VisDynamics

Registration No. 200501000050 (677095-M)

ANNUAL REPORT
2019

Versatile

Innovative

Simplicity

Our Vision

To be the semiconductor industry's top choice of equipment solution provider through value innovation, best-in-class performance, excellent service & support, cost effectiveness, environmental friendliness and partnership with customers, peers, suppliers & employees.

Our Mission

- Strive to meet or exceed expectation of customers, peer partners, suppliers, employees & investors
- Identify and employ/partner with the best talents in the market
- Unleash the best potential of partners & employees
- Contribute to local & global communities in education & long term economy sustainability

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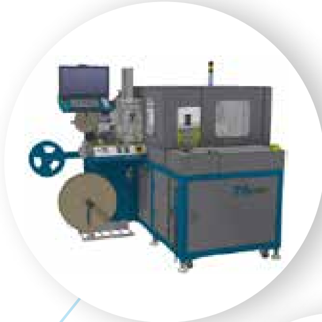
Corporate Structure



VisDynamics Holdings Berhad

100%

VisDynamics Research Sdn Bhd

- Design, R&D and Assembly of Back-end Semiconductor Equipment
- High Speed Transfer and Inspection Machine for Non-Semiconductor Devices

Corporate Information

Board of Directors

Vincent Loh
Chairman/Senior Independent Non-Executive Director

Lee Chong Leng
Executive Director/ Chief Technical Officer

Choy Ngee Hoe
Executive Director/Chief Executive Officer

Ong Hui Peng
Executive Director

Pang Nam Ming
Independent Non-Executive Director

Wang Choon Seang
Independent Non-Executive Director

COMPANY SECRETARIES

Teo Mee Hui *(MAICSA 7050642)*
Peggy Chek Hong Kim *(MIA No. CA 23475)*

REGISTERED OFFICE

10th Floor Menara Hap Seng
No. 1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur, Malaysia
Tel : 03-23824288
Fax : 03-23824170

CORPORATE HEAD OFFICE

Lot 3844, Jalan TU 52
Kawasan Perindustrian Tasik Utama
Ayer Keroh
75450 Melaka, Malaysia
Tel : 06-2323023
Fax : 06-2323600

PRINCIPAL BANKERS

United Overseas Bank Malaysia Berhad
Public Bank Berhad
Hong Leong Bank Berhad

AUDITORS

Al Jafree Salihin Kuzaimi PLT (AF 1522)
Chartered Accountants
No. 555, Jalan Samudra Utara 1
Taman Samudra
68100 Batu Caves
Selangor Darul Ehsan
Tel : 03-61859970
Fax : 03-61842524

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
(formerly known as Symphony Share Registrars Sdn. Bhd.)
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya, Selangor
General Line : 03-78904700
General Fax : 03-78904670

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock name : VIS
Stock code : 0120

Message from the Chairman

The latest economic indicators seem to point to an acceleration of the global economic slowdown and the risk of a looming global recession. The current trade and currency war, a disorderly Brexit process or financial vulnerabilities due to high levels of accumulated debts, and if the risk intensify or materialize, might bring us to a new level of global business downturn.

Despite the global financial crisis, China's rapid economic expansion and gradual market liberalizations have made it easier for foreign investors to take advantage of the country's growth. In 2019 (up to 31st August 2019), foreign direct investment (FDI) into China grew by 3.2% year on year, reaching US$89.3 billion, with certain sectors experiencing much higher growth levels. In particular, FDI into high-tech industries surged by 39.3%, reaching US$24.6 billion and accounting for almost 28% of all foreign investments.

VisDynamics Holdings Berhad ("VisDynamics") has continued to weather through the storms as best possible and is poised to address any potential opportunity to grow our product and service offerings to the China market in line with their technology-driven FDI expansion.

In terms of financial results, I am pleased to report that the Company recorded a revenue of RM33.2 million in financial year 2019. On the back of this revenue, profit before taxation stood at nearly RM6.0 million. Although revenue and profit were down compared to financial year 2018 (which was a record year), nevertheless it can be considered commendable in the light of the difficult market situations faced by many businesses in the semi-conductor industry. The Company continues to have strong liquidity and receive potential orders in the pipeline going forward into the new year.

On behalf of the Board of Directors, I wish to extend our appreciation to members of our management team and employees of the Company. Your effective execution of the Company's strategies through hard work, focus and determination are very much appreciated and continue to contribute to VisDynamics' perseverance and success.

Our sincere gratitude also to our shareholders, customers, business associates, suppliers, bankers and relevant government authorities for their confidence and support to the Board and Management.

Finally, to my fellow Board members, thank you for your contributions, effort, and professional advice in making the Board more effective and efficient.

Management Discussion and Analysis

BUSINESS AND OPERATIONS

VisDynamics was established in early 2003 in the state of Melaka, Malaysia. We provide under one roof, technical research and solutions involving the design, software development, assembly and installation of automated test equipment for the semiconductor industry.

KEY MARKETS

In financial year 2019, the Group's key markets were located in North Asia (71% of total revenue) and South East Asia (25% of total revenue).

OBJECTIVES AND STRATEGIES

The Group continues to focus on Research and Development ("R&D") and enhancement of products to achieve business growth. In addition, the Group continues to explore new markets and business opportunities for its products and services which will enable us to expand its customer base in order to deliver maximum value to its shareholders.

As a technology company, we always focus on and heavily invest in R&D activities to continuously enhance current and innovate new products in order to be the industry's top choice for equipment solution providers.

The rise of new digital technology Industrial 4.0, make it possible to gather and analyze data across machines and also enabling faster, more flexible and more efficient processes to produce higher-quality goods at reduced costs. Thus, VisDynamics strive to embrace the change and ensure our existing and future products are equipped with features and capability to support this revolution.

HIGHLIGHTS OF THE GROUP'S FINANCIAL INFORMATION FOR THE PAST 5 FINANCIAL YEARS

	2015 RM'000	**2016 RM'000**	**2017 RM'000**	**2018 RM'000**	**2019 RM'000**
Turnover	9,434	27,468	31,976	41,394	33,247
Gross Profit	4,394	15,446	20,603	26,580	19,024
Gross Profit Margin (%)	47	56	64	64	57
Profit/(Loss) Before Taxation	(664)	5,419	7,702	10,335	5,973
Taxation	-	(1,128)	(1,063)	(2,166)	(903)
Profit After Taxation	(664)	4,292	6,639	8,169	5,070
Net Tangible Assets (RM'000)	15,732	20,864	29,377	38,928	41,989
No. of Ordinary Shares in Issue ('000)	110,069	110,069	112,368	168,961	169,169
Shareholders' Funds (RM'000)	19,423	23,718	31,778	40,709	44,265
Basic Earnings Per Share ("EPS") (Sen) *	(0.6)	3.9	4.0	4.9	3.0
Net Tangible Assets ("NTA") per Share (Sen)**	14.29	18.96	26.14	23.04	24.82
Net Increase/(Decrease) in Cash and Cash Equivalents	1,153	5,093	(76)	851	(284)

Notes

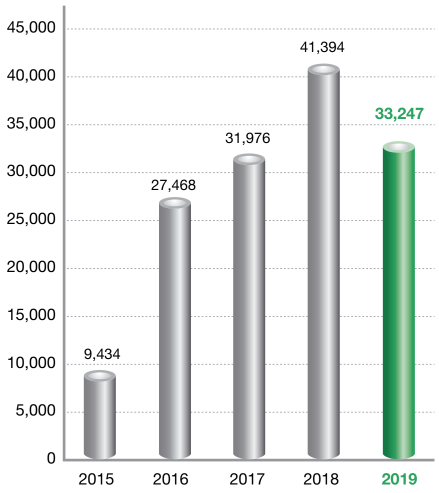
* The basic EPS is arrived at by dividing the Group's profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year.

** The NTA per Share is arrived at by dividing net tangible assets value attributable to ordinary shares by the number of ordinary shares in issue.

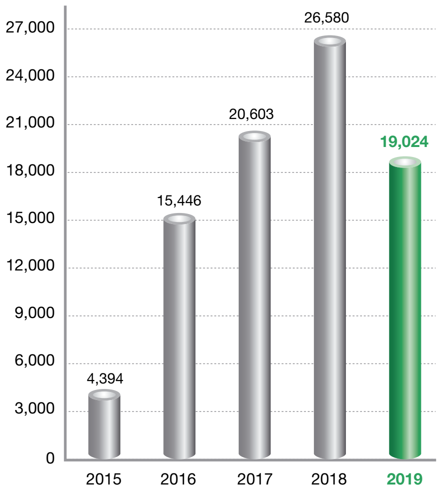
*** The Final Single-Tier Dividend of 1.0 sen per ordinary share for the financial year ended 31 October 2018 was paid on 12 June 2019.

