)
Share of loss of equity accounted associates, net of tax		-	957,116	-	-
Operating loss before working capital changes		(13,875,476)	(6,660,639)	(2,139,454)	(3,042,354)
Changes in working capital:					
Inventories		(413,933)	1,468,164	-	-
Trade and other receivables		22,847,415	(40,162,701)	2,545,059	(703,289)
Contract assets		(5,621,415)	(9,174,783)	-	-
Trade and other payables		3,071,836	32,934,266	210,708	(2,371,346)
Contract liabilities		(2,272,250)	3,434,748	-	-
Cash generated from/(used in) operations		3,736,177	(18,160,945)	616,313	(6,116,989)
Tax paid		(37,852)	(50,288)	(34,426)	(46,330)
Net cash from/(used in) operating activities		3,698,325	(18,211,233)	581,887	(6,163,319)

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE YEAR ENDED 30 NOVEMBER 2020

	Note	Group Year ended 30.11.2020 RM	Group Period from 1.6.2018 to 30.11.2019 RM	Company Year ended 30.11.2020 RM	Company Period from 1.6.2018 to 30.11.2019 RM
Cash flows from investing activities					
Acquisition of:					
– property, plant and equipment	A	(10,180,563)	(5,497,005)	-	(5,338)
– right-of-use assets	A	(6,935,997)	-	-	-
Advances to a subsidiary		-	-	(2,500,000)	(47,257,630)
Proceeds from disposal of:					
– property, plant and equipment		-	13,404	-	-
– investments in subsidiaries		-	-	4	2
– investments in associates		102	-	2	-
– assets classified as held for sale		-	14,155,463	-	-
– other investments		-	3,109,119	-	3,109,119
Interest received		25,952	156,128	1,558	113,481
Dividends received from an associate		-	104,174	-	-
Net cash outflow on disposal of subsidiaries	B	(82,796)	(2,085,960)	-	-
Net cash (used in)/from investing activities		(17,173,302)	9,955,323	(2,498,436)	(44,040,366)
Cash flows from financing activities					
Repayment to Directors		(582,345)	(6,373,619)	(582,345)	(1,787,829)
Interest paid		(732,872)	(3,103,187)	-	(2,839)
Proceeds from issuance of:					
– Irredeemable Convertible Preference Shares ("ICPS") with detachable Warrants		-	40,947,217	-	40,947,217
– ordinary shares (private placement)		2,575,003	-	2,575,003	-
– ordinary shares pursuant to conversion of ICPS		-	11,153,490	-	11,153,490
Proceeds from exercise of Warrants		-	223,800	-	223,800
Drawdown of term loans		10,110,799	-	-	-
Repayment of term loans		-	(16,395,603)	-	-
Drawdown of bankers' acceptances, net		4,079,148	2,110,235	-	-
Repayment of finance lease liabilities		(634,416)	(266,304)	-	-
Uplift of pledged deposits		-	3,536,985	-	-
Net cash from financing activities		14,815,317	31,833,014	1,992,658	50,533,839
Net increase in cash and cash equivalents		1,340,340	23,577,104	76,109	330,154
Cash and cash equivalents at 1 December 2019/ 1 June 2018		893,882	(22,683,222)	404,881	74,727
Cash and cash equivalents at 30 November	C	2,234,222	893,882	480,990	404,881
Cash outflows for leases as a lessee					
Included in net cash from operating activities					
Payment relating to short-term leases	21	8,208,667	-	23,358	-
Payment relating to leases of low-value assets	21	1,250	-	-	-
Total cash outflows for leases		8,209,917	-	23,358	-

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED 30 NOVEMBER 2020

Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.6.2018 RM	New leases obtained RM	Net changes from financing cash flows RM	At 30.11.2019/ 1.12.2019 RM	Drawdown during the year RM	Changes arising from disposal of subsidiaries RM	Net changes from financing cash flows RM	At 30.11.2020 RM
Term loans	24,781,311	-	(16,395,603)	8,385,708	10,110,799	-	-	18,496,507
Finance lease liabilities	163,708	1,995,000	(266,304)	1,892,404	-	(8,911)	(634,416)	1,249,077
Bankers' acceptances	-	-	2,110,235	2,110,235	-	-	4,079,148	6,189,383
Total liabilities from financing activities	24,945,019	1,995,000	(14,551,672)	12,388,347	10,110,799	(8,911)	3,444,732	25,934,967

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE YEAR ENDED 30 NOVEMBER 2020

NOTES

A. Acquisition of Property, Plant and Equipment and Right-of-use Assets – Group

The Group acquired property, plant and equipment with an aggregate carrying amount of RM15,392,733 (2019: RM7,492,005), of which Nil (2019: RM1,995,000) was acquired by means of finance lease and RM5,212,170 (2019: Nil) remained unpaid at the reporting date. The remaining balance of RM10,180,563 (RM5,497,005) was paid in cash.

The Group acquired right-of-use assets with an aggregate carrying amount of RM12,762,488 (2019: Nil), of which RM5,826,491 (2019: Nil) remained unpaid at the reporting date. The remaining balance of RM6,935,997 (2019: Nil) was paid in cash.

B. Disposal of Subsidiaries

On 27 May 2020 and 5 October 2020, the Company entered into Share Sale Agreements ("SSA") to dispose of its entire equity interests in Superinox Max Fittings Sdn. Bhd. ("SMFI") and Tatt Giap Hardware Sdn. Bhd. ("TGH"), both being wholly-owned subsidiaries for a total cash consideration of RM2 each.

The disposals which were completed on 27 May 2020 and 5 October 2020 respectively had the following effects on the financial position of the Group:

	2020		
	SMFI RM	TGH RM	Total RM
Property, plant and equipment	-	66,954	66,954
Investment in an associate	-	2,250,000	2,250,000
Inventories	-	587,217	587,217
Cash and cash equivalents	15,971	66,829	82,800
Trade and other receivables	165,003	3,013,875	3,178,878
Loans and borrowings	-	(8,911)	(8,911)
Trade and other payables	(2,017,740)	(4,621,985)	(6,639,725)
Net (liabilities relieved)/assets disposed	(1,836,766)	1,353,979	(482,787)
Gain/(Loss) on disposal of subsidiaries	1,836,768	(1,353,977)	482,791
Consideration received in cash	2	2	4
Cash and cash equivalents disposed of	(15,971)	(66,829)	(82,800)
Net cash outflow	(15,969)	(66,827)	(82,796)

On 14 November 2018, the Company entered into SSAs to dispose of its entire equity interests in Formosa Industries Sdn. Bhd. ("FI") and Superinox International Sdn. Bhd. ("SI") for a total cash consideration of RM1 each.

STATEMENTS OF CASH FLOWS (CONT'D) FOR THE YEAR ENDED 30 NOVEMBER 2020

NOTES (CONT'D)

B. Disposal of Subsidiaries (Cont'd)

The disposals were completed on 14 November 2018 and had the following effects on the financial position of the Group:

	2019		
	FI RM	SI RM	Total RM
Trade and other receivables	-	4,115,166	4,115,166
Cash and cash equivalents	1,766	2,084,196	2,085,962
Trade and other payables	(18,683)	(4,533,512)	(4,552,195)
Current tax liabilities	-	(10,555)	(10,555)
Net (liabilities relieved)/assets disposed	(16,917)	1,655,295	1,638,378
Gain/(Loss) on disposal of subsidiaries	16,918	(1,655,294)	(1,638,376)
Consideration received in cash	1	1	2
Cash and cash equivalents disposed of	(1,766)	(2,084,196)	(2,085,962)
Net cash outflow	(1,765)	(2,084,195)	(2,085,960)

C. Cash and Cash Equivalents

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

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Short term deposits	12	211,790	1,203,719	204,835	203,319
Cash and bank balances	12	2,022,432	4,838,583	276,155	201,562
Bank overdrafts	17	-	(5,148,420)	-	-
		2,234,222	893,882	480,990	404,881

NOTES TO THE FINANCIAL STATEMENTS

Dynaciate Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows:

REGISTERED OFFICE

170-09-01, Livingston Tower
Jalan Argyll
10050 George Town
Penang

PRINCIPAL PLACE OF BUSINESS

J-08-3A, Block J, Setiawalk
Persiaran Wawasan
Pusat Bandar Puchong
47160 Puchong
Selangor

The consolidated financial statements of the Company as at and for the financial year ended 30 November 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates.

The Company is principally engaged in investment holding whilst the principal activities of the other Group entities are as stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 30 March 2021.

1. BASIS OF PREPARATION

(a) Statement of Compliance

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

The following are accounting standard and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, Business Combinations – *Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (Cont'd)

MFRSs and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, Leases – *Covid-19-Related Rent Concessions*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement,* MFRS 7, *Financial Instruments: Disclosures,* MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

MFRS and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned amendments where applicable, in the respective financial years when the above amendments become effective.

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the abovementioned amendments is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements and on the assumption that the Group and the Company will continue to operate as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

1. BASIS OF PREPARATION (CONT'D)

(b) Basis of Measurement (Cont'd)

The Group and the Company incurred a loss of RM18,222,343 and RM5,996,835 respectively for the financial year ended 30 November 2020 and as of that date, the current liabilities of the Group and the Company exceeded their current assets by RM7,209,137 and RM799,681 respectively. The Directors are of the opinion that the Group and the Company will be able to rely on the existing unutilised banking facilities and the continuing financial support from shareholders, bankers and creditors to enable the Group and the Company to fulfill their obligations as and when they fall due. Subsequent to the end of the financial period, the Company has also completed a private placement with the issuance of 65,885,500 new ordinary shares at RM0.124 per share as disclosed in Note 31(a).

In view of the above, the Directors consider it appropriate to prepare the financial statements of the Group and of the Company on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability or classification of recorded assets and liabilities that may be necessary if the Group and the Company were unable to continue as a going concern.

(c) Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than Note 20.4 – Significant judgements and assumptions arising from revenue recognition.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. There is no material impact arising from the changes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it 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. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group except for Tatt Giap Hardware Sdn. Bhd. ("TGH"). The acquisition of TGH was accounted for using reverse acquisition accounting principles in accordance with MFRS 3, *Business Combinations*. Upon completion of the acquisition of TGH, the Company became the legal parent company of TGH. However, due to the relative value of TGH, the former shareholders of TGH became the majority shareholders of the Company. Furthermore, the Company's continuing operations and management are those of TGH. Accordingly, the substance of the business combination is that TGH acquired the Company in a reverse acquisition. The reverse acquisition was assumed to have been prepared in the name of the legal parent; i.e. the Company, but it represents a combination of the statement of financial position of the legal subsidiary, TGH, which is deemed to be the acquirer.

(ii) Business Combinations

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(iii) Acquisitions of Non-controlling Interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former 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 financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of Consolidation (Cont'd)

(vi) Non-controlling Interests

Non-controlling interests 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 statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign Currency Transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the 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 not retranslated at the end of the reporting period, 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 profit or loss.

(c) Financial Instruments

(i) Recognition and Initial Measurement

A financial asset or a financial liability is recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(ii) Financial Instrument Categories and Subsequent Measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(l)(i) where the effective interest rate is applied to the amortised cost.

All financial assets are subject to impairment assessment (see Note 2(l)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows :

Amortised cost

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

Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) Financial Guarantee Contracts

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

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial Instruments (Cont'd)

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, Plant and Equipment

(i) Recognition and Measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, Plant and Equipment (Cont'd)

(ii) Subsequent Costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated.

The depreciation rates for the current and comparative periods are as follows:

	%
Buildings	2
Plant and equipment, tools and moulds	5 – 20
Furniture, fittings and equipment	10 – 40
Motor vehicles	20

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

(e) Leases

The Group has applied MFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application, if any is recognised as an adjustment to retained earnings at 1 December 2019. Accordingly, the comparative information presented for 2019 has not been restated - i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

Current Financial Year

(i) Definition of a Lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and Initial Measurement

(a) As a Lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

Current Financial Year (Cont'd)

(ii) Recognition and Initial Measurement (Cont'd)

(b) As a Lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent Measurement

(a) As a Lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a Lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

Previous Financial Period

(i) Finance Lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

(ii) Operating Lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the statements of financial position. Property interest held under an operating lease, which was held to earn rental income or for capital appreciation or both, was classified as investment property and measured using fair value model.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

(f) Investment Property

(i) Investment Property Carried at Fair Value

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

Investment properties are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequently, investment property is measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment Property (Cont'd)

(ii) Reclassification to/from Investment Property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing 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.

(h) Non-current Assets Held for Sale

Non-current assets, or disposal group comprising assets and liabilities that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories and financial assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates ceases once classified as held for sale.

(i) Contract Asset/Contract Liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(l)(i)).

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Contract Cost

Costs to Fulfil a Contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contracts costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contracts cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(k) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(l) Impairment

(i) Financial Assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. 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 cash and bank balances 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 and contract assets 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 with reference to historical credit loss experience.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment (Cont'd)

(i) Financial Assets (Cont'd)

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.

At each reporting date, the Group and the Company assess whether 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 or the Company determines 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.

(ii) Other Assets

The carrying amounts of other assets (except for inventories, contract assets and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Equity Instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue Expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary Shares

Ordinary shares are classified as equity.