Management Discussion and Analysis (cont'd)

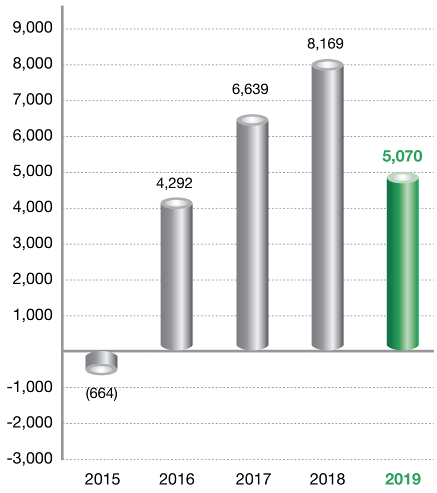
Turnover (RM'000)



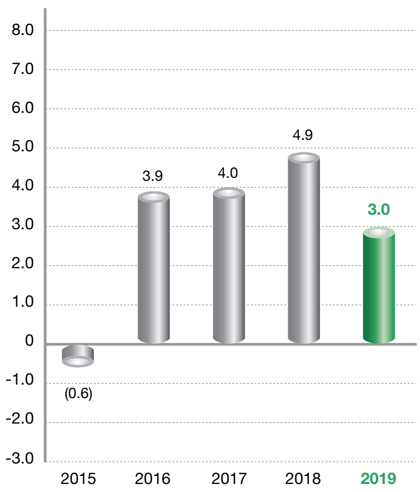
Gross Profit (RM'000)



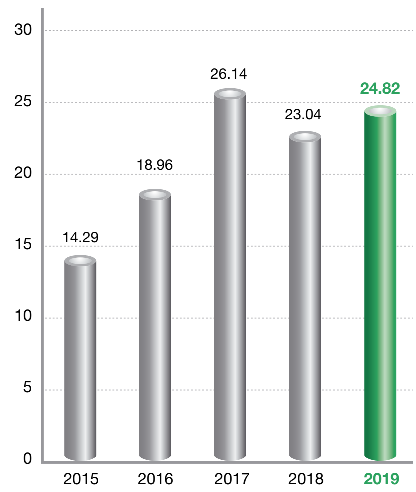
Profit After Taxation (RM'000)



Basic EPS (sen)



NTA per Share (sen)



REVIEW OF FINANCIAL RESULTS AND CONDITIONS

In the current financial year ended 31 October 2019, the Group generated a revenue of RM33,247,289 representing a decrease of RM8,146,809 or 20% from the financial year ended 31 October 2018 of RM41,394,098. The decrease in revenue was due to the decrease in sales of tray and gravity machines in the current financial year as compared to the previous financial year.

On the back of lower revenue, gross profit margin decreased from 64% during last financial year to 57% this financial year and in turn, profit before taxation margin decreased from 25% during last financial year to 18% this financial year. Furthermore, during this financial year, there were R&D Engineering machines selling at loss to a willing party which consequently resulted in the lower profit margin. Excluding these exceptional sales, gross profit margin was 61% in the financial year 2019.

In tandem with the decrease in revenue, Selling and Distribution expenses also fell from RM5,837,491 in the financial year 2018 to RM4,642,664 in the financial year 2019.

There was a reduction in HR Related Expenses of RM4,158,617 in the financial year 2019 as compared to RM2,878,787 for the financial year 2018 due to the decrease in provision of incentives, in line with the reduced sales.

In terms of shareholders' funds, the number of ordinary shares increased from 168,961,600 in the financial year 2018 to 169,169,100 in the financial year 2019 as a result of issuance of 207,500 new ordinary shares arising from the exercise of option under Employees' Share Option Scheme ("ESOS").

Management Discussion and Analysis (cont'd)

REVIEW OF FINANCIAL RESULTS AND CONDITIONS (CONT'D)

Segmental Results

Sales Revenue by Geographical Market are as follows:

	Financial Year 2019		Financial Year 2018	
	RM'000	**%**	**RM'000**	**%**
Malaysia	1,276	4	3,094	7
South East Asia	8,298	25	7,899	19
North Asia	23,458	70	30,385	74
USA	215	1	16	0
Total	**33,247**	**100**	**41,394**	**100**

Significant Assets & Liabilities

Inventories

Lower inventory of RM13.8 million as at 31 October 2019 as compared to RM15.2 million as at 31 October 2018 due to reduction in raw materials of RM1.9 million and consignment inventories of RM1.1 million and offsetted by the increase in work in progress of RM2.1 million.

Trade Receivables

The decrease in trade receivables from RM19.4 million as at 31 October 2018 to RM15.9 million as at 31 October 2019 arising from the reduced volume of product sales to customers. There were subsequent receipts from customers amounted to RM1.2 million after the financial year ended 31 October 2019. No impairment is needed as these amounts are recoverable from customers based on their financial standings and payment history.

Other Investment

During the financial year 2019, there was Other Investment of RM3.8 million resulting from the placement of a deposit fund in the money market.

Trade Payables & Borrowings

Trade payables increased from RM344,720 as at 31 October 2018 to RM1.2 million due to purchases of raw materials for production activity. On the other hand, borrowings decreased from RM2.3 million to RM2.1 million as at the financial year 2019.

Other Payables and Accruals

Other payables and accruals dropped from RM9.3 million as at 31 October 2018 to RM5.2 million as at 31 October 2019 mainly due to the decrease in service commission and warranty, in line with the reduced sales.

ANTICIPATED OR KNOWN RISK

Foreign Currency Exchange Rates

As a large proportion of revenue is derived from export sales, there is a risk that significant fluctuations in the RM to USD exchange rate will affect the results of the Group. Consequently, The Group hedges through forex forward contracts to minimize exposure to significant fluctuations in the RM to USD.

Competition

Competition makes us stronger and drives us to deliver better solutions. With an objective to increase productivity without getting into a price war, we address this risk by continuously coming up with innovative features, which have been proven innovative, cost effective and well-accepted by our customers on many occasions.

Management Discussion and Analysis (cont'd)

OVERVIEW OF BUSINESS ACTIVITIES, TRENDS AND OUTLOOKS

Although revenue and profit were down as compared to the financial year 2018 (which was a record year), nevertheless it can be considered commendable in the light of the difficult market situations faced by many businesses in the semiconductor industry. The Company continues to maintain strong liquidity and a healthy order book.

Overall business conditions in the financial year 2019 and going forward, will continue to be challenging amid global uncertainties. However due to the outbreak of Coronavirus, this may have some short term interruption on the business activities. Based on feedback from our customers we envisage the greater China market will continue to be quite active from medium to long term, and together with new product development, we believe we can still perform better than the general market trend.

Sustainability Statement

This Sustainability Statement of VisDynamics Holdings Berhad ("VisDynamics" or "Company") was prepared pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") by referring to the themes set out in the Sustainability Reporting Guide issued by Bursa Securities.

SCOPE

VisDynamics is committed to ensuring sustainability is considered when performing its business activities. This includes carrying out business activities in a responsible manner considering not only financial results but other important aspects of business which include Economic, Environmental and Social ("EES") considerations.

In VisDynamics, sustainability means managing business responsibly for long-term success while creating enduring value for customers, employees, shareholders, the community and the environment. The Company is committed to maintain a customer focused, socially responsible company that generates sustainable returns to its stakeholders.

GOVERNANCE

The Board of Directors is responsible for reviewing, adopting and monitoring the overall sustainability planning and reporting for the Group. A formal structure was established in 2019 for sustainability governance as follows:

The Sustainability Committee comprises members from the Management, finance and administrative departments of the Group.

SUSTAINABILITY GOVERNANCE

Board of Directors

Sustainability Committee

Sustainability Reporting Coordinator

SUSTAINABILITY APPROACH AND PRINCIPLES

VisDynamics endeavors to conduct its business activities in an ethical and responsible manner by embedding sustainability practices in all aspects of our manufacturing operations to ensure the long-term growth and value creation for the Group.

The Group pursues its sustainability approach in accordance with these sustainability principles:

Economic	Environmental	Social
Continuously growing our manufacturing operations to create long-term value for our stakeholders, furnish customers with high quality products and develop mutually beneficial business relations with our suppliers to ensure continuous support and supply of our raw materials. We support local suppliers through purchases of local products and services.	As a responsible manufacturer, the Group constantly seek for effective and efficient management of resources, and in support of the green environment.	Provide a safe, conducive and friendly working environment for our people where employees can grow their career and at the same time, give back to society through social activities that benefit the local community.

STAKEHOLDER ENGAGEMENT

As set out in the Board Charter, the Board is responsible for promoting effective communications with shareholders and relevant stakeholders.