(iii) Preference Share Capital

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(n) Employee Benefits

(i) Short-term Employee Benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State Plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue and Other Income

(i) Revenue from Contracts with Customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

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

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental Income

Rental income from investment properties is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from sub-leased property is recognised as other income.

(iii) Interest Income

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

(iv) Government Grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same period in which the expenses are recognised.

(q) 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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Borrowing Costs (Cont'd)

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

(r) Income Tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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 financial years.

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 on the initial recognition of assets or 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 investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(f), 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 assets and liabilities 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.

(s) Earnings per Ordinary Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Earnings per Ordinary Share (Cont'd)

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise Irredeemable Convertible Preference Shares and Warrants.

(t) Operating Segments

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

(u) Contingent Liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

(v) Fair Value Measurements

Fair value of an asset or a liability, except for lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 : unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(w) Warrants Reserve

Fair value from the issuance of warrants are credited to warrants reserve and is non-distributable. When the warrants are exercised or expired, the warrants reserve will be transferred to another reserve account within equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT

	At valuation		At cost				
	Land RM	Buildings RM	Buildings RM	Plant and equipment, tools and moulds RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Group							
At 1 June 2018	18,500,000	35,942,244	-	3,432,408	1,696,541	1,132,251	60,703,444
Additions	-	-	-	5,218,200	220,739	2,053,066	7,492,005
Disposals	-	-	-	-	(4,200)	(15,190)	(19,390)
Written off	-	-	-	(47,413)	-	-	(47,413)
Transfer to investment property	(18,500,000)	(35,942,244)	-	-	-	-	(54,442,244)
At 30 November 2019/1 December 2019	-	-	-	8,603,195	1,913,080	3,170,127	13,686,402
Additions	-	-	12,493,946	1,907,600	16,187	975,000	15,392,733
Disposal of subsidiaries	-	-	-	(3,384,995)	(1,708,485)	(1,110,658)	(6,204,138)
Written off	-	-	-	-	-	(6,403)	(6,403)
At 30 November 2020	-	-	12,493,946	7,125,800	220,782	3,028,066	22,868,594

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

	At valuation		At cost				
	Land RM	Buildings RM	Buildings RM	Plant and equipment, tools and moulds RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Group							
Accumulated depreciation and impairment loss							
At 1 June 2018							
Accumulated depreciation	-	1,400,934	-	740,071	1,572,738	958,559	4,672,302
Accumulated impairment losses	-	-	-	893,827	13,491	-	907,318
	-	1,400,934	-	1,633,898	1,586,229	958,559	5,579,620
Depreciation for the period	-	955,859	-	567,672	62,484	283,004	1,869,019
Impairment loss for the period	-	11,435,451	-	1,541,080	18,313	-	12,994,844
Disposals	-	-	-	-	(4,200)	(13,491)	(17,691)
Written off	-	-	-	(47,413)	-	-	(47,413)
Transfer to investment property	-	(13,792,244)	-	-	-	-	(13,792,244)
At 30 November 2019							
Accumulated depreciation	-	-	-	1,260,330	1,631,022	1,228,072	4,119,424
Accumulated impairment losses	-	-	-	2,434,907	31,804	-	2,466,711
	-	-	-	3,695,237	1,662,826	1,228,072	6,586,135

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

	At valuation		At cost				
	Land RM	Buildings RM	Buildings RM	Plant and equipment, tools and moulds RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Group							
Accumulated depreciation and impairment loss (Cont'd)							
At 1 December 2019							
Accumulated depreciation	-	-	-	1,260,330	1,631,022	1,228,072	4,119,424
Accumulated impairment losses	-	-	-	2,434,907	31,804	-	2,466,711
	-	-	-	3,695,237	1,662,826	1,228,072	6,586,135
Depreciation for the year	-	-	42,500	733,822	69,426	506,531	1,352,279
Disposal of subsidiaries	-	-	-	(3,384,995)	(1,641,530)	(1,110,659)	(6,137,184)
Written off	-	-	-	-	-	(6,403)	(6,403)
At 30 November 2020	-	-	42,500	1,044,064	90,722	617,541	1,794,827
Carrying amounts							
At 1 June 2018	18,500,000	34,541,310	-	1,798,510	110,312	173,692	55,123,824
At 30 November 2019/1 December 2019	-	-	-	4,907,958	250,254	1,942,055	7,100,267
At 30 November 2020	-	-	12,451,446	6,081,736	130,060	2,410,525	21,073,767

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

	Office equipment RM	Motor vehicles RM	Total RM
Company			
Cost			
At 1 June 2018	-	6,403	6,403
Addition	5,338	-	5,338
At 30 November 2019/1 December 2019	5,338	6,403	11,741
Written off	-	(6,403)	(6,403)
At 30 November 2020	5,338	-	5,338
Depreciation			
At 1 June 2018	-	6,403	6,403
Depreciation for the period	690	-	690
At 30 November 2019/1 December 2019	690	6,403	7,093
Depreciation for the year	1,067	-	1,067
Written off	-	(6,403)	(6,403)
At 30 November 2020	1,757	-	1,757
Carrying amounts			
At 1 June 2018	-	-	-
At 30 November 2019/1 December 2019	4,648	-	4,648
At 30 November 2020	3,581	-	3,581

3.1 Security – Group

The buildings of the Group with carrying amount of RM12,451,446 (2019 : Nil) are charged to a bank for loans and borrowings granted to a subsidiary (see Note 17).

3.2 Leased Plant and Equipment – Group

The carrying amounts of plant and equipment acquired under finance lease arrangements were as follows:

	2019 RM
Plant and equipment, tools and moulds	1,946,750
Motor vehicles	14,666
	1,961,416

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.3 Impairment Loss and Transfer to Investment Property – Group

During the previous financial period, a wholly-owned subsidiary, Dynaciate SPI Sdn. Bhd. discontinued the use of its land and factory buildings and entered into a Sale and Purchase Agreement ("SPA") to dispose of the properties for a total cash consideration of RM41 million. Accordingly, the land and buildings were reclassified and presented as investment property. Immediately before the reclassification, the Group recognised an impairment loss of RM11,435,451.

Additionally, the Group also assessed the recoverable amount of its plant and machinery used in the Group's stainless steel manufacturing operations. Arising from the assessment carried out, the Group recognised an impairment loss of Nil (2019: RM1,559,393).

The total impairment loss were recognised as follows:

	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Against previous revaluation surplus	-	9,920,829
Recognised in profit or loss	-	3,074,015
	-	12,994,844

4. RIGHT-OF-USE ASSETS – GROUP

	Leasehold land RM
At 1 December 2019	-
Addition	12,762,488
Depreciation	(37,428)
At 30 November 2020	12,725,060

The Group leases two parcels of land that run for 60 and 99 years respectively.

4.1 Security

The land are charged to a bank as security for loans and borrowings granted to a subsidiary (see Note 17).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTY – GROUP

	Freehold land RM	Buildings RM	Total RM
At fair value			
At 1 June 2018	-	-	-
Transfer from property, plant and equipment (Note 3)			
– Cost	18,500,000	35,942,244	54,442,244
– Accumulated depreciation and impairment loss	-	(13,792,244)	(13,792,244)
At 30 November 2019/1 December 2019/ 30 November 2020	18,500,000	22,150,000	40,650,000

As disclosed in Note 3.3, the Group discontinued the use of the its land and factory buildings in the previous financial period and entered into a Sale and Purchase Agreement ("SPA") to dispose of the properties for a total cash consideration of RM41 million. Under the terms of the SPA, the remaining sale consideration will be received in several tranches over a period of 4 years. As at 30 November 2020, the Group has received a non-refundable deposit of RM2.05 million and part payment of the second tranche of RM1.7 million.

5.1 Fair Value Information

The fair value of the investment property was determined by the Directors to approximate the disposal price based on the SPA entered in the previous financial period. The fair value is classified as level 2 (2019 : level 2) in the fair value hierarchy.

5.2 Security

The land and factory buildings are charged to a bank for loans and borrowings granted to a subsidiary (see Note 17).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

6. INTANGIBLE ASSETS – GROUP

	Goodwill RM
Cost	
At 1 June 2018	1,055,547
Disposal of subsidiaries	(1,055,547)
At 30 November 2019/1 December 2019/30 November 2020	-
Amortisation and impairment loss	
At 1 June 2018	1,055,547
Disposal of subsidiaries	(1,055,547)
At 30 November 2019/1 December 2019/30 November 2020	-
Carrying amount	
At 1 June 2018/30 November 2019/1 December 2019/30 November 2020	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES – COMPANY

	RM
Cost	
At 1 June 2018	130,400,001
Disposals	(100,003)
At 30 November 2019/1 December 2019	130,299,998
Addition	92,000,000
Disposals	(80,299,998)
At 30 November 2020	142,000,000
Impairment loss	
At 1 June 2018	110,010,930
Impairment loss for the period	20,389,068
Disposals	(100,003)
At 30 November 2019/1 December 2019	130,299,995
Impairment loss for the year	51,093,106
Disposals	(80,299,996)
At 30 November 2020	101,093,105
Carrying amounts	
At 1 June 2018	20,389,071
At 30 November 2019/1 December 2019	3
At 30 November 2020	40,906,895

On 27 November 2020, the Company subscribed for 92,000,000 ordinary shares in DSPI, a wholly-owned subsidiary for RM92,000,000 through the capitalisation of amount due from DSPI. During the financial year, the Company also:

(i) disposed of TGH and SMFI. Details of the disposals are disclosed in Note 30(e) and (g); and

(ii) recorded impairment losses of RM51,093,106 (2019: RM20,389,068) after having assessed the recoverable amounts of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENTS IN SUBSIDIARIES – COMPANY (CONT'D)

Details of the subsidiaries, all of which are incorporated and having principal place of business in Malaysia, are as follows:

Name of entity	Effective ownership interest and voting interest 2020	2019	Principal activities
Tatt Giap Hardware Sdn. Bhd. ("TGH")	-	100%	Importers, wholesalers and retailers of steel products
Dynaciate SPI Sdn. Bhd. ("DSPI")	100%	100%	Construction, civil and mechanical engineering, architectural, steel fabrication and installation works
Superinox Max Fittings Industry Sdn. Bhd. ("SMFI")	-	100%	Manufacturing and distribution of Superinox™ stainless steel fittings and pipes

7.1 Restriction Imposed by Bank Covenants

The covenants of short-term loans taken by TGH restricted the ability of TGH to provide advances to related companies and related parties. Any such advances to related companies and related parties were to be capped to the amount below and gradually reduced.

	2019 RM'000
TGH	52,700

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Investment in share, at cost				
At 1 December 2019/1 June 2018	17,634,648	17,634,648	11,983,065	11,983,065
Disposals	(17,634,648)	-	(11,983,065)	-
At 30 November	-	17,634,648	-	11,983,065
Impairment loss				
At 1 December 2019/1 June 2018	-	-	11,983,064	-
Impairment loss	-	-	-	(11,983,064)
Disposals	-	-	(11,983,064)	-
At 30 November	-	-	-	(11,983,064)
Share of post-acquisition reserves	-	(12,719,105)	-	-
	-	4,915,543	-	1

Details of the associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Nature of relationship	Effective ownership interest and voting interest 2020	2019
PT. Indo Bestinox Industri ("PIB") ^	Indonesia	Manufacture and distribution of stainless steel pipes and tubes and is one of the strategic suppliers of the Group	-	40.00%
Nippon EGalv Steel Sdn. Bhd. ("NEG")	Malaysia	Manufacture of electro-galvanised steel and is one of the strategic suppliers of the Group	-	27.12%
Nippon Steel Stainless Services (M) Sdn. Bhd. ("NSS") #	Malaysia	Sheering, slitting, polishing services, and trading of stainless steel and is one of the strategic suppliers of the Group	-	25.00%

During the financial year, the Company disposed of PIB, NEG and NSS. Details of the disposals are disclosed in Note 30(b), (c) and (g).

 # Held via Tatt Giap Hardware Sdn. Bhd.
^ Held via Dynaciate SPI Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN ASSOCIATES (CONT'D)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates.

	NEG		NSS	
	2020 RM	2019 RM	2020 RM	2019 RM
Group				
Summarised financial information				
Non-current assets	-	94,245,315	-	4,910,047
Current assets	-	76,323,911	-	19,165,725
Non-current liabilities	-	(10,382,812)	-	-
Current liabilities	-	(143,517,997)	-	(4,413,604)
Net assets	-	16,668,417	-	19,662,168
Less: Non-Cumulative Redeemable Preference Shares not subscribed by the Company	-	(18,600,000)	-	-
Net (liabilities)/assets	-	(1,931,583)	-	19,662,168
(Loss)/Profit from continuing operations representing total comprehensive (expense)/income	-	(12,836,525)	-	277,379
Included in the total comprehensive (expense)/income is:				
Revenue	-	418,828,195	-	37,922,164

	2020			
	NEG RM	NSS RM	Other immaterial associate RM	Total RM
Reconciliation of net assets to carrying amount				
Group's share of net assets representing the carrying amount in the statement of financial position	-	-	-	-
Group's share of results for the financial period				
Group's share of (loss)/profit from continuing operations	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENTS IN ASSOCIATES (CONT'D)

	2020			
	NEG RM	NSS RM	Other immaterial associate RM	Total RM
Other information				
Dividends received by the Group	-	-	-	-

	2019			
	NEG RM	NSS RM	Other immaterial associate RM	Total RM
Reconciliation of net assets to carrying amount				
Group's share of net assets representing the carrying amount in the statement of financial position	-	4,915,543	-	4,915,543
Group's share of results for the financial period				
Group's share of (loss)/profit from continuing operations	(1,026,460)	69,344	-	(957,116)
Other information				
Dividends received by the Group	-	104,174	-	104,174

9. INVENTORIES – GROUP

	2020 RM	2019 RM
Manufactured inventories	-	173,284

Recognised in profit or loss (included in cost of sales):

	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Inventories recognised as cost of sales	5,598,577	19,925,591

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade					
Trade receivables		6,000,440	7,859,946	-	-
Amount due from companies in which certain Directors have a substantial financial interest	10.1	5,760,606	28,454,270	-	-
	10.2	11,761,046	36,314,216	-	-
Non-trade					
Amount due from:					
– subsidiaries	10.1	-	-	-	47,930,848
– companies in which certain Directors have a substantial financial interest	10.1	2,192,243	-	-	-
Other receivables	10.3	48,197	1,357,399	38,198	57,235
Deposits		254,959	1,300,044	9,343	11,411
Prepayments	10.4	1,225,482	2,536,561	-	-
		3,720,881	5,194,004	47,541	47,999,494
		15,481,927	41,508,220	47,541	47,999,494

10.1 Amounts due from Subsidiaries and Companies in which certain Directors have a Substantial Financial Interest

The trade amount due from companies in which certain Directors have a substantial financial interest of the Group is subject to normal trade terms.

The non-trade amounts due from subsidiaries and companies in which certain Directors have a substantial financial interest are unsecured, interest-free and repayable on demand.

10.2 Trade Receivables – Group

Included in trade receivables is retention sum amounting to RM2,838,822 (2019: RM1,488,192) for construction projects. The retention sum is expected to be received after the completion of the projects and the expiry of the defect liability period.

10.3 Other Receivables – Group

Included in other receivables was real property gains tax on disposal of land and building withheld by solicitors amounted to Nil (2019 : RM1,230,000).

10.4 Prepayments – Group

Included in prepayments are advance payments for trade purchases and to sub-contractors amounting to RM1,009,644 (2019 : RM707,288) and Nil (2019 : RM1,518,284) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. CONTRACT ASSETS/(LIABILITIES) – GROUP

	2020 RM	2019 RM
Contract assets	14,796,198	9,174,783
Contract liabilities	(1,162,498)	(3,434,748)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 to 90 days.

The contract liabilities primarily relate to advance consideration received from customers for construction contracts, which revenue is recognised over time. The contract liabilities are expected to be recognised as revenue over a period of 60 days.

Significant changes to contract assets and contract liabilities balances during the year/period are as follows:

	2020 RM	2019 RM
At 1 December 2019/1 June 2018	5,740,035	-
Revenue recognised during the financial year/period	53,489,447	88,135,937
Progress billings raised during the financial year/period	(44,526,055)	(82,395,902)
Impairment loss during the financial year/period	(1,069,727)	-
At 30 November	13,633,700	5,740,035
Represented by:		
Contract assets	14,796,198	9,174,783
Contract liabilities	(1,162,498)	(3,434,748)
	13,633,700	5,740,035

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Short-term deposits	211,790	1,203,719	204,835	203,319
Cash and bank balances	2,022,432	4,838,583	276,155	201,562
	2,234,222	6,042,302	480,990	404,881

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. ASSETS CLASSIFIED AS HELD FOR SALE – GROUP

Certain property, plant and equipment of the Group were presented as assets classified as held for sale following the commitment by the Group to dispose of these property, plant and equipment. Details of the assets classified as held for sale were as follows:

	2020 RM	2019 RM
At 1 December 2019/1 June 2018	-	14,155,463
Disposal	-	(14,155,463)
At 30 November	-	-

14. SHARE CAPITAL – GROUP/COMPANY

	2020		2019	
	Amount RM	Number of shares	Amount RM	Number of shares
Issued and fully paid shares with no par value classified as equity instruments				
Ordinary shares				
At 1 December 2019/1 June 2018	61,823,958	480,137,796	84,681,031	170,613,402
Capital reduction	-	-	(60,000,000)	-
Issued during the year/ period	2,575,003	53,645,900	-	-
Conversion of ICPS during the year/period	6,760,176	56,334,800	36,919,127	307,659,394
Exercise of warrants	-	-	223,800	1,865,000
	71,159,137	590,118,496	61,823,958	480,137,796
Irredeemable Convertible Preference Shares ("ICPS")				
At 1 December 2019/1 June 2018	9,981,889	253,026,320	-	-
Issued during the year/period	-	-	26,922,796	682,453,608
Conversion during the year/period	(4,444,816)	(112,669,600)	(16,940,907)	(429,427,288)
	5,537,073	140,356,720	9,981,889	253,026,320
At 30 November	76,696,210	730,475,216	71,805,847	733,164,116

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. SHARE CAPITAL – GROUP/COMPANY (CONT'D)

14.1 Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

14.2 Irredeemable Convertible Preference Shares ("ICPS")

The ICPS shall confer on the holders thereof the following rights and privileges only and be subject to the following conditions:

(a) Dividend

No dividend shall be paid during the tenure of the ICPS, unless otherwise declared by the Company.

No dividend shall be paid during the tenure of the ICPS, unless otherwise declared by the Company.

Dividends, if declared, shall be non-cumulative with an indicative targeted dividend rate of 3% per annum calculated based on the issue price of the ICPS from and including the date of issuance of the ICPS until the date of conversion or maturity of the ICPS, whichever is earlier.

(b) Voting

The preference shareholder does not carry any right to vote at any general meeting of the Company except on resolutions to reduce the Company's share capital, proposal to dispose of the whole of the Company's property, business and undertaking, to commence winding-up of the Company or to amend the rights and privileges of the ICPS.

(c) Conversion

The ICPS are convertible into new ordinary shares in the Company at the conversion price of RM0.12 per ordinary share in the following manner:

(i) by surrendering for cancellation 2 ICPS of RM0.06 per ICPS for every 1 new ordinary share of RM0.12 per share; or
(ii) by surrendering for cancellation 1 ICPS of RM0.06 per ICPS together with cash payment of RM0.06 for every 1 new ordinary share of RM0.12 per share.

The ICPS are convertible into new ordinary shares within five (5) years from the date of the issue of the ICPS.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. RESERVES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-distributable					
Reverse acquisition reserve	15.1	-	(53,300,000)	-	-
Warrants reserve	15.2	13,717,815	13,717,815	13,717,815	13,717,815
Capital reserve	15.3	(10,833,484)	(8,518,124)	(10,833,484)	(8,518,124)
Accumulated losses		(46,486,569)	-	(39,469,746)	(33,472,911)
		(43,602,238)	(48,100,309)	(36,585,415)	(28,273,220)
Distributable					
Retained earnings		-	25,035,774	-	-
		(43,602,238)	(23,064,535)	(36,585,415)	(28,273,220)

15.1 Reverse Acquisition Reserve

This relates to the acquisition of Tatt Giap Hardware Sdn. Bhd. ("TGH") and its subsidiaries, where upon the completion of the said acquisition, the Company became the legal parent company of TGH. However, due to the relative value of TGH, the former equity holders of TGH became the majority equity holders of the Company. Furthermore, the Company's continuing operations and management are those of TGH. Accordingly, the substance of the business combination is that TGH acquired the Company through a reverse acquisition.

In accordance with MFRS 3, the amount recognised as issued equity instruments in the consolidated financial statements is determined by adding the cost of the business combination to the issued equity of TGH (i.e. the legal subsidiary) immediately before the business combination. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) shall reflect the issued equity structure of the Company, including the equity instruments issued by the Company to effect the combination.

The reverse acquisition reserve was reclassified and presented as part of accumulated losses within equity upon the disposal of TGH during the year.

15.2 Warrants Reserve

During the previous financial period, the Company issued 682,453,608 5-year Irredeemable Convertible Preference Shares ("ICPS") at RM0.06 per ICPS together with 85,306,696 free detachable warrants ("Warrants") on the basis of eight (8) ICPS together with one (1) Warrant for every two (2) existing ordinary shares held in the Company.

The Warrant entitles the holder, to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.12 per ordinary share, subject to adjustments in accordance with the provisions of the Deed Poll created on 16 November 2018 which is to be satisfied in cash. Any Warrant not exercised during the exercise period will lapse and thereafter ceases to be valid for any purpose.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

15. RESERVES (CONT'D)

15.2 Warrants Reserve (Cont'd)

During the financial year, Nil (2019 : 1,865,000) Warrants were exercised. As at the end of the reporting period, 83,441,696 (2019: 83,441,696) Warrants remained unexercised. The fair value of the Warrants of RM0.1644 each was estimated using the Trinomial option pricing model, taking into account the terms and conditions upon which the Warrants were issued. The fair value of the Warrants measured at issuance date were based on the following assumptions:

Valuation model	Trinomial option pricing
Tenure	5 years
Exercise price	RM0.12
Volume weighted average price of the Company's shares at 14 November 2018	RM0.2129
Volatility rate	83.785%
Period of volatility assessment	5 years

15.3 Capital Reserve

The capital reserve arises upon from the conversion of ICPS into ordinary shares which will be progressively reversed when the detachable warrants are exercised.

16. NON-CONTROLLING INTERESTS

The non-controlling interests comprise redeemable convertible preference shares issued by a subsidiary and not subscribed by the Company.

17. LOANS AND BORROWINGS – GROUP

	Note	2020 RM	2019 RM
Non-current, secured			
Term loans – variable rate		16,361,671	7,087,587
Finance lease liabilities	17.2	745,386	1,258,076
		17,107,057	8,345,663
Current, secured			
Term loans – variable rate		2,134,836	1,298,121
Finance lease liabilities	17.2	503,691	634,328
Bank overdrafts		-	5,148,420
Bankers' acceptances		6,189,383	2,110,235
		8,827,910	9,191,104

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. LOANS AND BORROWINGS – GROUP (CONT'D)

17.1 Securities

In the previous financial period, the secured borrowings were secured by legal charges over the Group's investment property, certain properties belonging to a company in which certain Directors have a substantial financial interest and are jointly and severally guaranteed by certain Directors of the Company and a Director of certain subsidiaries.

The secured borrowings in the current financial year are secured by legal charges over the Group's investment property, land and factory buildings, corporate guarantee from the Company and are jointly and severally guaranteed by a company in which certain Directors have a substantial financial interest and certain Directors of the Company.

The finance lease liabilities are effectively secured as the rights to the assets under the finance lease that will revert to the lessor in the event of default. Certain finance leases are secured by corporate guarantee from the Company.

17.2 Finance Lease Liabilities

Finance lease liabilities were payable as follows:

	2019		
	Future minimum lease payments RM	Interest RM	Present value of minimum lease payments RM
Less than 1 year	723,379	89,051	634,328
Between 1 and 5 years	1,408,400	150,324	1,258,076
	2,131,779	239,375	1,892,404

18. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current					
Non-trade					
Amount due to companies in which certain Directors have a substantial financial interest	18.1	11,038,661	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. TRADE AND OTHER PAYABLES (CONT'D)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Current					
Trade					
Trade payables		23,297,674	25,709,984	-	-
Amount due to a company in which certain Directors have a substantial financial interest	18.1	17,555	-	-	-
	18.2	23,315,229	25,709,984	-	-
Non-trade					
Amount due to:					
– companies in which certain Directors have a substantial financial interest	18.1	899,129	194,741	14,015	-
– Directors	18.1	165,000	747,345	165,000	747,345
– a subsidiary	18.1	-	-	400,508	3,616,994
Other payables	18.3	4,634,818	5,364,469	706,615	442,480
Accrued expenses		744,444	1,892,315	78,000	121,871
		6,443,391	8,198,870	1,364,138	4,928,690
		29,758,620	33,908,854	1,364,138	4,928,690

18.1 Amounts due to a Subsidiary, Directors and Companies in which certain Directors have a substantial Financial Interest

The non-current amount due to companies in which certain Directors have a substantial financial interest is unsecured, interest free and payable by way of quarterly instalments within 2 years commencing from January 2022.

The trade amount due to a company in which certain Directors have a substantial financial interest is subject to normal trade terms.

The non-trade amounts due to a subsidiary, Directors and companies in which certain Directors have a substantial financial interest are unsecured, interest-free and payable on demand.

18.2 Trade Payables – Group

Included in trade payables is retention sum amounting to RM1,118,008 (2019: RM337,114) for construction projects. The retention is expected to be paid after the completion of the projects and the expiry of the defect liability period.