While we are committed to providing shareholders, regulators and employees with comprehensive, accurate and timely disclosure of information relating to the Group, we are looking to widen this engagement process to other parties such as customers, suppliers and the local community to gauge the importance of key sustainability matters and for them to understand our actions and direction with greater clarity.

Sustainability Statement (cont'd)

STAKEHOLDER ENGAGEMENT (CONT'D)

Current methods of engagement include:

Stakeholders	Sustainability Topics	Engagement Platforms	Frequency
Investors & shareholders	• Business performance • Operation	• Quarterly reports • Annual reports • Press releases • Company website • Annual General Meeting & Analysts briefing • Investor relationship channel	• Quarterly • Annually • As required • On-going • Annually • On-going
Employees	• Business performance • Health & safety • Communication and engagement • Working environment • Career development and training	• Staff briefings • Gatherings during festive celebrations • Coffee Klatch session with staffs • Emergency Response Team • Training and development • Appraisal and performance review	• On-going • On-going • On-going • On-going • On-going • Annually
Government and Regulators	• Regulatory compliance • Supporting country's economic growth	• Compliance with government legislative & regulatory body framework • Participating in program organised by government bodies	• As required • As required
Customers	• Product quality and performance • Sustaining long term relationship	• Customer feedbacks • Face to face meetings • Visit to customers' sites • On-site visits at VisDynamics	• On-going • On-going • On-going • On-going
Suppliers	• Forging strategic partnership • Supplier performance review • Product quality	• Supplier selection via pre-qualification • Supplier meetings • Site visits	• On-going • On-going • On-going
Communities	• Environment protection • Local community activities involvement	• Community programmes • Social activities & events	• On-going • On-going

MATERIALITY ASSESSMENT

A Materiality Assessment is an exercise to gauge what are the most noteworthy economic, environmental and social issues that are material or important to the Group.

Potential material industry and operational issues relevant to the Group's business were:

(a) Internally identified by the Sustainability Committee;
(b) Prioritised and determined by the Management; and
(c) Approved by the Board

based on their importance to the Group and stakeholders. The topics are classified under the three pillars of the Global Reporting Initiatives (GRI) and the Sustainability Reporting Guide relating to economic, environmental and social considerations (EES).

Sustainability Statement (cont'd)

MATERIALITY ASSESSMENT (CONT'D)

The key EES issues prioritised and determined are as follows:

Economic

- Support the growth of local industries
- Enhancing learning and retention of local talents
- Customer Relationship Management

Environmental

- Preserving the Physical Environment with Green Building
- Installation of solar panels to minimise energy consumption
- Factory Waste Management via Recycle and Reuse

Social-Workplace

- Safety, Health and Harmony
- Talent Development
- Staff Retention
- Work Balance

Social - Community

- Giving back to Society

The above materiality issues that have been identified and addressed in this Sustainability Statement are highlighted below while those not yet fully undertaken or requiring further analysis, setting of targets and tracking will be considered for reporting in the coming year onwards.

ECONOMIC SUSTAINABILITY

Support the Growth of Local Industries

We support local suppliers through purchases of local products and services. We also promote our products to overseas agents and customers which indirectly creates economic opportunities locally. The Company pledges to support the growth of local industries through maximum utilisation of local materials and resources.

Enhancing Learning and Retention of Local Talents

It is our practice to offer internship to undergraduates who are required to fulfill their practical training requirements. Apart from learning technical skills, the undergraduates have the opportunity to gain insight of our corporate culture, our processes and our operations. These young people may be attracted to join us upon graduation. Consequently, this can mitigate the brain drain issue which continues to top the list of Malaysia's human resource challenges, and prevents the country to continue to lose its top talent overseas, which is affecting its ability to deliver the talent needed to drive the Malaysian economy forward.

In addition, we also assess and conduct continuous upgrading of our employees' skill and knowledge in order that they may acquire technical know-how and excel in their work performance through various training programs, workshops and attendance at seminars. Continuous training and development also keep our people in the forefront position of industry developments.

Sustainability Statement (cont'd)

ECONOMIC SUSTAINABILITY (CONT'D)

Customer Relationship Management

As an export-oriented company, sustaining the business is utmost important to generate foreign currency inflow and boost Malaysia's FDI (Foreign Direct Investment).

Furthermore, our Prime Minister Tun Mahathir had announced that Malaysia is set to be one of the primary destinations for the high-tech industry and aim of being ranked among top 30 nations in the Global Innovation Index by 2025. The Government has identified VisDynamics as the Industry 4.0 contributor. The new policy on industry 4.0 would serve as a clear strategic direction for the country in charting the growth of the manufacturing sector moving forward, and later will involve all economic sectors. Ultimately, the policy will drive Malaysia to becoming a strategic partner for smart manufacturing and related services in Asia Pacific, primary destination for the high-tech industry as well as a total solution provider for advanced technology.

Thus, sustaining the business requires the Company to provide the best service to our customers so that they may continue to purchase our products. VisDynamics has developed extensive customer relationship to ensure the best during and after-sales service, including regular visits or supports at customers' sites and customers' instant direct communication with engineers and project owners.

ENVIRONMENTAL SUSTAINABILITY

The Company is aware of the impact of its operations on the environment. We constantly seek to reduce this impact through effective and efficient management of resources.

Preserving the Physical Environment

In order to promote a green environment, VisDynamics 'green building' is designed in an environmentally-friendly manner in pleasant surroundings with efficient use of natural light and fresh air.

In addition, the factory production is practicing 'paperless' concept where computer system is currently being used by the production workers to refer engineering drawings, as compared to usage of paper printouts previously.

Installation of Solar Panels

As part of our effort to sustain the environment, the Company has installed solar panels to minimise energy consumption and in turn a cost saving of approximately RM130,000 per financial year.

Factory Waste Management

We also practice Recycle and Reuse. Once a month, unused papers. boxes and other recyclable items are collected and donated to Tzu Chi Foundation Malaysia.

Sustainability Statement (cont'd)

SOCIAL SUSTAINABILITY

The Group is very active in terms of corporate social responsibilities within the workplace and for the community outside.

Workplace

VisDynamics strongly believes that its employees are key assets as they play a vital role in the success and sustainability of the Group and hence, constantly invests in its employees through the following approaches:

- Ensuring that the health and safety of its employees are taken care of at the workplace by setting-up an Emergency Response Team to monitor, review and improve on the health and safety rules, operations and performance and to raise and promote health and safety awareness at all levels;
- Provision of facilities to assist physically challenged members of our society in the navigation and use of the building;
- Ensuring a harmonious workplace by practicing non-prejudicial policies against gender or race. This guiding principle promulgates basic human and labour rights for maintaining good governance and a healthy and professional workplace;
- Continuous upgrading of employees' skill and knowledge in order for them to excel in their work performances through training programmes, workshops and seminars;
- Promoting a balanced healthy work-life with activities i.e. jogging and mount climbing and also weekly badminton session;
- Developing a sense of belonging amongst staff by providing a platform for staff to interact via staffs briefings every bi-monthly.
- Organising variety of recreational activities such as Company trip, team building, annual dinner, festive gatherings and birthday celebrations.

Community

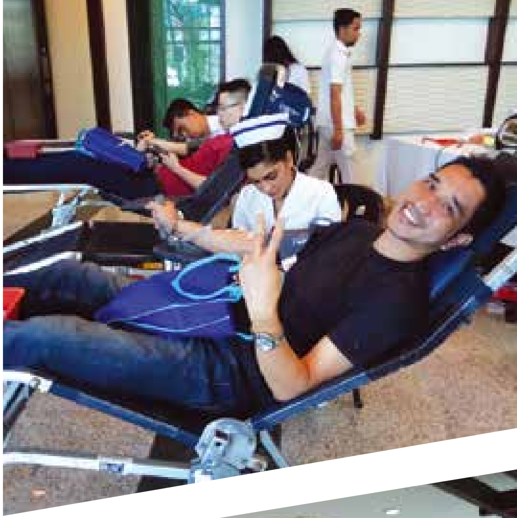
VisDynamics is actively involved in local community projects by way of monetary and non-monetary contribution and donations in kind.

- We are the proud co-organiser of the Blood Donation Campaign, which was held at the Company's premises annually. Employees of VisDynamics, their friends and relatives, vendors and also neighboring companies were invited to participate in this annual event.
- We have collaborated with The Salvation Army during their fund-raising event and food fair and VisDynamics' employees had donated their clothes, toys etc.
- As part of the Group's continuous drive to create a positive impact on our community and individual lives, we reached out to the mentally and physically impaired by providing food and also financial assistance to Hope Children Centre Bukit Baru Melaka, Happiness Centre For the Mentally Disabled Children Home, Klebang Melaka, Handicapped & Mentally Retarded Children Love Centre, Bachang Melaka and Pertubuhan Pengurusan Rumah Kebajikan Warga Emas Sang Riang Pahang.

CHINESE NEW YEAR

ANNUAL GENERAL MEETING

VISIT



BLOOD DONATION CAMPAIGN

FRUITS FIESTA

ANNUAL DINNER

BUKA PUASA

DEEPAVALI

CHRISTMAS

FIRE DRILL






TEAM BUILDING


Profiles of Board of Directors

VINCENT LOH

Male / 69 years of age / Malaysian

Chairman/ Senior Independent Non-Executive Director

Mr Vincent Loh was appointed as an Independent Non-Executive Director on 23 April 2010 and subsequently appointed as the Chairman of the Company on 12 March 2015. He is also Charmain of the Nomination and Remuneration Committees and a member of the Audit Committee and ESOS Committee.

He served articleship in England and qualified as a chartered accountant in 1974 from the Institute of Chartered Accountants in England & Wales. He was made a Fellow (FCA) in 1977.

He joined the PA Consulting Group (UK-based international management consultants), initially located in Singapore for 6 years and later back in London. He was responsible for PA's financial, HR and administrative management of the Asian group and later headed the finance function for PA's UK group whilst gaining experience as a management consultant. He was subsequently promoted in 1988 as commercial director of PA Technology (who provide R&D consulting in engineering, electronics, applied sciences & biotechnology) based in Cambridge, England handling financial management, commercial negotiations and intellectual properties rights, in addition to managing the laboratory.

In 1994, he was headhunted and appointed as the Chief Financial Officer of FACB Berhad, a main board public-listed conglomerate based in Kuala Lumpur. In 1996, he was appointed as the general manager, corporate services for Royal Selangor Group, the world's largest manufacturer and retailer of pewter with subsidiaries worldwide and was subsequently promoted to group general manager with top and bottom-line responsibilities.

He currently runs his own business and management consulting practice providing strategic, financial management and business consulting services to client companies in Malaysia, Hong Kong and Indonesia and conducts training on financial and strategic management for his clients. He is also a panel consultant for the Institute of Corporate Directors of Malaysia (ICDM), spending much of his time helping the Institute to undertake board and directors evaluations of public listed companies in addition to conducting public and in-house training programmes for board of directors.

Operating from Kuala Lumpur, he has over 45 years of knowledge, exposure and management experience in auditing, consulting, financial and business management.

His experiences cover numerous business segments, ranging from auditing and consultancy to the technology, manufacturing and retail sectors working for international organisations, listed companies and local multinationals. He has also worked and lived in several countries including the United Kingdom, Singapore, Malaysia, Indonesia, Hong Kong and Cambodia, providing him with deep understanding of the various cultural environments and business regimes, dealing with all levels from corporate leadership to the shop-floor.

He does not hold any other directorships in public companies and listed issuers.

PANG NAM MING

Male / 46 years of age / Malaysian

Independent Non-Executive Director

Mr Pang Nam Ming was appointed as an Independent Non-Executive Director on 10 June 2015. He is the Chairman of the Audit Committee and also a member of the Nomination Committee, Remuneration Committee and ESOS Committee.

He is a member of Malaysian Institute of Accountants, fellow member of Association of Chartered Certified Accountants, Professional member of The Institute of Internal Auditors Malaysia and Certified Internal Auditor.

He started his career with a Multi-National Company specialising in semiconductor assembly. Since then, he has held various senior finance positions in two groups of companies listed on Bursa Malaysia Securities Berhad.

Throughout his career of more than 19 years, he was exposed to wide spectrum of areas which include strategic management, corporate finance, cash management, corporate governance, financial accounting, management accounting, costing, risk management & internal audit, human resource, direct/indirect taxation, company secretarial and Management Information System. With his extensive

Profiles of Board of Directors (Cont'd)

commercial and corporate experience and exposure, he was instrumental in the successful listing of an advanced technology company on the MESDAQ market (now known as Ace Market) of Bursa Malaysia Securities Berhad. In order to leverage his experience and exposure gained throughout his years in commercial scene to scale further in his career, he joined Crowe Horwath Consulting (South) Sdn. Bhd. (now known as Crowe Consulting (South) Sdn. Bhd.) ("Crowe") as a Director of Consulting Division. During his tenure with Crowe, he is significantly involved in overseeing and managing a portfolio of risk management, internal audit, management consulting, corporate finance, initial public offering as well as financial due diligence assignments.

Currently, he is the Director of NeedsBridge Advisory Sdn Bhd, which he founded, specialising in management consulting with focus on initial public offering handholding, outsourced internal audit function, risk management and transfer pricing consulting.

He does not hold any other directorship in public companies and listed issuers.

CHOY NGEE HOE

Male / 56 years of age / Malaysian

Executive Director / Chief Executive Officer

Mr Choy Ngee Hoe was appointed as an Executive Director on 14 January 2005. He is also a member of the ESOS Committee.

He is a major shareholder of the Company and the Chief Executive Officer and one of the founder members of VisDynamics Research Sdn. Bhd. ("VRSB"), a subsidiary of the Company. He is the leader of the team of talented and experienced engineers in VRSB. He oversees the management team as well as in charge of devising the corporate strategies and plans of the Company.

He graduated from University of Malaya with a Bachelor of Science Degree in Mechanical Engineering (Honours) in 1988. He began his career in the semiconductor industry in 1988 as a Process Engineer in a subsidiary of National Semiconductors Corporation, a well-known Multi-National Corporations in the semiconductor industry, in Melaka. He was exposed to manufacturing and process technologies covering molding, strip/laser marking, solder plating, trim and form, electrical tests, reliability test and all the way to final pack in various consumers, industrial and military/aerospace products. Other than process related responsibilities such as yield improvement, cost savings, upgrades, productivity enhancement, equipment qualification, product transfer etc, he was also actively involved in new product development that required him to work with the corporate R&D team. His last position held in National Semiconductor Corporation was Equipment Manager.

He joined Telford as an Operations Manager in 1994 and helped them to form TQS Manufacturing Sdn. Bhd. ("TQSSB"). TQSSB is a Tape and Reel ("TNR") contract manufacturer. He was later promoted to Business Director of TQSSB where he was heavily involved in semiconductor equipment development.

In 1997, Telford acquired the backend equipment division of a major semiconductor Integrated Device Manufacturer ("IDM"), Texas Instruments Incorporated, where he was one of the member of the acquisition team. Telford equipment division was then spun off to become the Semiconductor Technologies & Instruments ("STI") Group of Companies. He has helped to form STI Sdn. Bhd. and was appointed as the President of the company. In 1999, Telford amalgamated with STI Group of Companies under ASTI Holding Ltd ("ASTI") and listed on the Singapore Exchange Ltd. He also held directorship and chairmanship in various international ASTI subsidiaries and helped ASTI with another major acquisition, namely the Reel Service Ltd Group of Companies, making ASTI as one of the world's largest TNR contract manufacturers. He resigned from ASTI on 31 December 2002 and subsequently set up VRSB with the rest of the promoters.

He does not hold any other directorship in public companies and listed issuers.

Profiles of Board of Directors (Cont'd)

LEE CHONG LENG

Male / 55 years of age / Malaysian

Executive Director / Chief Technical Officer

Mr Lee Chong Leng was appointed as an Executive Director on 14 January 2005. He is also a member of ESOS Committee.

He is the Chief Technical Officer ("CTO") of the Company and one of the founder members of VisDynamics Research Sdn. Bhd. ("VRSB"). He oversees the Vision Software, Mechanical Design, Machine Software and Equipment Assembly sections. In addition, he is also the R&D project leader, in which he in charge of the overall R&D activities undertaken by the Company. He is involved in the formulation of corporate strategies and implementation of the R&D policy.

He graduated with Bachelor of Science Degree in Computer Science and Bachelor of Engineering Degree (Honours) in Electrical Engineering from University of New South Wales in 1989.

Upon his graduation, he joined National Semiconductors Corporation, a well-known multinational corporation in semiconductor industry, as a Test Engineer in Penang. During 1990 to 1997, he acted as an R&D Engineer for Powermatic Sdn. Bhd. which specialised in the manufacturing of security system, time management system and computer peripherals. In 1997, he joined TQS Manufacturing Sdn. Bhd. ("TQSSB"), a subsidiary of ASTI Holding Ltd ("ASTI") specialising in the Tape and Reel solution for semiconductor back-end industry, as Engineering Manager for two (2) years. In 1999, he was transferred to STI Sdn. Bhd. ("STISB"), a subsidiary of ASTI, where he held the position of Engineering Manager.