18.3 Other Payables – Group

Included in other payables are:

(a) advance payment received from customers amounting to Nil (2019 : RM509,924); and
(b) progressive installments received in relation to the disposal of investment property of RM3,750,000 (2019 : RM2,050,000).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. DEFERRED TAX LIABILITIES

Recognised Deferred Tax Liabilities

Movements in temporary differences during the year/period – Group

	At 1.6.2018 RM	Recognised in profit or loss (Note 23) RM	At 30.11.2019/ 1.12.2019/ 30.11.2020 RM
Property, plant and equipment			
– revaluation surplus	2,184,934	(2,184,934)	-
Other deductible temporary differences	(229,138)	229,138	-
	1,955,796	(1,955,796)	-

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Unutilised tax losses	66,888,000	56,418,000	47,000	47,000
Unabsorbed capital allowance	9,282,000	8,335,000	-	-
Other deductible temporary difference	1,070,000	-	-	-
	77,240,000	64,753,000	47,000	47,000

The unabsorbed capital allowance does not expire under current tax legislation. As stipulated in the Finance Act 2018, effective from year assessment ("YA") 2019, unutilised tax losses can only be carried forward for a maximum period of 7 consecutive YAs. Any amount not utilised upon expiry of the 7 year's period will be disregarded.

As at 30 November 2020, the unutilised tax losses will expire as follow:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
– YA 2026	56,419,000	56,418,000	47,000	47,000
– YA 2027	10,469,000	-	-	-
	66,888,000	56,418,000	47,000	47,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised Deferred Tax Assets (Cont'd)

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits therefrom.

The comparative figures have been restated to exclude the unrecognised deferred tax assets of Superinox Max Fittings Sdn. Bhd. and Tatt Giap Hardware Sdn. Bhd. both which were disposed of during the financial year.

20. REVENUE – GROUP

	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Revenue from contracts with customers	59,249,568	108,297,221

20.1 Disaggregation of Revenue

	Construction		Steel products		Total	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Primary geographical markets						
Malaysia	52,864,067	86,707,154	5,041,387	7,131,702	57,905,454	93,838,856
Europe	-	-	718,734	6,898,697	718,734	6,898,697
Asia (excluding Malaysia)	625,380	1,428,783	-	5,899,380	625,380	7,328,163
Brazil	-	-	-	231,505	-	231,505
	53,489,447	88,135,937	5,760,121	20,161,284	59,249,568	108,297,221

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. REVENUE – GROUP (CONT'D)

20.1 Disaggregation of Revenue (Cont'd)

	Construction		Steel products		Total	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Major products and services						
Construction, civil and mechanical engineering, architectural, steel fabrication and installation works	53,489,447	88,135,937	-	-	53,489,447	88,135,937
Trading of steel products	-	-	5,041,387	7,115,262	5,041,387	7,115,262
Manufacturing and distribution of stainless steel fittings and pipes	-	-	718,734	13,046,022	718,734	13,046,022
	53,489,447	88,135,937	5,760,121	20,161,284	59,249,568	108,297,221
Timing and recognition						
At point in time	-	-	5,760,121	20,161,284	5,760,121	20,161,284
Over time	53,489,447	88,135,937	-	-	53,489,447	88,135,937
	53,489,447	88,135,937	5,760,121	20,161,284	59,249,568	108,297,221

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. REVENUE – GROUP (CONT'D)

20.2 Nature of Goods and Services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Warranty
Construction, civil and mechanical engineering, architectural, steel fabrication and installation works	Revenue is recognised over time as costs are incurred. These contracts would meet the no alternative use criteria and the Group has rights to payment for work performed.	Progress billings are raised to customers based on work done as certified by quantity surveyors or upon achievement of specific contractual milestones. Credit period of 60 to 90 days from date of progress billings.	Defect liability period of 1 to 2 years is given to customers.
Trading of steel products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers at their premises.	Credit period of 30 days to 90 days from invoice date.	Not applicable
Manufacturing and sale of stainless steel fittings and pipes	Revenue is recognised at point in time when the goods are delivered and accepted by the customers.	Credit period of 30 days from invoice date.	Not applicable

There is no variable element in consideration and obligation for returns or refunds attached to the goods sold by the Group.

20.3 Transaction Price Allocated to the Remaining Performance Obligations

The Group applies the practical expedient exemption in paragraph 121(a) of MFRS 15 on the exemption for disclosure of information on remaining performance obligations that has original expected duration of one year or less.

20.4 Significant Judgements and Assumptions Arising from Revenue Recognition

For construction contracts, the Group measures the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to complete and the recoverability of the costs. In making these estimates, management relies on past experience of completed projects and certification by quantity surveyors. A change in the estimates will directly affect the revenue recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. LOSS BEFORE TAX

	Group		Company	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Loss before tax is arrived at after charging/(crediting):				
Auditors' remunerations:				
Audit fees				
– KPMG PLT	113,000	150,000	63,000	73,000
Non-audit fees				
– KPMG PLT	48,000	193,000	48,000	193,000
– Local affiliate of KPMG PLT	21,000	32,000	8,000	8,000
Directors' emoluments				
Directors of the Company				
– fees				
– current Directors	300,000	328,078	300,000	328,078
– past Directors	-	69,000	-	69,000
– wages, salaries and others				
– current Directors	450,225	866,179	24,500	231,692
– past Directors	-	5,500	-	5,500
– contributions to Employees' Provident Fund	50,904	104,750	-	27,000
Other Directors				
– fees				
– past Director	-	7,000	-	-
Impairment loss on:				
– property, plant and equipment	-	3,074,015	-	-
– investments in subsidiaries	-	-	51,093,106	20,389,068
– investments in associates	-	-	-	11,983,064
Depreciation on:				
– property, plant and equipment	1,352,279	1,869,019	1,067	690
– right-of-use assets	37,428	-	-	-
(Gain)/Loss on foreign exchange	(377)	(746,025)	-	1,680
(Gain)/Loss on disposal of:				
– investments in subsidiaries	(482,791)	1,638,376	(2)	(2)
– investments in associates	2,665,441	-	(1)	-
– other investments	-	(72,364)	-	(1,012,373)
Waiver of amount owing to subsidiaries	-	-	(3,192,915)	(14,522,107)
Expenses/(Income) arising from leases				
Expenses relating to short-term leases (Note 21.1)	8,208,667	-	23,358	-
Expenses relating to low-value assets (Note 21.1)	1,250	-	-	-
Rental expenses	-	7,355,933	-	55,000
Rental income	(357,900)	(1,274,500)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. LOSS BEFORE TAX (CONT'D)

	Group		Company	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Net loss/(gain) on impairment of financial instruments and contract assets				
Impairment loss on:				
– trade and other receivables	-	922,749	-	-
– contract assets	1,069,727	-	-	-
Reversal of impairment loss on:				
– amount due from subsidiaries	-	-	(44,093,106)	(2,772,138)
– trade receivables	-	(18,400)	-	-

21.1 The Group leases factory buildings, office buildings, staff accommodations and equipment with contract term of 1 year or shorter. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

22. EMPLOYEE INFORMATION

	Group		Company	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Personnel expenses (excluding Directors)	3,964,150	6,191,931	-	261,945
Personnel costs charged from companies in which certain Directors have substantial financial interest	2,085,873	-	-	-
Less : Personnel costs charged to companies in which certain Directors have substantial financial interests	(601,243)	-	-	-
	5,448,780	6,191,931	-	261,945

The personnel costs of the Group and the Company include contributions to the Employees' Provident Fund of RM357,297 and Nil (2019: RM617,800 and RM26,558) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. TAX EXPENSE/(INCOME)

Major components of tax expense include:

	Group		Company	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Current tax expense				
– Current year/period	16,800	-	-	-
– Prior period/year	50,790	(25,226)	50,790	(25,226)
	67,590	(25,226)	50,790	(25,226)
Deferred tax expense				
– Reversal of deferred tax on revaluation surplus	-	(2,184,934)	-	-
– Prior period/year	-	229,138	-	-
	-	(1,955,796)	-	-
Total tax expense/(income)	67,590	(1,981,022)	50,790	(25,226)
Reconciliation of tax expense/(income)				
Loss for the year/period	(18,222,343)	(15,101,133)	(5,996,835)	(16,972,688)
Total tax expense/(income)	67,590	(1,981,022)	50,790	(25,226)
Loss excluding tax	(18,154,753)	(17,082,155)	(5,946,045)	(16,997,914)
Income tax calculated using Malaysian tax rate of 24%	(4,357,141)	(4,099,717)	(1,427,051)	(4,079,500)
Non-deductible expenses	1,492,647	3,211,582	12,814,674	8,375,366
Income not subject to tax	(125,963)	(171,708)	(11,387,250)	(4,395,777)
Deferred tax assets not recognised	2,996,880	1,073,520	-	100,000
Reversal of deferred tax on revaluation surplus	-	(2,184,934)	-	-
Others	10,377	(13,677)	(373)	(89)
	16,800	(2,184,934)	-	-
Under/(Over) provision in prior period/year	50,790	203,912	50,790	(25,226)
	67,590	(1,981,022)	50,790	(25,226)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

24. LOSS PER ORDINARY SHARE – GROUP

Basic Loss per Ordinary Share

The calculation of basic loss per ordinary share was based on the loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Loss for the year/period attributable to ordinary shareholders	(18,222,343)	(15,101,133)

	2020	2019
Issued ordinary shares at beginning of year/period	480,137,796	170,613,402
Effect of shares issued during the year/period	78,338,772	162,313,276
Weighted average number of ordinary shares	558,476,568	332,926,678

	Year ended 30.11.2020	Period from 1.6.2018 to 30.11.2019
Basic loss per ordinary share (sen)	(3.26)	(4.54)

Diluted Loss per Ordinary Share

The calculation of diluted loss per ordinary share was based on loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Loss for the year/period attributable to ordinary shareholders	(18,222,343)	(15,101,133)

	2020	2019
Weighted average number of ordinary shares at 30 November (basic)	558,476,568	332,926,678
Effect of conversion of Irredeemable Convertible Preference Shares ("ICPS")	48,174,388	91,246,295
Weighted average number of ordinary shares at 30 November (diluted)	606,650,956	424,172,973
Diluted loss per ordinary share	(3.00)	(3.56)

The effect of the assumed conversion of the ICPS on the loss per ordinary share is anti-dilutive. The effect of the assumed exercise of Warrants has not been considered as the exercise price of the Warrants is higher than the average market price of the Company's shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. RELATED PARTIES

Identity of Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group has related party relationship with its subsidiaries and associates as disclosed in the financial statements, a firm in which a Director (2019: a past Director) is a partner and companies in which certain Directors are deemed to have a substantial financial interest.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the Directors of the Group and of the Company.

Significant Related Party Transactions

The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 10, 11 and 18.

(i) Transaction with a subsidiary

	Company	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Advances to a subsidiary	2,500,000	47,257,630

(ii) Transactions with an associate

	Group	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Dividends received	-	104,175

(iii) Transactions with a Firm in which a Director (2019 : past Director) is a Partner

	Group/Company	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Professional fees	(250,939)	(57,272)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. RELATED PARTIES (CONT'D)

Significant Related Party Transactions (Cont'd)

(iv) Transactions with companies in which certain Directors have a substantial financial interest

	Group	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Progress billings	25,420,509	64,388,924
Purchase of materials and consumables	(1,593,902)	(954,097)
Personnel costs charged to	601,243	-
Personnel costs charged from	(2,085,873)	-
Rental expense	(1,904,382)	(1,135,935)
Usage of manpower or labour services	(8,484,483)	-
Acquisition of property, plant and equipment and right-of-use assets	(26,786,431)	(490,000)

(v) Transactions with Directors and key management personnel

There were no transactions with the Directors and key management personnel of the Group and the Company other than the remuneration package paid to them in accordance with the terms and conditions of their appointment as disclosed in Note 21 to the financial statements.

26. OPERATING SEGMENTS – GROUP

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology, operational and marketing strategies. For each of the strategic business units, the Chief Operating Decision Maker ("CODM") (i.e. the Group's Managing Director) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Steel products — Includes manufacturing and distribution of stainless steel pipes and fittings and sale of steel related products.
- Construction — Includes construction, civil and mechanical engineering, architectural, steel fabrication and installation works.

Other non-reported segment comprises investment holding which does not meet the quantitative thresholds for reporting segment for 2020 and 2019.

Performance is measured based on segment profit/(loss) before tax, interest and depreciation, as included in the internal management reports that are reviewed by the CODM. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

Segment Assets

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return of assets of each segment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. OPERATING SEGMENTS – GROUP (CONT'D)

Segment Liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liability.

Segment Capital Expenditure

Segment capital expenditure is the total cost incurred during the financial year/period to acquire property, plant and equipment and investment properties.

Geographical Segment

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of assets. The amounts of non-current assets do not include financial instruments (including investments in associates).