He resigned from ASTI and STISB on 15 November 2002 after which he and the rest of the promoters formed VRSB where he assumed the position as Engineering Manager and subsequently, the CTO. His vast experience and technical know-how throughout his years of employment history has gained him reputable recognition from the industry.

He does not hold any other directorship in public companies and listed issuers.

ONG HUI PENG

Female / 44 years of age / Malaysian

Executive Director / Machine Software Department Manager

Ms Ong Hui Peng was appointed as an Executive Director on 14 January 2005. She is one of the founder members of VisDynamics Research Sdn. Bhd. ("VRSB"). Presently, she manages the Machine Software section of the Company and is responsible for all the machine software development projects. She was actively involved in R&D activities undertaken by the Company under the leadership of the Chief Technical Officer. In addition, she also participates in the formulation and implementation of R&D strategies.

She graduated from University of Malaya with a Bachelor's Degree (Honours) in Computer Science in 1999.

She started her career in the semiconductor industry in 1999 as a Software Engineer in STI Sdn. Bhd. ("STISB"), a subsidiary of ASTI Holding Ltd,, specialising in machine software development, and later as a Section Head of Machine Software.

She resigned from STISB on 15 November 2002 after which she and the rest of the promoters formed VRSB where she assumed the post of Section Head of Machine Software Development and subsequently Machine Software Department Manager. Her specialisation in the software development and experience during her career has been recognised by the industry.

She does not hold any other directorship in public companies and listed issuers.

Profiles of Board of Directors (Cont'd)

WANG CHOON SEANG

Male / 57 years of age / Malaysian

Independent Non-Executive Director

Mr Wang Choon Seang was appointed as an Independent Non-Executive Director on 2 September 2010. He is also a member of the Audit Committee, Nomination Committee, Remuneration Committee and ESOS Committee.

He graduated from University of Malaya with a Bachelor's Degree in Electrical/ Electronic Engineering (Honour) in 1987. He also completed his executive business management program in Stanford University, California in 2002.

He has more than twenty (20) years of experience in semiconductor industry. He began his career in the semiconductor industry in 1987 as a Test Product Engineer in a subsidiary of National Semiconductors Corporation, a well-known multinational corporation in semiconductor industry, in Melaka. He spent close to ten years in engineering function, where he developed his technical competency in semiconductor testing and product engineering. He developed various statistical testing methodologies, driving improvement in asset utilisation, yield, productivity, which leads to tremendous savings for the company. In 1994, he was sent to US for one year working assignment at the head quarter of the company in California, participated in both the new product development teams and business processes redesign program.

Upon returning to Malaysia, he was promoted as the Test Operation/ Engineering Manager to lead both the engineering and operation function in 1996. He successfully transformed the operation in achieving world class performance in terms of quality and cost, with innovative engineering methodologies and Total Productive Maintenance disciplines. He also pioneered and implemented the wafer ring strip testing manufacturing process for the company, achieving manufacturing excellence and shortest time to market for new product success.

In 2003, he was promoted to the Managing Director, leading the entire plant, which consists of wafer sorting, wafer bumping, assembly and test operations, plus engineering development functions within one roof. His major contribution was the success in expanding the Melaka site by transferring the sister plant operation from Singapore, for both commercial and aero space products. It was completed timely within a very tight schedule, without any interruption to customer services. The Singapore site was closed and sold upon completion of transfer, which led to significant savings for the company. He is well known in the company and industry, for his strategic and execution leadership qualities. He resigned from National Semiconductor Corporation in May 2008, his last position held was Vice President.

He registered and formed Testhub Sdn. Bhd. in July 2008 to provide consultancy and test engineering services.

He does not hold any other directorship in public companies and listed issuers.

Profiles of Key Senior Management

- **CHOY NGEE HOE,** appointed as the Executive Director on 14 January 2005.
- **LEE CHONG LENG,** appointed as the Executive Director on 14 January 2005.
- **ONG HUI PENG,** appointed as the Executive Director on 14 January 2005.

The above key members of senior management are also members of the Board. Their profiles are set out on pages 22 to 23 of this Annual Report.

CHONG WEN TAT

Male / 42 years of age / Malaysian

Chief Operating Officer (COO) / Product Line Manager, Tray

Mr Chong Wen Tat was appointed as the Chief Operating Officer ("COO") of VisDynamics Research Sdn. Bhd. ("VRSB") on 1 January 2017. He is one of the founder members of VRSB. As a COO of VRSB, he oversees the mechanical design, electrical design and manufacturing operations for efficiency, quality, and continuous improvement. Besides, he is also Tray Product Line Manager who manages all the product design and development activities for tray based product under the leadership of the Chief Technical Officer. He graduated from University of Malaya with a Bachelor's Degree (Honours) in Computer Aided Design / Computer Aided Manufacturing (CAD/CAM) in 2002.

He started his career in the semiconductor equipment industry in 2002 as a Mechanical Design Engineer in STI Sdn. Bhd. ("STISB"), a subsidiary of ASTI Holding Ltd., specialising in mechanical design.

He resigned from STISB in November 2002 and joined VRSB as a Mechanical Design Engineer. In 2006, VRSB saw the need to initiate the development of tray based product and promoted Mr Chong as a Product Line Manager to champion this product segment.

In the realm of R&D, he and his team of inventors in VRSB were granted two Malaysian Patents for their inventions in 2009 & 2013. These inventions are essential, building blocks in VRSB's products and have contributed to the success of the Company's products in the competitive market.

He does not hold any other directorship in public companies and listed issuers.

PEGGY CHEK HONG KIM

Female / 42 years of age / Malaysian

Chief Financial Officer

Ms Peggy Chek Hong Kim joined the Company on 2 February 2009 as Finance & Administrative Manager and the Acting Chief Financial Officer of the Company. She is currently the Chief Financial Officer of the Company.

She graduated from University of Malaya with a Bachelor's Degree (Honours) in Accountancy in 2001. She attained her Certificate of Meritorious Achievement from Malaysian Institute of Certified Public Accountants (MICPA) in 2003. She qualified as a chartered accountant in 2004 from the Malaysian Institute of Accountants (MIA) and has been the member of the above professional bodies until today. Currently she is also the Ambassador of Malaysian Institute of Accountants, a member of ASEAN Chartered Professional Accountant (ACPACC) and also the Chartered Tax Institute of Malaysia (CTIM).

She started her career with PriceWaterhouseCoopers in 2001 as an audit associate and subsequently promoted as a senior associate. She then joined Jaycorp Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad as the Corporate Finance Assistant Manager in 2004. In 2006, she joined National Semiconductor Sdn. Bhd., a Multinational Company as Finance Section Manager. She then left and in 2009, she joined the Company until today.

She does not hold any other directorship in public companies and listed issuers.

OTHER INFORMATION ON DIRECTORS AND KEY SENIOR MANAGEMENT

1. *None of the Directors and Key Senior Management has family relationship with any Director and/or major shareholder of the Company.*
2. *None of the Directors and Key Senior Management has any conflict of interest with the Company.*
3. *None of the Directors and Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences or any public sanction and penalty imposed on him/her by the relevant regulatory bodies during the financial year ended 31 October 2019.*
4. *The Detail of attendance of the Directors at the Board Meeting are set out on page 31 of this Annual Report.*

Corporate Governance Overview Statement

The Board of VisDynamics Holdings Berhad ("VisDynamics" or "the Company") is committed to ensure that the principles of corporate governance are practised throughout the Group so that the affairs of the Group are conducted in the best interests of the Group and its shareholders. This Statement provides an insight into the corporate governance practices of the Group pursuant to the three (3) key principles as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG 2017").

This Statement is prepared in compliance with the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and it is to be read together with the Corporate Governance Report 2019 of the Company which is available on the Company's website at www.vis-dynamics.com.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

Strategic Aims, Values and Standards

The Board has the overall responsibility for the performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board's key roles in charting the strategic direction, development and control of the Group includes the reviewing and monitoring of matters on strategy to promote sustainability, performance, evaluation, resource allocation, standard of conduct, financial matters, succession planning, corporate disclosure, effectiveness and adequacy of the Group's system of internal controls and risk management practices.

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors and Management as well as on properly constituted Board Committees comprising mainly or exclusively of Non-Executive Directors which operate within clearly defined terms of reference.

The Board Committees, comprising the Audit Committee, Nomination Committee and Remuneration Committee are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. At each Board meeting, minutes are presented to keep the Board informed. The Chairmen of the respective Board Committees also report to the Board on key issues deliberated at the respective Board Committees meetings and make recommendation to the Board for decision, where necessary.

The Key matters reserved for the Board's approval include the Company's business plan, capital management and investment policies, authority limits/levels, risk management practices, new businesses/projects, declaration of dividends, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, material acquisitions and disposition of assets.

The Board regularly reviews the strategic direction of the Company and the progress of the Company's operations, taking into account changes in the business and political environment and risk factors.

Chairman

Vincent Loh, the Chairman of the Company, is the Senior Independent Non-Executive Director. The Chairman leads the Board with a keen focus on governance and compliance and acts as a facilitator at Board meetings to ensure that contributions by Directors are forthcoming on matters being deliberated and that no Board member dominates any discussion. Together with the other Independent Non-Executive Directors, he leads the discussion on the strategies and policies recommended by Management. He chairs the meetings of the Board and the shareholders.

Separation of the Positions of the Chairman and Chief Executive Officer ("CEO")

The positions of the Chairman and the CEO are held by different individuals. Vincent Loh, the Senior Independent Non-Executive Director, is the Chairman whereas Choy Ngee Hoe is the CEO.

The Board recognises the importance of having a clear separation of responsibilities of the Chairman and the CEO to promote accountability, ensure appropriate balance of roles, facilitates division of responsibilities between them so as to ensure no one individual can influence the Board's discussions and decison making. The distinct and separate roles of the Chairman and CEO ensures appropriate balance of roles, responsibilites and accountability at Board level.

The distinct roles of the Chairman and the CEO are mentioned in the Board Charter of the Company, which is available at the Company's website.

Corporate Governance Overview Statement (Cont'd)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Qualified and Competent Secretaries

In performing their duties, all Directors have access to advice and services of two (2) suitably qualified Company Secretaries. The Company Secretaries have been providing guidance to the Board, particularly on corporate governance issues and compliance with relevant policies and procedures, rules and regulatory requirements and ensure good information flow within the Board, Board Committees and Management. The Company Secretaries attends all meetings of the Board and Board Committees and guide the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016, AMLR, etc. The Company Secretaries shall continue to guide the Directors on the requirement to be observed arising from new regulation and guidelines issued by authorities.

Access to Information and Advice

All Directors may seek independent professional advice at the Company's expense on specific issues to enable them to discharge their duties, where necessary.

Board Meetings for the ensuring year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and full attendance at Board Meeting.

The notice of agenda together with minutes of the previous meeting and other relevant information will be circulated to the Board at least three (3) business days before the meetings. This is to ensure that all Directors have sufficient time to obtain further explanation, where necessary, in order to be fully informed of the matters to be discussed during the meeting. The Board papers contain all relevant information and reports on financial, operational, corporate, regulatory, market developments and minutes of meetings. These documents are comprehensive and include qualitative and quantitative information to enable the Board members to make informed decisions.

The Company Secretaries are entrusted to record the Board's deliberations, in terms of issues discussed, ensures that the deliberations at Board and Board Committee meetings are documented, and subsequently communicated to Management for appropriate actions. The minutes of the previous Board and Board Committee meetings are distributed to the Directors/ Committees prior to the meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. To facilitate productive and meaningful deliberations, the Directors will comment or request for clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. Management provides Directors with complete and timely information prior to meetings and on-going basis to enable them making informed decisions.

Board Charter

On 25 June 2018, the Board reviewed and updated the Board Charter which sets out the roles, functions, compositions, operation and processes of the Board as well as the code of conduct for Directors, to align with the AMLR, MCCG 2017 and other relevant rules and regulations.

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter.

The Board Charter serves to ensure that all Board members are aware of their expanding roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulated on how the Board conducts business in accordance with Corporate Governance principles.

The Board will continue to review the Board Charter periodically to ensure that it is updated in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.

The Board Charter is available at the Company's website.

Corporate Governance Overview Statement (Cont'd)

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

PART I – BOARD RESPONSIBILITIES (CONT'D)

Code of Ethics and Conduct

The Group is committed to achieving and monitoring high standards of behaviour at work.

The Board adhered strictly to the Code of Ethics and Conduct ("the Codes") for Company Directors in discharging its oversight role effectively. The Codes requires all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and to act in good faith in the best interests of the Group and its shareholders. The Codes is incorporated in the Board Charter.

Whistleblowing Policy

The Board has adopted a whistleblowing policy for the Group as a measure to promote the highest standard of corporate governance. The whistleblowing policy outlines the avenues for the Directors, employees and stakeholders to raise concerns or discloses in good faith any improper conduct within the Group and to enable prompt corrective action and measures to resolve them effectively.

Any party who has reasonable belief that there is serious malpractice relating to any matter disclosed, may direct such complaint and report to the Senior Independent Non-Executive Director or the Chairman of Audit Committee in writing. Management will ensure that any employee of the Company who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

The whistleblowing policy is incorporated in the Board Charter.

PART II – BOARD COMPOSITION

Board Composition

The Board currently consists of six (6) members, comprising three (3) Executive Directors, one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The present composition of the Board is in compliance with Rule 15.02 of the AMLR and MCCG 2017 as half of its members are Independent Directors.

The Board is aware of the importance of independence and objectivity in relation to the decision making process and effectiveness of the Board's function. The Board therefore, has adopted the same criteria of "independence" used in the definition of "Independent Directors" prescribed by the AMLR.

The Board members are persons of high calibre and integrity, and provide a wealth of knowledge, experience and skills in the key areas of accountancy, business operations and development, finance and risk management amongst others.

Tenure of Independent Director

The Nomination Committee carries out the evaluation of independence on each Independent Director annually.

The Nomination Committee has undertaken a review and assessment of the level of independence of the Independent Directors during the financial year 2019 and is satisfied that they are able to discharge their responsibilities in an independent manner. The Independent Directors have also declared their independence to the Board and Management of the Group at a Board Meeting during the year.

The Board, through the Nomination Committee, had assessed Vincent Loh and Wang Choon Seang, the two (2) Independent Directors who had served the Company for a cumulative term of more than nine (9) years but not more than twelve (12) years and, concluded that they have fulfilled the criteria under the definition of Independent Directors as stated in the AMLR, and thus, they would be able to function as checks and balances and bring an element of objectivity to the Board.

Accordingly, the Board has retained Vincent Loh and Wang Choon Seang as Independent Directors of the Company notwithstanding their service tenure of more than nine (9) years and will seek shareholders' approval at the forthcoming Fifteenth Annua General Meeting ("AGM") to support the Board's decision to retain them as Independent Directors.

Corporate Governance Overview Statement (Cont'd)

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

PART II – BOARD COMPOSITION (CONT'D)

Policy of Independent Director's Tenure

The Board has adopted a nine-year policy for Independent Non-Executive Directors. An Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board will need to justify and seek shareholders' approval at the AGM in the event it retains such director as an Independent Director. If the Board continues to retain the Independent Director after the 12th years, the Board need to seek shareholders' approval through a two-tier voting process in accordance with the MCCG 2017.

Diverse Board and Senior Management Team

The Board acknowledges the importance of diverse Board and Senior Management. The Group adhered strictly to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, in the selection of Board members and Senior Management. The Board encourages a dynamic and diverse composition by nurturing suitable and potential candidates equipped with competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

The Board has established a Diversity Policy where the Board will endeavor increase female representation on the Board and Senior Management if there are appropriate candidates available when vacancies arise.

Nonetheless, the Board shall at any point of time to have at least one female representation on the Board and Senior Management. At present, there is one (1) female Director on the Board and one (1) female on the Senior Management.

Nomination Committee

The Nomination Committee is responsible for assessing the adequacy and appropriateness of the board composition, identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine the skill matrix to support the strategic direction and needs of the Company.

The Nomination Committee evaluates the qualification and experience of the candidate against the Board's requirements, including its gender diversity policy and where appropriate recommends to the Board for appointment.

The Nomination Committee consists of entirely Independent Non-Executive Directors as follows:-

Chairman	: Vincent Loh *(Senior Independent Non–Executive Director)*
Members	: Pang Nam Ming *(Independent Non-Executive Director)*
	Wang Choon Seang *(Independent Non-Executive Director)*

The Terms of Reference sets out the duties and functions of the Nomination Committee is published on the Company's website.

During the financial year 2019, the Nomination Committee held a meeting to assess performance of the Board, Board Committees and individual Directors. The Nomination Committee, in discharging its functions and duties, carried out the following activities during the financial year:-

- evaluated the balance of skills, knowledge, experience and diversity on the Board;
- assessed the effectiveness of the Board as a whole and the contribution of each individual Director;
- reviewed and assessed the size, composition and the required mix of skills of the Board and Board Committees;

Corporate Governance Overview Statement (Cont'd)

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

PART II – BOARD COMPOSITION (CONT'D)

Nomination Committee (cont'd)

- reviewed and assessed the character, experience, integrity, competence and time commitment of each Director and the Chief Financial Officer ("CFO");
- reviewed and recommended to the Board for the re-election of retiring Directors at the AGM;
- assessed and evaluated the independence of Independent Directors; and
- reviewed the terms of office of the Audit Committee and each member of the Audit Committee to determine such Audit Committee and its members have carried out their duties in accordance with their terms of referrence; and
- assessed the training needs of the Directors.