Geographical Information

	Revenue		Non-current assets	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	2020 RM	2019 RM
Malaysia	57,905,454	93,838,856	74,249,754	47,750,267
Europe	718,734	6,898,697	-	-
Asia (excluding Malaysia)	625,380	7,328,163	-	-
Brazil	-	231,505	-	-
	59,249,568	108,297,221	74,249,754	47,750,267

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. OPERATING SEGMENTS – GROUP (CONT'D)

	Construction		Steel products		Others		Total	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Segment (loss)/profit before tax	(11,909,770)	816,112	136,317	(9,923,817)	(4,322,101)	(3,158,372)	(16,095,554)	(12,266,077)
Included in the measure of segment (loss)/profit are:								
Revenue from external customers	53,489,447	88,135,937	5,760,121	20,161,284	-	-	59,249,568	108,297,221
Impairment loss on:								
– plant and equipment	-	-	-	(3,074,015)	-	-	-	(3,074,015)
– trade and other receivables	-	-	-	(922,749)	-	-	-	(922,749)
– contract assets	(1,069,727)	-	-	-	-	-	(1,069,727)	-
Fair value loss on other investments	-	-	-	(20,000)	-	-	-	(20,000)
Gain/(Loss) on disposal of:								
– plant and equipment	-	-	-	11,705	-	-	-	11,705
– investments in subsidiaries	-	-	-	-	482,791	(1,638,376)	482,791	(1,638,376)
– investments in associates	100	-	-	-	(2,665,541)	-	(2,665,441)	-
– other investments	-	-	-	-	-	72,364	-	72,364
Share of loss of associates	-	-	-	-	-	(957,116)	-	(957,116)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. OPERATING SEGMENTS – GROUP (CONT'D)

	Construction		Steel products		Others		Total	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Not included in the measure of segment (loss)/profit but provided to CODM								
Depreciation	(1,329,102)	(463,969)	(22,110)	(1,404,360)	(1,067)	(690)	(1,352,279)	(1,869,019)
Finance costs	(500,356)	(23,200)	(232,516)	(3,077,148)	-	(2,839)	(732,872)	(3,103,187)
Interest income	24,394	40,083	-	2,564	1,558	113,481	25,952	156,128
Segment assets	106,429,062	60,661,595	-	43,514,086	568,038	5,446,000	106,997,100	109,621,681
Included in segment assets are:								
Investments in associates	-	-	-	-	-	4,915,543	-	4,915,543
Additions to non-current assets other than financial instruments	27,956,148	7,470,523	-	16,144	-	5,338	27,956,148	7,492,005

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. OPERATING SEGMENTS – GROUP (CONT'D)

Major Customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Segment
– Customer A and its subsidiaries	32,306,857	68,761,101	Construction
– Customer B	11,481,207	12,645,881	Construction
– Customer C	6,047,193	6,275,432	Construction

27. CONTINGENT LIABILITIES – COMPANY

The Company has issued corporate guarantees to banks and financial institutions for borrowings granted to its subsidiary for RM26,995,000 (2019 : RM1,995,000) of which RM17,179,100 (2019 : RM1,867,759) were utilised at the end of the reporting period. As at the end of the reporting period, none of the subsidiaries has defaulted on repayment.

The Company has also issued financial guarantees to suppliers of its subsidiary for a limit of up to RM2,000,000 (2019 : RM2,000,000) of which RM235,954 (2019 : RM1,210,422) were utilised at reporting date.

28. FINANCIAL INSTRUMENTS

28.1 Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised at amortised cost ("AC").

	Carrying amount RM	AC RM
2020		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	14,256,445	14,256,445
Cash and cash equivalents	2,234,222	2,234,222
	16,490,667	16,490,667
Company		
Trade and other receivables (excluding prepayments)	47,541	47,541
Cash and cash equivalents	480,990	480,990
	528,531	528,531

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 Categories of Financial Instruments (Cont'd)

	Carrying amount RM	AC RM
2020		
Financial liabilities		
Group		
Loans and borrowings	25,934,967	25,934,967
Trade and other payables	40,797,281	40,797,281
	66,732,248	66,732,248
Company		
Trade and other payables	1,364,138	1,364,138
2019		
Financial assets		
Group		
Trade and other receivables (excluding prepayments)	38,971,659	38,971,659
Cash and cash equivalents	6,042,302	6,042,302
	45,013,961	45,013,961
Company		
Trade and other receivables (excluding prepayments)	47,999,494	47,999,494
Cash and cash equivalents	404,881	404,881
	48,404,375	48,404,375
Financial liabilities		
Group		
Loans and borrowings	17,536,767	17,536,767
Trade and other payables	33,908,854	33,908,854
	51,445,621	51,445,621
Company		
Trade and other payables	4,928,690	4,928,690

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.2 Net Gains and Losses Arising from Financial Instruments

	Group		Company	
	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM	Year ended 30.11.2020 RM	Period from 1.6.2018 to 30.11.2019 RM
Net gains/(losses) on:				
Financial assets at amortised cost	(1,043,398)	(20,596)	44,094,664	2,883,939
Financial liabilities at amortised cost	(208,025)	(3,103,187)	3,353,763	14,519,268
	(1,251,423)	(3,123,783)	47,448,427	17,403,207

28.3 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

28.4 Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines 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. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit Risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statements of financial position.

Concentration of credit risk

The exposure to credit risk for trade receivables and contract assets as at the end of the reporting period by geographical region was:

	2020 RM	2019 RM
Group		
Malaysia	25,266,044	43,709,141
Asia (excluding Malaysia)	1,291,200	1,407,200
Others	-	372,658
	26,557,244	45,488,999

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group will start to initiate a structured debt recovery process for debts which are above 90 days past due which are monitored by the sales management team.

The Group uses an allowance matrix to measure Expected Credit Losses ("ECLs") of trade receivables for steel products segment. Consistent with the Group's debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the period.

For construction segment, the Group assessed the risk of loss of each customer individually based on their financial information, past payment trend and external credit ratings, where applicable.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit Risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

	Gross carrying amount RM	Loss allowance RM	Net balance RM
Group			
2020			
Current (not past due)	18,079,804	-	18,079,804
1-30 days past due	3,359,327	-	3,359,327
31-60 days past due	650,635	-	650,635
61-90 days past due	2,934,853	-	2,934,853
	25,024,619	-	25,024,619
Credit impaired			
More than 90 days past due	1,532,625	-	1,532,625
Individually impaired	1,069,727	(1,069,727)	-
	27,626,971	(1,069,727)	26,557,244
Trade receivables	11,761,046	-	11,761,046
Contract assets	15,865,925	(1,069,727)	14,796,198
	27,626,971	(1,069,727)	26,557,244
2019			
Current (not past due)	23,558,690	-	23,558,690
1-30 days past due	4,233,605	-	4,233,605
31-60 days past due	4,057,865	-	4,057,865
61-90 days past due	2,428,870	-	2,428,870
	34,279,030	-	34,279,030
Credit impaired			
More than 90 days past due	11,209,969	-	11,209,969
Individually impaired	306,970	(306,970)	-
	45,795,969	(306,970)	45,488,999
Trade receivables	36,621,186	(306,970)	36,314,216
Contract assets	9,174,783	-	9,174,783
	45,795,969	(306,970)	45,488,999

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit Risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by subsequent collection after the reporting period.

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year/period are shown below:

	Trade receivables – credit impaired RM	Contract assets RM	Total RM
Group			
Balance at 1 June 2018	2,118,265	-	2,118,265
Amount written off	(1,792,895)	-	(1,792,895)
Impairment loss reversed	(18,400)	-	(18,400)
Balance at 30 November 2019	306,970	-	306,970
Balance at 1 December 2019	306,970	-	306,970
Disposal of subsidiaries	(306,970)	-	(306,970)
Net remeasurement of loss allowance	-	1,069,727	1,069,727
Balance at 30 November 2020	-	1,069,727	1,069,727

Inter company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the statement of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit Risk (Cont'd)

Inter company advances (Cont'd)

Recognition and measurement of impairment loss

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advance to be credit impaired when :

- The subsidiary is unlikely to repay its advance to the Company in full; or
- The subsidiary is continuously loss making and is having a deficit shareholder's fund.

The Company determines the probability of default for the advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances.

	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
Company			
2020			
Low credit risk	-	-	-
2019			
Low credit risk	47,930,848	-	47,930,848
Credit impaired	44,093,106	(44,093,106)	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit Risk (Cont'd)

Inter company advances (Cont'd)

Recognition and measurement of impairment loss (Cont'd)

The movement in the allowance for impairment in respect of subsidiaries' advances during the year/period is as follows:

	Credit impaired RM
Company	
Balance at 1 June 2018	46,865,244
Impairment loss reversed	(2,772,138)
Balance at 30 November 2019/1 December 2019	44,093,106
Impairment loss reversed	(44,093,106)
Balance at 30 November 2020	-

Cash and Cash Equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other Receivables

Credit risks on other receivables are mainly arising from deposits paid for staff hostel and fixtures rented and amounts due from companies in which certain Directors have a substantial financial interest in relation to the Group's normal course of business. The deposits will be received at the end of the lease terms. The Group manages the credit risk together with the leasing arrangements. The Group considers the amount due from companies in which certain Directors have a substantial financial interest to have low credit risk.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, the Group and the Company did not recognised any allowance for impairment losses.

Financial Guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks and suppliers in respect of banking facilities and trade terms granted to a subsidiary. The Company monitors the ability of the subsidiary to service its loans and obligations.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit Risk (Cont'd)

Financial Guarantees (Cont'd)

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM17,179,100 (2019 : RM1,867,759) representing the outstanding banking facilities of the subsidiary at the end of the reporting period.

The financial guarantees provided to the suppliers of its subsidiary are to secure the outstanding amount payable amounting to RM235,954 (2019 : RM1,210,422) as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiary's secured loans and borrowings.

Recognition and measurement of impairment loss

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when :

- The subsidiary is unlikely to repay its credit obligation to the bank or supplier in full; or
- The subsidiary is continuously loss making and is having a deficit shareholder's fund.

The Company determines the probability of default of the guaranteed amounts individually using internal information available. As at the end of the reporting period, the Company did not recognise any allowance for impairment in respect of financial guarantees.

28.5 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains 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.

The Group and the Company incurred a loss of RM18,222,343 and RM5,996,835 respectively for the financial year ended 30 November 2020 and as of that date, the current liabilities of the Group and the Company exceeded their current assets by RM7,209,137 and RM799,681 respectively. The Directors are of the opinion that the Group and the Company will be able to rely on the existing unutilised banking facilities and the continuing financial support from shareholders, bankers and creditors to enable the Group and the Company to fulfill their obligations as and when they fall due.

Subsequent to the end of the financial period, the Company has also completed a private placement with the issuance of 65,885,500 new ordinary shares at RM0.124 per share as disclosed in Note 31(a).

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity Risk (Cont'd)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rates/ Discount rate per annum %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
2020							
Group							
Term loans	18,496,507	3.95 – 4.27	21,861,858	2,955,912	2,955,912	7,248,288	8,701,746
Finance lease liabilities	1,249,077	2.60	1,399,400	571,800	405,400	422,200	-
Bankers' acceptances	6,189,383	2.72 – 3.55	6,189,383	6,189,383	-	-	-
Amount due to companies in which certain Directors have a substantial financial interest	11,038,661	3.95	12,000,500	-	6,000,250	6,000,250	-
Trade and other payables	29,758,620	-	29,758,620	29,758,620	-	-	-
	66,732,248		71,209,761	39,475,715	9,361,562	13,670,738	8,701,746
Company							
Other payables	1,364,138	-	1,364,138	1,364,138	-	-	-
Financial guarantees	-	-	17,415,054	17,415,054	-	-	-
	1,364,138		18,779,192	18,779,192	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity Risk (Cont'd)

Maturity analysis (Cont'd)

	Carrying amount RM	Contractual interest rates %	Contractual cash flows RM	Under 1 year RM	1 – 2 years RM	2 – 5 years RM	More than 5 years RM
Non-derivative financial liabilities							
2019							
Group							
Term loans	8,385,708	5.52 – 5.72	10,132,507	1,729,512	1,729,512	3,505,626	3,167,857
Finance lease liabilities	1,892,404	2.60 – 4.64	2,131,779	723,379	571,800	836,600	-
Bank overdrafts	5,148,420	8.60	5,148,420	5,148,420	-	-	-
Bankers' acceptances	2,110,235	4.15 – 4.19	2,110,235	2,110,235	-	-	-
Trade and other payables	33,908,854	-	33,908,854	33,908,854	-	-	-
	51,445,621		53,431,795	43,620,400	2,301,312	4,342,226	3,167,857
Company							
Non-trade payables	4,928,690	-	4,928,690	4,928,690	-	-	-
Financial guarantees	-	-	3,078,181	3,078,181	-	-	-
	4,928,690		8,006,871	8,006,871	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

28.6.1 Currency Risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

It is generally the Group's practice not to enter into foreign exchange contracts in managing its foreign exchange risk resulting from cash flows from transactions denominated in foreign currency other than to cover short term positions.

Exposure to foreign currency risk

The Group's exposure to foreign currencies (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Group	
	2020	2019
	RM	RM
Amount denominated in USD:		
Trade and other receivables	-	372,658
Trade and other payables	-	(519,118)
Cash and bank balances	-	18,217
Net exposure	-	(128,243)

Currency risk sensitivity analysis

A 5% (2019 : 5%) strengthening of RM against USD at the end of the reporting period would have decreased post-tax profit or loss by Nil (2019 : RM4,873). This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.

A 5% (2019 : 5%) weakening of RM against USD at the end of the reporting period would have had equal but opposite effect on USD to the amounts shown above, on the basis that all other variables remained constant.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market Risk (Cont'd)

28.6.2 Interest Rate Risk

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. Investments in equity securities and short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group is presently enjoying market interest rates which are reviewed and negotiated on a yearly basis. The Group manages its interest rate risk by having a combination of borrowings with fixed and floating rates.