Annual Evaluation

On annual basis, the Company Secretary circulates to the Nomination Committee with the relevant assessment forms/ questionnaires in relation to the board evaluation with sufficient time for the Nomination Committee to complete in advance of the meeting of the Nomination Committee in order for the Company Secretary to collate the assessment results for the Nomination Committee's review.

The Board, through the Nomination Committee, has established criteria to ensure board composition and diversity with right mix of knowledge, skills and competency for which performance evaluation are to be based upon. The criteria adopted for the board's performance evaluation includes board mix and composition, directors' training, independence, quality of information, board proceedings, board's roles and responsibilities, board chairman's roles and responsibilities. Annual board review was conducted by the Nomination Committee to assess and evaluate the board effectiveness based on the above criteria during the financial year.

In addition, peer review of the knowledge and skill sets of fellow Directors is required to be performed by the Nomination Committee based on evaluation criteria established, which includes integrity, professionalism, knowledge, performance and participation during board meetings, contribution and board relationship. Peer review of Directors was conducted by the Nomination Committee during the financial year. To further discharge its duties, the Nomination Committee has assessed the performance of the CFO through performance evaluation form completed by her. During the assessment, CEO was invited to comment on the CFO's performance with interview session held by Nomination Committee with the CFO. As for the performance evaluation of Board Committees, the Nomination Committee assessed the performance of the Audit Committee, Nomination Committee and Remuneration Committee based on the recommended evaluation criteria adopted from Corporate Governance Guide issued by Bursa Malaysia Berhad, which includes committees' composition, contribution to the board's decision making, expertise, appointment as well as timeliness and quality of communication and minutes. Review of the performance of the Board Committees was conducted by the Nomination Committee during the financial year.

Based on the above assessments, the Nomination Committee was satisfied with the existing Board composition and was of the view that all Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and has performed competently and effectively. All assessments and evaluations carried out by the Nomination Committee in the discharge of all its functions were properly documented.

The Board is of the view that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experiences that are important to the stewardship of the Group.

Re-election of Retiring Director

In accordance with the Company's Constitution, one third of the Directors (with the exception of Alternate Director) are subject to retirement by rotation annually and all Directors shall retire from office once at least every three years.

The Directors to retire each year are the Directors who have been longest in office since their last appointment on re-election. The Directors appointed during the financial year are subject to retirement at the next Annual General Meeting ("AGM") held following their appointments in accordance with the Company's Constitution. All retiring Directors are eligible for re-election.

Pursuant to Clause 97 of the Company's Constitution, Vincent Loh and Wang Choon Seang are subject to retirement by rotation at the forthcoming Fifteenth AGM and they have expressed their willingness to seek for re-election at the Fifteenth AGM.

Corporate Governance Overview Statement (Cont'd)

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

PART II – BOARD COMPOSITION (CONT'D)

Board Commitment

The attendance record of the Directors at Board and Board Committees meetings during the financial year under review is set out as follows:-

Meeting Attendance	Board	Audit Committee	Nomination Committee	Remuneration Committee
Vincent Loh	5/5	5/5	1/1	1/1
Choy Ngee Hoe	5/5	5/5	-	-
Lee Chong Leng	5/5	5/5	-	-
Ong Hui Peng	5/5	5/5	-	-
Pang Nam Ming	5/5	5/5	1/1	1/1
Wang Choon Seang	4/5	4/5	1/1	1/1

To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, the Directors must not hold more than five (5) directorships in public listed companies and shall notify the Chairman before accepting any new directorships.

The Directors shall remain fully committed in carrying out of their duties and responsibilities by:-

(1) ensuring the total number of directorships held by each Director are below the maximum number set by the Board; and
(2) the time commitment in the full attendance at the Board Meetings.

During the financial year ended 31 October 2019, all the Directors have attended the following training, seminars, conferences and exhibitions to keep themselves abreast with the changes in laws and regulation, business environment and corporate governance development:-

Director	Trainings/ Seminars/ Conferences
Vincent Loh	• The Role of Audit Committees in Ensuring Organisational Integrity, Risk & Governance, by ICDM • International Directors Summit 2019, by ICDM • The Corporate Liability Provision, the Adequate Procedures and Implementation of the National Anti-Corruption Plan, by MACC
Wang Choon Seang	• Briefing on types of financial and export assistance provided/How to apply, by Matrade • KL Semicon South East Asia, by MIDA • Corporate Liability Provisions (Section 17A of MACC Act 2018), by FMM • Domestic Investment Consultative Dialogue and formulating the new IMP 2021-2030, by MIDA
Pang Nam Ming	• 2019 Budger Seminar, by MIA • SST: Latest Updated and Developments, by MIA • MFRS 15 Revenue from Contracts with Customers Workbook Style, by MIA • SCLE Revision: Advisory Services (Rules and Regulations)(Module 19), by SIDC • 2019 IIA Malaysia National Conference, by IIA
Choy Ngee Hoe	• Semicon China 2019 • Semicon West in United States of America 2019
Lee Chong Leng	• Opportunities and Challenges in Semiconductor and Electronics Industries
Ong Hui Peng	• Oriental Motor Technical Fair • Design of Experiment Seminar

Corporate Governance Overview Statement (Cont'd)

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

PART II – BOARD COMPOSITION (CONT'D)

Board Commitment (cont'd)

The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge in discharging their duties and responsibilities as Directors.

The Company Secretaries together with the Management undertake the role as the co-ordinator to manage and co-ordinate the Director's training requirement.

The Directors are encouraged to attend briefing, conferences, forums, trade fairs (locally and internationally), seminars and training related to their functions or roles to keep abreast with the latest developments in the industry and to enhance their skills and knowledge.

PART III - REMUNERATION

Remuneration Policy

The Remuneration Committee and the Board ensure that the Company's remuneration remains supportive of the Company's corporate objectives and is in tune with the market rate and further that the remuneration packages of Directors and Senior Management are sufficiently attractive to attract and to retain persons of high calibre.

The Company's Remuneration Policy recognises the need for the Company to attract, motivate and retain qualified members of the Board and Management as well as to align the interests of the Board with the interests of the Company's shareholders. As such, the Remuneration Policy adopted by the Board embodies the following principles:

- Providing fair, consistent and competitive rewards to attract and retain high calibre executives.
- Motivating the Company's Directors and executives to achieve superior performance.
- A remuneration framework that incorporates both short and long term incentives linked to Company performance and total shareholders' returns.

Remuneration of Directors and Senior Management

The Remuneration Committee consists of entirely Independent Non-Executive Directors as follows:-

Chairman : Vincent Loh *(Senior Independent Non–Executive Director)*
Members : Pang Nam Ming *(Independent Non-Executive Director)*
Wang Choon Seang *(Independent Non-Executive Director)*

The Terms of Reference sets out the duties and functions of the Remuneration Committee is published on the Company's website.

The Remuneration Committee is responsible for recommending the remuneration packages of Executive Directors and Senior Management to the Board for approval. Individual Directors shall abstain from decisions in respect of their individual remuneration. The Remuneration Committee recommends the Directors' fee payable to Non-Executive Directors, which are deliberated and decided at the Board before it is presented at the AGM for shareholders' approval.

The Remuneration Committee held a meeting during the financial year ended 31 October 2019 to review the proposed remuneration package of Executive Directors and Senior Management as well as the fee payable to the Non-Executive Directors and thereafter, submitted such recommended remuneration packages and fees to the Board for approval.

Corporate Governance Overview Statement (Cont'd)

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

PART III - REMUNERATION (CONT'D)

Remuneration of Directors and Senior Management (cont'd)

The details of the Directors' remuneration for the financial year ended 31 October 2019 are as follows:

Category	Directors' Fees (RM '000)	Meeting Allowance (RM '000)	Salaries, Bonus and Incentive (RM '000)	Employee Provident Fund (RM '000)	Benefits-in-kind (RM '000)	Total (RM '000)
COMPANY:-						
Executive Directors*						
Choy Ngee Hoe	-	-	936	159	1	1,096
Lee Chong Leng	-	-	583	77	6	666
Ong Hui Peng	-	-	-	-	-	-
Non-Executive Directors						
Vincent Loh	72^	5	-	-	-	77
Pang Nam Ming	60^	2	-	-	-	62
Wang Choon Seang	60^	2	-	-	-	62
GROUP:-						
Executive Directors*						
Choy Ngee Hoe	-	-	936	159	1	1,096
Lee Chong Leng	-	-	583	77	6	666
Ong Hui Peng	-	-	319	44	-	363
Non-Executive Directors						
Vincent Loh	72^	5	-	-	-	77
Pang Nam Ming	60^	2	-	-	-	62
Wang Choon Seang	60^	2	-	-	-	62

* *The remuneration paid to the Executive Directors were in respect of their employment with the Company/Group.*

^ *The Directors' fee of RM192,000 for the financial year ended 31 October 2018 was approved by the shareholders at the 14th AGM and paid in the financial year 2019. At the forthcoming 15th AGM, the Board recommended the Directors fee of RM210,000 for financial year ended 31 October 2019 to the shareholders for approval.*

Remuneration of Senior Management

The Group has two (2) senior management staff and their remuneration (comprising salary, bonus, benefits in-kind and other emoluments) for the financial year ended 31 October 2019 within the successive bands of RM50,000 are as follows:

Range of Remuneration	Number of Senior Management
Below RM50,000	-
RM50,001 to RM100,000	-
RM100,001 to RM150,000	-
RM150,001 to RM200,000	-
RM200,001 to RM250,000	-
RM250,001 to RM300,000	2

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

The Audit Committee is relied upon by the Board to, amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group.