Exposure to interest rate risk

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed rate instruments				
Financial assets	211,790	1,203,719	204,835	203,319
Financial liabilities	(18,477,121)	(4,002,639)	-	-
	(18,265,331)	(2,798,920)	204,835	203,319
Floating rate instruments				
Financial liabilities	(18,496,507)	(13,534,128)	-	-

Interest rate risk sensitivity analysis

(a) 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. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 50 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market Risk (Cont'd)

28.6.2 Interest Rate Risk (Cont'd)

Interest rate risk sensitivity analysis (Cont'd)

(b) Cash flow sensitivity analysis for variable rate instruments (Cont'd)

	Profit or loss	
	50 bp increase RM	50 bp decrease RM
Group		
Year ended 30.11.2020		
Floating rate instruments	70,287	(70,287)
Period from 1.6.2018 to 30.11.2019		
Floating rate instruments	51,430	(51,430)

28.7 Fair Value Information

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

28. FINANCIAL INSTRUMENTS (CONT'D)

28.7 Fair Value Information (Cont'd)

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 fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				
	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
Group									
Financial liabilities									
2020									
Term loans – variable rate	-	-	-	-	-	-	18,497,000	18,497,000	18,496,507
Finance lease liabilities	-	-	-	-	-	-	1,249,000	1,249,000	1,249,077
Amount due to companies in which certain Directors have a substantial financial interest	-	-	-	-	-	-	11,039,000	11,039,000	11,038,661
	-	-	-	-	-	-	30,785,000	30,785,000	30,784,245
2019									
Term loans – variable rate	-	-	-	-	-	-	8,386,000	8,386,000	8,385,708
Finance lease liabilities	-	-	-	-	-	-	1,892,000	1,892,000	1,892,404
	-	-	-	-	-	-	10,278,000	10,278,000	10,278,112

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. FINANCIAL INSTRUMENTS (CONT'D)

28.7 Fair Value Information (Cont'd)

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.

Transfer between levels

There has been no transfer between the fair value levels during the financial year/period.

Level 3 fair value

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. The carrying amount of floating rate term loans approximates their fair values as their effective interest rates change accordingly to movements in the market interest rate.

The fair value of hire purchase creditors/finance lease liabilities is calculated using discounted cash flows using the current market rate for similar borrowings.

29. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group'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 Directors monitor and are determined to maintain an optimal debt to equity ratio that complies with debt covenants and regulatory requirements.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

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

The Group and the Company incurred a loss of RM18,222,343 and RM5,996,835 respectively for the financial year ended 30 November 2020 and as of that date, the current liabilities of the Group and the Company exceeded their current assets by RM7,209,137 and RM799,681 respectively. The Directors are of the opinion that the Group and the Company will be able to rely on the existing unutilised banking facilities and the continuing financial support from shareholders, bankers and creditors to enable the Group and the Company to fulfill their obligations as and when they fall due.

Subsequent to the end of the financial period, the Company has also completed a private placement with the issuance of 65,885,500 new ordinary shares at RM0.124 per share as disclosed in Note 31(a).

30. SIGNIFICANT EVENTS

(a) On 12 February 2020, a wholly-owned subsidiary of the Company, Dynaciate SPI Sdn. Bhd. ("DSPI") entered into Sale and Purchase Agreements ("SPAs") with companies in which certain Directors have a substantial financial interest to acquire :

(i) two leasehold industrial land together with factories located in Johor and Pahang for a total cash consideration of RM16 million and RM9 million respectively; and
(ii) machinery and equipment for a total cash consideration of RM1.8 million.

The acquisitions were completed in June 2020 and October 2020 respectively upon fulfilment of all conditions stated in the SPAs.

(b) On 17 February 2020, DSPI entered into a Share Sale Agreement ("SSA") to dispose of its entire equity interests in an associate, PT. Indo Bestinox Industri ("PIB") for a total cash consideration of RM100. The disposal resulted in a gain of RM100 being recognised by the Group.

(c) On 22 April 2020, DSPI entered into a Supplemental Agreement with the purchaser of its investment properties to defer the payment of the second tranche of RM8.2 million to within twelve (12) months (instead of originally six (6) months) from the date of the SPA (i.e. the new due date will now be on or before 18 October 2020) and to waive any interest chargeable. On 2 June 2020, the Group received partial payment of the second tranche of RM1.7 million.

On 19 October 2020, DSPI issued a letter of consent to grant a second and final extension of time ("EoT") on an interest-free basis to the purchaser to defer the remaining balance of the second tranche payment of RM6.5 million for a further 6 months to a date not later than 18 April 2021 subject to the following terms and conditions:

(i) purchaser to pay monthly rental of RM5,000 commencing 1 October 2020 up till the date of vacant possession; and
(ii) the rental payable by the purchaser shall not constitute payment towards the second payment tranche or the purchase price.

(d) On 27 May 2020, the Company entered into a SSA to dispose of its entire equity interests in Superinox Max Fittings Sdn. Bhd., a wholly-owned subsidiary for a total cash consideration of RM2. The disposal resulted in a gain of RM1,836,768 being recognised by the Group.

(e) On 28 May 2020, the Company entered into a SSA to dispose of its entire equity interests in NEG for a total cash consideration of RM2. The disposal resulted in a gain of RM2 being recognised by the Group.

(f) On 11 June 2020, the Company undertook a private placement and issued 53,645,900 new ordinary shares at an issue price of RM0.048 per share.

(g) On 5 October 2020, the Company entered into a SSA to dispose of its entire equity interests in Tatt Giap Hardware Sdn. Bhd. ("TGH"), a wholly-owned subsidiary and Nippon Steel Stainless (M) Sdn. Bhd., an associate held through TGH for a total cash consideration of RM2. The disposal resulted in gain on the disposal of subsidiary of RM1,353,977 and loss on disposal of associate of RM2,265,441 being recognised by the Group.

(h) On 17 November 2020, the Company announced to undertake a proposed private placement of not more than 20% of its total number of issued ordinary shares.

(i) On 27 November 2020, the Company subscribed for 92,000,000 ordinary shares in DSPI, a wholly-owned subsidiary for RM92,000,000 through the capitalisation of amount due from DSPI.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. SUBSEQUENT EVENTS

Subsequent to the end of the financial reporting year, the following events took place:

(a) The issue price for the proposed private placement as disclosed in Note 30(h) was fixed at RM0.124 per share for the issuance of 65,885,500 new ordinary shares on 11 March 2021. The private placement was completed on 11 March 2021.

(b) The Company entered into a Shares Subscription Agreement ("SSA") with MGudang Sdn. Bhd. ("MGudang") to subscribe 4,000,000 ordinary shares representing 15.69% equity interests in MGudang for a total cash consideration of RM4 million. MGudang is principally involved in investment holding and property investment.

(c) The Company issued 12,328,800 new ordinary shares at RM0.12 per ordinary share arising from the conversion of 24,657,600 Irredeemable Convertible Preference Shares.

(d) The Company incorporated Magnitude Resources Sdn. Bhd. ("MRSB"), a wholly-owned subsidiary with an initial paid up capital of RM100. The intended principal activity of MRSB is investment holding.

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

In the opinion of the Directors, the financial statements set out on pages 49 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 November 2020 and of their financial performance and cash flows for the financial year then ended.

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

……..
Tan Ooi Jin
Director

……..
Woon Kok Kee
Director

Johor,

Date: 30 March 2021

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

I, **Lim Yong Hwa**, the officer primarily responsible for the financial management of Dynaciate Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 130 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed **Lim Yong Hwa**, NRIC : 710304-12-5029, MIA CA20241, at Puchong in the state of Selangor on 30 March 2021.

……..
Lim Yong Hwa

Before me:

Ng Say Jin (No. B195)
Pesuruhjaya Sumpah
(Commissioner for Oaths)
Selangor

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DYNACIATE GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Dynaciate Group Berhad, which comprise the statements of financial position as at 30 November 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 130.

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 30 November 2020, and of their financial performance and their cash flows for the 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 auditors' 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 (CONT'D) TO THE MEMBERS OF DYNACIATE GROUP BERHAD

KEY AUDIT MATTERS (CONT'D)

Revenue, construction cost and profit recognition in respect of construction, civil and mechanical engineering, architectural steel, fabrication and installation works	
Refer to Note 1(d) – Use of estimates and judgements, Note 2(p)(i) – Accounting policy and Note 20 – Revenue	
The key audit matter	**How the matter was addressed in our audit**
The Group recognises revenue, costs and profit or loss in respect of construction, fabrication, engineering and installation activities over time based on the stage of completion which is determined by the proportion of the contract costs incurred to date to the estimated total contract costs ("input method"). The recognition of revenue, construction costs and profit or loss is a key audit matter because of the judgement exercised by the Directors to determine the total estimated contract costs (including variation orders) to be recognised that will affect the measure of progress and hence, revenue and profit or loss recognised.	Our procedures included, amongst others: • Tested controls by checking for evidence of the Group's review, update and approval of the total estimated contract costs and the approving and recording of actual contract costs incurred. • Challenged the key assumptions used by the Group to derive the total contract costs which included comparing the actual margins achieved for similar completed projects to estimates used for on-going projects, agreed the total estimated contract costs to contracts awarded or supplier quotations and considered the reasonableness of any allowance for cost increase or contingencies included in the estimates. • Recomputed the measure of progress of the construction contracts as the proportion of contract costs incurred to date to the total estimated contract costs. • Verified the completeness of contract costs incurred to statements of account obtained from suppliers and reviewed creditor reconciliation, where applicable. • Compared the percentage of completion determined using the input method to quantity surveyors' certifications to assess the reasonableness of the stage of completion. • Agreed the actual contract costs incurred during the financial year to supplier invoices, progress claims and delivery orders.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF DYNACIATE GROUP BERHAD

KEY AUDIT MATTERS (CONT'D)

Assessment of funding requirements and ability to meet short term obligations – Group and Company	
Refer to Note 1(b) - Basis of measurement	
The key audit matter	**How the matter was addressed in our audit**
As of 30 November 2020, the current liabilities of the Group and the Company exceeded their current assets by RM7,209,137 and RM799,681 respectively. The ability of the Group and the Company to generate sufficient cash flows to meet their liabilities as and when they fall due is dependent upon whether the Group and the Company are able to obtain continuing financial support from shareholders, bankers and creditors. The assessment on the ability of the Group and the Company to generate sufficient cash flows to meet their obligations when fall due is a key audit matter as it involves consideration of future events which may be uncertain and required significant judgement. As disclosed in Note 31(a), the Company completed a private placement subsequent to the end of the financial reporting period.	Our procedures included, amongst others: • Considered the available financing facilities of the Group and of the Company and assessed the timing of repayment to bankers to ascertain whether sufficient funds are available for the Group and the Company to meet their obligations when fall due. • Tested on a sample basis the subsequent receipts of the Group's trade and non-trade receivables. • Tested the receipt of the private placement funds to bank statement.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF DYNACIATE GROUP BERHAD

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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 internal control of the Group and of the Company.

- 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 ability of the Group or of the Company 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 gives a true and fair view.

- 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.

INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF DYNACIATE GROUP BERHAD

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

KPMG PLT
LLP0010081-LCA & AF 0758
Chartered Accountants

Raymond Chong Chee Mon
Approval Number : 03272/06/2022 J
Chartered Accountant

Penang

Date: 30 March 2021

LIST OF PROPERTIES
AS AT 30 NOVEMBER 2020

Location & Description	Name of registered owner / beneficial owner	Description / Existing Use	Tenure	Land / Built-up area (square feet)	Carrying amount (RM) 30.11.2020	Market value (RM) / date of valuation
Lot 1628 & 1630, MK 12, Tempat Ladang Valdor, Dearah Seberang Perai Selatan, Penang	DSPI	2 storey office building with a factory attached & a stand-alone building and a new single storey detached factory / Investment properties.	Freehold	549,927/ 325,335	40,650,000 [1]	46,000,000/ 30 September 2019
PLO 670, Jalan Platinum 2, Kawasan Perindustrian Pasir Gudang (Zon 12B), 81700 Pasir Gudang, Johor Darul Takzim.	DSPI	single-storey detached factory with a refuse chamber, a guard house cum utility rooms/ Currently used as factory and office.	60-year leasehold (26 December 2072)	174,268/ 56,185	15,955,799	16,000,000/ 9 January 2020
Lot 136A, Jalan Gebeng 3/2, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang Darul Makmur	DSPI	three (3) single-storey detached factories, an interconnecting building and a single-storey office building/ Currently used as factory and office.	99-year leasehold (17 May 2114)	149,091/ 49,466	9,220,707	9,000,000/ 9 January 2020

[1] *This property is classified as investment property pursuant to a Sale and Purchase Agreement ("SPA") signed and announced on 18 October 2019. The Group has received a non-refundable deposit of RM2.05 million upon the signing of the SPA. Under the terms of the SPA, the remaining sale consideration will be received in several tranches over a period of 4 years. Shareholders of Dynaciate Group Berhad had approved the disposal at an Extraordinary General Meeting of the Company held on 21 January 2020.*

ANALYSIS OF SHAREHOLDINGS
AS AT 11 MARCH 2021

Issued Share	: 663,992,796 Ordinary Shares
Class of Share	: Ordinary Shares
No. of Shareholders	: 3,271
Voting Right	: One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
Less than 100	14	0.4280	551	0.0000
100 – 1,000	335	10.2415	134,609	0.0203
1,001 – 10,000	1,029	31.4583	7,227,124	1.0884
10,001 – 100,000	1,466	44.8181	63,761,673	9.6028
100,001 – 33,199,638 (*)	425	12.9930	460,683,339	69.3808
33,199,639 and above (**)	2	0.0611	132,185,500	19.9077
TOTAL	**3,271**	**100.00**	**663,992,796**	**100.00**

* *Less than 5% of Issued shares*
** *5% and above of Issued shares*

SUBSTANTIAL SHAREHOLDERS

No.	Name	Direct Interest No. of Shares Held	Direct Interest %	Indirect Interest No. of Shares Held	Indirect Interest %
1.	Dynaciate Holdings Sdn Bhd (“DHSB”)	66,300,000	9.9850	-	-
2.	Woon Kok Kee	-	-	66,300,000 *	9.9850 *
3.	Khoo Song Heng	-	-	66,300,000 *	9.9850 *
4.	MMAG Holdings Berhad (“MMAG”)	65,885,500	9.9226	-	-
5.	Chan Swee Ying	-	-	65,885,500 ^	9.9226 ^

* *Deemed interest pursuant to Section 8 of the Act by virtue of his interest in DHSB.*
^ *Deemed interest pursuant to Section 8 of the Act by virtue of her interest in MMAG.*

DIRECTORS’ SHAREHOLDINGS

No.	Name	Direct Interest No. of Shares Held	Direct Interest %	Indirect Interest No. of Shares Held	Indirect Interest %
1.	Dato’ Liang Chee Fong, Thomas	-	-	-	-
2.	Lee Poay Keong	-	-	-	-
3.	Woon Kok Kee	-	-	66,300,000 *	9.9850 *
4.	Lim Peng Tong	-	-	-	-
5.	Tan Siew Peng	-	-	-	-
6.	Tan Ooi Jin	-	-	-	-
7.	Khoo Song Heng *(Alternate Director to Woon Kok Kee)*	-	-	66,300,000 *	9.9850 *

* *Deemed interest pursuant to Section 8 of the Act by virtue of his interest in DHSB.*

ANALYSIS OF SHAREHOLDINGS (CONT'D) AS AT 11 MARCH 2021

LIST OF THIRTY LARGEST ORDINARY SHAREHOLDERS

No.	Name	Holdings	%
1.	Valhalla Capital Sdn Bhd *Pledged Securities Account for Dynaciate Holdings Sdn Bhd*	66,300,000	9.9850
2.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for MMAG Holdings Berhad*	65,885,500	9.9226
3.	HSBC Nominees (Asing) Sdn Bhd *Credit Suisse (Hong Kong) Limited*	25,647,000	3.8625
4.	MMAG Capital Sdn Bhd *Pledged Securities Account for Radiance Dynasty Sdn Bhd*	22,011,600	3.3150
5.	Wong Kuok Kiong	20,015,400	3.0144
6.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheok Kuang Yi*	18,097,100	2.7255
7.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sin Chin Chai*	16,588,500	2.4983
8.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ooi Keng Thye*	15,893,000	2.3936
9.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chin Boon Long (MY2296)*	15,252,600	2.2971
10.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chong Swee*	12,000,000	1.8072
11.	Landasan Simfoni Sdn Bhd	11,821,300	1.7803
12.	Amsec Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kon Tek Yoong*	11,784,300	1.7748
13.	Chong Tong Siew	10,000,000	1.5060
14.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheng Chew Giap*	9,500,000	1.4307
15.	CGS-CIMB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Pak Sow Loon (B PTR PCHG-CL)*	8,952,000	1.3482
16.	Lim Hang Kiang	8,850,000	1.3328
17.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Francis Chai Kim Lung*	8,500,000	1.2801
18.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ooi Keng Thye (E-PPG)*	8,298,000	1.2497
19.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Cheng Chew Giap*	8,055,000	1.2131
20.	Khor Hsia Joew	7,750,000	1.1672
21.	Foo See Thong	5,835,000	0.8788
22.	Chin Lee Hing	5,821,600	0.8768
23.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Loh Lee Yin*	5,241,300	0.7894
24.	Sim Mui Khee	5,000,000	0.7530
25.	Lim Seng Hock	4,363,400	0.6571
26.	SKT Supplies Sdn. Bhd.	4,000,000	0.6024
27.	Annathan A/L Sinivesan	3,630,000	0.5467
28.	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Kon Tek Yoong*	3,500,000	0.5271
29.	Khaw Mu Chai	3,500,000	0.5271
30.	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ooi Keng Thye (E-PPG)*	3,455,000	0.5203
	Total	**415,547,600**	**62.5831**

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") HOLDINGS

AS AT 11 MARCH 2021

No of ICPS 2018/2023 Issued	:	682,453,608
Exercise/Conversion Price	:	RM0.12
No. of ICPS Holders	:	245
Maturity Date	:	26 December 2023 (The ICPS may be converted at any time on or after the 27 December 2018 but not later than 5.00 p.m. (Malaysia time) on 26 December 2023).

DISTRIBUTION OF ICPS HOLDINGS

Size of ICPS Holdings	No. of Holders	%	No. of ICPS Held	%
Less than 100	1	0.4082	20	0.0000
100 – 1,000	16	6.5306	4,100	0.0032
1,001 – 10,000	17	6.9388	77,800	0.0611
10,001 – 100,000	112	45.7143	5,413,800	4.2505
100,001 – 6,368,395 (*)	93	37.9592	74,926,000	58.8264
6,368,396 and above (**)	6	2.4490	46,946,200	36.8588
TOTAL	**245**	**100.00**	**127,367,920**	**100.00**

* *Less than 5% of Issued ICPS*
** *5% and above of Issued ICPS*

DIRECTORS' ICPS HOLDINGS

		← Direct Interest →		← Indirect Interest →	
No.	Name	No. of ICPS Held	%	No. of ICPS Held	%
1.	Dato' Liang Chee Fong, Thomas	-	-	-	-
2.	Lee Poay Keong	-	-	-	-
3.	Woon Kok Kee	-	-	-	-
4.	Lim Peng Tong	-	-	-	-
5.	Tan Siew Peng	-	-	-	-
6.	Tan Ooi Jin	-	-	-	-
7.	Khoo Song Heng *(Alternate Director to Woon Kok Kee)*	-	-	-	-

ANALYSIS OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") HOLDINGS (CONT'D) AS AT 11 MARCH 2021

LIST OF THIRTY LARGEST IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (ICPS) HOLDERS

No.	Name	Holdings	%
1.	Sim Mui Khee	10,210,000	8.0161
2.	CGS-CIMB Nominees (Tempatan) Sdn Bhd	9,764,100	7.6661
	Exempt an for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)		
3.	Yap Pau Fang	7,067,000	5.5485
4.	Wong Kuok Kiong	7,000,000	5.4959
5.	Maybank Nominees (Tempatan) Sdn Bhd	6,500,000	5.1033
	Pledged Securities Account for Cheng Chew Giap		
6.	Maybank Nominees (Tempatan) Sdn Bhd	6,405,100	5.0288
	Pledged Securities Account for Ooi Keng Thye		
7.	Smart Wisdom Sdn Bhd	5,000,000	3.9256
8.	AllianceGroup Nominees (Tempatan) Sdn Bhd	4,670,000	3.6665
	Pledged Securities Account for Chai Chien Yen (7001736)		
9.	SJ Sec Nominees (Tempatan) Sdn Bhd	4,373,900	3.4341
	Pledged Securities Account for Ooi Keng Thye (SMT)		
10.	Kenanga Nominees (Tempatan) Sdn Bhd	4,354,700	3.4190
	Pledged Securities Account for Loh Yong Huat		
11.	Ooi Keng Thye	4,221,000	3.3140
12.	Ng Wooi Ying	3,627,700	2.8482
13.	Cheang Kew Peng	3,200,000	2.5124
14.	AllianceGroup Nominees (Tempatan) Sdn Bhd	2,760,200	2.1671
	Pledged Securities Account for Yap Pau Fang (8099114)		
15.	Cheam Tow Yong	2,500,000	1.9628
16.	Kwan Yew Kok	2,000,000	1.5703
17.	Lee Meow Kian	2,000,000	1.5703
18.	Lim Bong Chai	2,000,000	1.5703
19.	Loke Pek Yoke	1,700,000	1.3347
20.	Maybank Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Teo Chin Loong	1,608,800	1.2631
21.	Amsec Nominees (Tempatan) Sdn Bhd	1,500,000	1.1777
	Pledged Securities Account - Ambank (M) Berhad for Ooi Keng Thye (SMART)		
22.	See Ming Hoi	1,500,000	1.1777
23.	Phang Li Koon	1,200,000	0.9422
24.	Wong Wen Sheng	1,073,500	0.8428
25.	AllianceGroup Nominees (Tempatan) Sdn Bhd	1,000,000	0.7851
	Pledged Securities Account for Hong Shu Mei (6000046)		
26.	Cheah Chin Wooi	1,000,000	0.7851
27.	Maybank Nominees (Tempatan) Sdn Bhd	956,400	0.7509
	Pledged Securities Account for Low Kok Chew		
28.	Chan Fee Whye	950,000	0.7459
29.	Cheah Wai Liang	772,200	0.6063
30.	Lim Seng Hock	749,000	0.5881
	Total	**101,663,600**	**79.8188**

ANALYSIS OF WARRANTS HOLDINGS
AS AT 11 MARCH 2021

No of Warrants 2018/2023 Issued	:	85,306,696 free detachable DGB warrants
Exercise Price	:	RM0.12
No. of Warrants Holders	:	743
Maturity Date	:	26 December 2023 (The Warrants may be exercised at any time on or after the 27 December 2018 but not later than 5.00 p.m. (Malaysia time) on 26 December 2023).

DISTRIBUTION OF WARRANTS HOLDINGS

Size of Holdings	No. of Warrants Holders	%	No. of Warrants Held	%
Less than 100	29	3.9031	1,462	0.0017
100 – 1,000	33	4.4415	19,172	0.0230
1,001 – 10,000	187	25.1682	1,163,300	1.3941
10,001 – 100,000	344	46.2988	16,115,587	19.3136
100,001 – 4,172,083	149	20.0538	61,954,375	74.2487
4,172,084 and above (**)	1	0.1346	4,187,800	5.0188
TOTAL	**743**	**100.00**	**83,441,696**	**100.00**

* *Less than 5% of Issued Warrants*
** *5% and above of Issued Warrants*

DIRECTORS' WARRANTS HOLDINGS

		← Direct Interest →		← Indirect Interest →	
No.	Name	No. of Warrants Held	%	No. of Warrants Held	%
1.	Dato' Liang Chee Fong, Thomas	-	-	-	-
2.	Lee Poay Keong	-	-	-	-
3.	Woon Kok Kee	-	-	-	-
4.	Lim Peng Tong	-	-	-	-
5.	Tan Siew Peng	-	-	-	-
6.	Tan Ooi Jin	-	-	-	-
7.	Khoo Song Heng *(Alternate Director to Woon Kok Kee)*	-	-	-	-

ANALYSIS OF WARRANTS HOLDINGS (CONT'D) AS AT 11 MARCH 2021

LIST OF THIRTY LARGEST WARRANTS HOLDERS

No.	Name	Holdings	%
1.	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Chee Xiang*	4,100,000	4.9136
2.	Lam Ah Choi	3,081,500	3.6930
3.	TA Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Ong Chee Chong*	2,624,500	3.1453
4.	Nordin Bin Latip	2,571,000	3.0812
5.	Wong Kam Hoong	2,179,500	2.6120
6.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chong Sew Yen*	2,113,400	2.5328
7.	Ooh Kier Heng	2,000,000	2.3969
8.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Sow Kee Soon*	1,850,000	2.2171
9.	Tan Poh Chian	1,200,000	1.4381
10.	Lam Ah Choi	1,106,300	1.3258
11.	Ng Lai Heng	1,020,000	1.2224
12.	Lim Keng Chuan	1,000,000	1.1984
13.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Teo Chin Loong*	999,700	1.1981
14.	Ng Siew Choo	977,100	1.1710
15.	Maybank Nominees (Tempatan) Sdn Bhd *Ng Lai Heng*	901,100	1.0799
16.	Abd Rahman Bin Abdullah	900,000	1.0786
17.	Goh Chai Seng	900,000	1.0786
18.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Nordin Bin Latip*	870,000	1.0426
19.	Teo Chin Loong	768,800	0.9214
20.	Khoo Kok Leong	700,000	0.8389
21.	Lau Teng Siang	700,000	0.8389
22.	Pak Sow Loon	670,000	0.8030
23.	V Tharmambihai A/P Vythilingam	650,000	0.7790
24.	Tan Kee Fong	632,800	0.7584
25.	Khoo Moy Noi	588,400	0.7052
26.	HLIB Nominees (Tempatan) Sdn Bhd *Hong Leong Bank Bhd for Ewe Hong Khoon*	518,625	0.6215
27.	Donny Pui Jin Hau	510,200	0.6114
28.	Asril Bin Tajab	500,000	0.5992
29.	Kwek Mooi Mooi	500,000	0.5992
30.	Maybank Nominees (Tempatan) Sdn Bhd *Ukashah Bin Md Zubi*	500,000	0.5992
	Total	**37,632,925**	**45.1007**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourteenth ("14th") Annual General Meeting ("AGM") of Dynaciate Group Berhad ("**DGB**" or the "**Company**") will be held at ME Hub Kota Damansara, 2nd Floor, 28-3, Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia on Friday, 30 April 2021 at 11.00 am for the following purposes:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 November 2020 together with the Reports of the Directors and Auditors thereon.

2. To approve the payment of Directors' Fees and benefits payable amounting to RM400,000 commencing this Annual General Meeting ("AGM") through to the next AGM of the Company in year 2022 of the Company and further, to authorise the Directors to apportion the fees and make payment in the manner as the Directors may determine. **Ordinary Resolution 1**

3. To re-elect Mr. Lee Poay Keong retiring pursuant to Clause 104 of the Company's Constitution and who, being eligible, offer himself for re-election. **Ordinary Resolution 2**

4. To re-elect Mr. Lim Peng Tong retiring pursuant to Clause 104 of the Company's Constitution and who, being eligible, offer himself for re-election. **Ordinary Resolution 3**

5. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to determine their remuneration. **Ordinary Resolution 4**

AS SPECIAL BUSINESS:

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

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Ordinary Resolution 5**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject always to the approval of allprovisions of the Constitution of the Company and the approvals from the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed twenty per centum (20%) of the issued share capital of the Company for the time being AND THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier." AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to their letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** **Ordinary Resolution 6**

   "THAT subject to the provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("Group") to enter into any of the transactions falling within the types of recurrent related party transactions of a revenue or trading nature with specified classes of related parties ("Recurrent Related Party Transactions") which are necessary for the day to day operations and are in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the Group on terms not more favourable to the related parties than those generally available to the public and are not, in the Company's opinion, detrimental to minority shareholders of the Company and that such approval shall continue to be in force until:

   (a) the conclusion of the next annual general meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the next AGM, the authority is renewed;

   (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

   (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is earlier.

   AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds, things and execute all necessary documents as they may consider necessary or expedient in the best interest of the Company with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted under relevant authorities to give full effect to the Proposed Shareholders' Mandate."

8. To consider any other business of which due notice shall have been given.

By order of the Board

Tai Yit Chan ***(MAICSA 7009143) (SSM PC No. 202008001023)***
Ong Tze-En ***(MAICSA 7026537) (SSM PC No. 202008003397)***

Joint Company Secretaries

Pulau Pinang, 5 April 2021

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting, and that a proxy may but need not be a member. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. Where an exempt authorised nominee appoints more than one (1) proxy in respect of each Omnibus Account, the appointment shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under its Common Seal, or under the hand of an officer or attorney duly authorised. A proxy must be of full age. An instrument appointing a proxy to vote shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer. Members not resident in Malaysia may appoint and revoke proxies by cable.

5. For the proxy to be valid, the Form of Proxy duly completed must be deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

6. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 22 April 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.

Explanatory Notes:

1. The proposed Ordinary Resolution 1 is to facilitate payment of Directors' fees and benefits payable on current financial year basis, based on the current Board size and assuming that all Directors shall hold office until the end of the financial year. In the event the proposed Directors' fees and benefits payable is insufficient (due to the enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall. It will also authorised payment to be made by the Company on a monthly basis and/or as and when incurred. The Board is of the view that it is fair and equitable for the Directors to be paid on a monthly basis and/or as and when incurred particularly after they have discharged their responsibilities and rendered their services to the Company throughout the relevant period.

2. The proposed Ordinary Resolution 5, is for the purpose of granting a renewed general mandate ("General Mandate") and if passed, will give authority to the Board of Directors to issued and allot ordinary shares at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

   On 9 October 2020, at the Extraordinary General Meeting, the Directors of the Company had been granted a general mandate by the members of the Company to issue and allot shares in the Company up to and not exceeding 20% of the total number of issued shares of the Company (hereinafter referred to as the "20% General Mandate"). The 20% General Mandate granted to the Directors will lapse at the conclusion of the 14th Annual General Meeting. After that, unless extended by Bursa Securities, the 10% mandate limit will be reinstated.

   The 20% General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and/or acquisitions as well as to avoid any delay and cost in convening general meeting to specifically approve such an issuance of shares.

   On 24 December 2020, the Company had announced a proposal to undertake a private placement exercise under the 20% General Mandate for which Bursa Securities had granted approval vide its letter dated 30 December 2020. On 11 March 2021, the private placement exercise had completed. As at the date of this Notice, the Company had issued 65,885,500 ordinary shares at an issue price of RM0.1240 per ordinary share pursuant to the mandate granted to the Directors at the last EGM held on 9 October 2020 and which will lapse at the conclusion of the 14th AGM.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Explanatory Notes: (Cont'd)

3. The proposed Ordinary Resolution 6, if approved by shareholders, will authorise the Proposed Shareholders' Mandate and allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions as set out in Section 2.5 of the Circular to Shareholders dated 5 April 2021, with the related parties in the ordinary course of business which are necessary for the day-to-day operations based on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company. This approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting; or the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or revoked/varied by resolutions passed by the shareholders of the Company in general meeting; whichever is the earlier. Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 5 April 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF THE LISTING REQUIREMENTS)

No individual is standing for election as a Director at the forthcoming 14th AGM of the Company.

IMPORTANT NOTICE:

In view of the constant evolving COVID-19 situation in Malaysia, the Company has in place rules and control for the 14th AGM in order to safeguard the health of attendees at 14th AGM. You are requested to read and adhere to the Administrative Guide which is published in the Company's website at www.dynaciategroup.com.my together with this Notice of 14th AGM. Members are also reminded to monitor the Company's website and announcements from time to time for any changes to the 14th AGM arrangement.

ADMINISTRATIVE GUIDE

Day and Date	Time	Venue
Friday 30 April 2021	11.00 am	ME Hub Kota Damansara, 2nd Floor, 28-3, Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia

MEASURES TO MINIMISE RISKS OF COVID-19 INFECTION

In view of the constant evolving COVID-19 situation in Malaysia, the following steps will be taken for participants who will be attending the Fourteenth (14th) Annual General Meeting ("AGM") in order to minimise the risk of spreading the COVID-19 virus:

TEMPERATURE CHECKS, HEALTH DECLARATION FORM AND FACE MASK

(1) All persons attending the AGM will be required to undergo a temperature check and sign a health declaration form to provide their respective travel history on whether during the last 14 days **prior to the AGM**, he / she has been travelling overseas or any red zone areas in Malaysia. The health declaration form will also be used for the purpose of contact tracing, if required.

(2) Any person who had recent travel history as mentioned in (1) above during the said 14 days period prior to the AGM or had been in contact with a suspected or confirmed COVID-19 patient during the 14 days period prior to the AGM, irrespective of nationality, **will not be permitted** to attend the AGM.

(3) Any person with a body temperature of more than 37.5°C and / or exhibit flu-like symptoms will not be allowed to attend the AGM. **Participants who are feeling unwell are strongly advised not to attend the AGM**.

(4) All persons must practice proper hygiene including the use of hand sanitisers provided by the Company and are required to wear a face mask at all time.

SOCIAL DISTANCING AND SEATING ARRANGEMENT

(5) To enhance social distancing measures, the seats allocated for participants at the AGM venue will be maintained at a certain distance from one another as per the guidelines and / or standing operations procedure provided by the relevant governmental and / or health authorities.

PRE-REGISTRATION BEFORE AGM

(6) In order to assist the Company in managing the turnout for the AGM and to ensure compliance with the directives or guidelines on public gathering / event issued by the Malaysian Government and other relevant authorities. Shareholders / proxies / corporate representatives who wish to attend in person must pre-register with management by sending an email to ir@dynaciategroup.com.my after the release of the Notice of Meeting. The Company reserves the right to limit the number of participants to the AGM.

As the COVID-19 situation continues to evolve, the Company will closely monitor the situation and reserves the right to take further measures as appropriate up to the day of the AGM of the Company, in accordance with the guidelines and / or standing operating procedure issued by the Malaysian Government and other relevant authorities in order to minimise any risk to shareholders and others attending the AGM. The Company would like to thank all participants for their patience and co-operation in enabling us to hold our AGM with the optimum safe distancing measures amidst the COVID-19 pandemic. The Company may make necessary changes to the arrangements of the AGM at short notice. Do refer the Company's website at www.dynaciategroup.com.my and Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com for the latest updates on the status of the AGM from time to time.

REGISTRATION ON THE DAY OF AGM

(7) Registration will commence at 10.00 am and will end at the time as may be determined by the Chairman of the meeting.

(8) Please present your original National Registration Identity Card (NRIC) or Passport to the registration staff for verification. Please make sure your NRIC is returned to you after registration.

ADMINISTRATIVE GUIDE (CONT'D)

(9) A polling form will be given to you thereafter. No one will be allowed to enter the meeting room without the polling form. There will be no replacement should you lose or misplace the polling form.
(10) You may proceed to the meeting room thereafter.
(11) Registration must be done in person. No person is allowed to register on behalf of another.
(12) The registration counter will handle verification of identity, registration and revocation of proxy/ proxies.

PROXY

(13) A member entitled to attend and vote in the meeting is allowed to appoint proxy. Please submit your Form of Proxy in accordance with the notes and instructions printed therein.
(14) The Form of Proxy is not required if you are attending the meeting.
(15) If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting in person, please proceed to the Registration Counter to revoke the appointment of your proxy.
(16) Please ensure that the original Form of Proxy is deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang not less than forty-eight (48) hours before the meeting time. No proof of despatch of Form of Proxy will be entertained.

GENERAL MEETING RECORD OF DEPOSITORS

(17) For the purpose of determining who shall be entitled to attend the AGM, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 22 April 2021 and only a depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

CIRCULAR

(18) The AR 2020 and the Circular on Proposed Renewal of RRPT are published on the Company's website at www.dynaciategroup.com.my and is also released on Bursa Malaysia Securities Berhad's website at www.bursamalaysia.com.

NO DOOR GIFTS / REFRESHMENT

(19) There will be no door gifts, food or beverage served at the AGM.

NO RECORDING OR PHOTOGRAPHY

(20) No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

The Company and its subsidiary, their officers and employees shall have no liability whatsoever to any and all shareholders, their proxies, corporate representatives or any other party arising out of or in connection with any of them being infected or suspected of being infected with COVID-19 and / or suffering any losses arising out of or in connection with attendance at the AGM and/ or measures undertaken by the Company in the Company's sole discretion in response to the COVID-19 pandemic.

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DYNACIATE
Reg. No. 200601012544 (732294-W)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
Number of Shares Held	

I/We _____
(Full name in Block Letters and NRIC / Company No.)

of _____
(Address)

_____ and _____
(Tel. No.)

being a *member/ members of Dynaciate Group Berhad hereby appoint

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

** and/or (*delete if not applicable)*

Full Name (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy, to vote for *me/us on *my/our behalf at the Fourteenth (14th) Annual General Meeting of the Company to be held at ME Hub Kota Damansara, 2nd Floor, 28-3, Jalan PJU 5/4, Dataran Sunway, Kota Damansara, 47810 Petaling Jaya, Selangor, Malaysia on Friday, 30 April 2021 at 11.00 am or at any adjournment thereof, in the manner indicated below:

	Ordinary Resolutions					
	1	2	3	4	5	6
FOR						
AGAINST						

(Please indicate with an "x" in the appropriate box against the Ordinary Resolutions how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion.)

Signed this_____day of_____, 2021

_____
Signature of Shareholder

_____
Common Seal is to be affixed here if Shareholder is a Corporation

Notes:

1. A member of the Company entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting, and that a proxy may but need not be a member. There shall be no restriction as to the qualification of the proxy. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. The appointment of two (2) proxies in respect of any particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) 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. Where an exempt authorised nominee appoints more than one (1) proxy in respect of each Omnibus Account, the appointment shall be invalid unless the exempt authorised nominee specifies the proportion of its shareholding to be represented by each proxy. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a corporation, either under its Common Seal, or under the hand of an officer or attorney duly authorised. A proxy must be of full age. An instrument appointing a proxy to vote shall be deemed to include the power to demand or concur in demanding a poll on behalf of the appointer. Members not resident in Malaysia may appoint and revoke proxies by cable.
5. For the proxy to be valid, the Form of Proxy duly completed must be deposited at the Company's Registered Office at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
6. In respect of deposited securities, only a depositor whose name appears on the Record of Depositors on 22 April 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxies to attend and/or vote on his/her behalf.

Personal Data Privacy

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 14th Annual General Meeting of the Company and any adjournment thereof.

AFFIX
STAMP

The Company Secretaries

DYNACIATE GROUP BERHAD
Registration No. 200601012544 (732294-W)

170-09-01, Livingston Tower
Jalan Argyll, 10050 George Town
Pulau Pinang, Malaysia

Please fold along this line

Please glue and seal along this edge

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DYNACIATE

DYNACIATE GROUP BERHAD
Registration No. 200601012544 (732294-W)

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