The Audit Committee is chaired by an Independent Non-Executive Director, who is distinct from the Chairman of the Board and all members of the Audit Committee are financially literate. The composition of the Audit Committee, including its roles and responsibilities as well as a summary of its activities carried out during financial year 2019, are set out in the Audit Committee Report on pages 37 to 39 of this Annual Report.

The Audit Committee has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee and the said policy has been incorporated in the Terms of Reference of the Audit Committee.

Annually, the Audit Committee reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment at the AGM. The Audit Committee would convene meeting with the External Auditors without the presence of the Executive Directors and employees of the Group as and when necessary on the matters relating to the Group and its audit activities. As part of the Audit Committee's review processes, the Audit Committee has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Based on the Audit Committee's annual assessment of Messrs. Al Jafree Salihin Kuzaimi PLT, the External Auditors, the Board is satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for the financial year 2019. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming AGM.

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls. The Board defines the level of risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/ significant risk facing the Group.

The Audit Committee reviews the risk management process of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The Audit Committee also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks.

The Board continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

The Board has outsourced its internal audit function to a professional service firm, GovernAce Advisory & Solutions Sdn. Bhd. to assist the Audit Committee in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the Group's risk management and internal control systems.

The Statement on Risk Management and Internal Control as included on pages 40 to 44 in this Annual Report provides the overview of the internal control framework adopted by the Company during the financial year ended 31 October 2019.

Corporate Governance Overview Statement (Cont'd)

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

PART I – COMMUNICATION WITH STAKEHOLDERS

The Company recognises the importance of prompt and timely dissemination of information to shareholders and investors in order for these stakeholders to be able to make informed investment decisions. Hence, the Company's website has incorporated an investor relations section which provides all relevant information on the Company and it is accessible by the public.

The Company has put in place a Corporate Disclosure Policy with the objective to ensure communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws.

The Board and Management have at all time ensure timely dissemination of information on the Company's performance and other matters affecting shareholders' interests to shareholders and investors through appropriate announcement (where necessary), quarterly announcements, relevant circulars, press releases and distribution of annual reports.

PART II – CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for shareholders' dialogue, allows shareholders to review the Group's performance via the Company's annual report and pose questions to the Board for clarification.

All the Directors shall endeavour to present in person to engage directly with, and be accountable to the shareholders for their stewardship of the Company at the AGM. During the AGM, the Board encourages shareholders' participation in deliberating resolutions being proposed or on the Group's operation in general.

In line with good corporate governance practices, the notice of the AGM was issued at least 28 days before the AGM.

KEY FOCUS AREA AND FUTURE PRIORITIES ON CORPORATE GOVERANCE

During the financial year under review, the Board focused on the following corporate governance matters:-

1. the Board has put into place the sustainability practices in ensuring the Group managing business responsibly for long term success while creating enduring value for customer, employees, shareholders, the community and the environment.

2. At each Board Meeting, the CEO updated the Board on the latest business plan and strategic direction of the Group in creating the long term value of the shareholders through innovation of products. The Board deliberates and assesses the viability of business responsibilities and proposals and the principal rules that may have significant impact on the business or on its financial position.

Goving forward, the Company will continue working towards achieving high standards of corporate governance and have identified the following priorities of the Company:-

1. Implementation of the policies and procedures on anti-corruption as guided by the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department to promote better governance culture and ethical behavior within the Group and to prevent the occurrence of corrupt practices in accordance with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2018 on corporate liability for corruption which come into force on 1 June 2020 and to include the corruption risks in the annual risk assessment of the Group.

2. To distribute the meeting materials to the Board and Board Committees at least five (5) business days in advance of the meetings to ensure that the Directors provided with sufficient information and time to prepare for the meeting.

This Corporate Governance Overview Statement was approved by the Board on 5 February 2020.

Additional Compliance Information

(I) UTILISATION OF PROCEEDS

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

(II) AUDIT AND NON-AUDIT FEES

The amount of audit fees paid to the external auditors and their affiliates by the Group and the Company for the financial year ended 31 October 2019 are as follows:

Company : RM 12,000.00
Group : RM 36,000.00

There were no non-audit fees paid or payable in relation to corporate tax compliance services and other advisory services rendered to the Company and its subsidiary by the external auditors.

(III) MATERIAL CONTRACTS OR LOANS INVOLVING THE INTERESTS OF THE DIRECTORS, CHIEF EXECUTIVE WHO IS NOT A DIRECTOR OR MAJOR SHAREHOLDERS

There were no material contracts or loans between the Company and its subsidiary that involve Directors', chief executive's or major shareholders' interests.

(IV) RECURRENT RELATED PARTY TRANSACTION ("RRPT") OF REVENUE OR TRADING NATURE

There were no shareholders' mandate obtained in respect of RRPT of Revenue or Trading Nature entered into by the Group during the financial year ended 31 October 2019.

(V) EMPLOYEES' SHARES OPTION SCHEME ("ESOS")

The ESOS which was approved by the shareholders at the Extraordinary General Meeting held on 16 October 2017 and governed by the ESOS By-Laws, is the only share option scheme in existence during the financial year. The ESOS would be in force for a period of five (5) years from the date of implementation on 22 November 2017.

There were no options granted during the financial year ended 31 October 2019.

The number of ESOS Options during the financial year ended 31 October 2019 are as follows:-

	Executive Directors/ Chief Executive	Senior Management	Other Employees	Total
Number of Options granted	540,000	325,000	3,347,500	4,212,500
Number of Options exercised	-	-	616,500	616,500
Number of Options forfeited	-	-	161,000	161,000
Number of Options outstanding as at 31 October 2019	540,000	325,000	2,570,000	3,435,000

Options granted to Directors and Senior Management

	During the financial year ended 31 October 2019	Since commencement of the ESOS on 16 October 2017
Aggregate maximum allocation in percentage	60%	60%
Actual percentage granted	20.53%	20.53%

No Options were granted to the Independent Non-Executive Directors.

Audit Committee Report

The Board of Directors of Visdynamics is pleased to present the Audit Committee ("AC") Report for the financial year ended 31 October 2019.

COMPOSITION AND MEETINGS

The Committee held five (5) meetings during the financial year ended 31 October 2019. The details of the attendance of the Committee are as follows:

		Meeting Attendance
Chairman	Pang Nam Ming *(Independent Non-Executive Director)*	5 / 5
Members	Vincent Loh *(Senior Independent Non-Executive Director)*	5 / 5
	Wang Choon Seang *(Independent Non-Executive Director)*	4 / 5

The AC Chairman, Pang Nam Ming is a member of Malaysian Institute of Accountants and fellow member of Association of Chartered Certified Accountants. Accordingly, the Company complies with Rule 15.09(1)(c) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The meetings were conducted with the quorum of two (2) AC members and majority of the members present at the meeting were Independent Non-Executive Directors.

The meetings were appropriately structured through the use of agendas, which were distributed together with the minutes of the previous meeting, the relevant papers and reports to the members at least three (3) business days before the meetings to allow the members have sufficient time to review the information in order to discharge their duties and responsibilities diligently and effectively in compliance with the AMLR of Bursa Securities and its Terms of Reference. The AC may inspect the minutes of the Committee at the registered office.

The AC has been given adequate resources to discharge its functions and has full and unrestricted access to and co-operation of Management. The AC also has full discretion to invite Senior Management, Chief Financial Officer, employees of the Group, External Auditors and Internal Auditors to attend and brief the members on specific issues during the AC Meeting.

In addition, the AC had meetings with the External Auditors and Internal Auditors without the presence of Management where they are given the opportunity to raise any concern or professional opinion and thus, to be able to exert its functions independently.

The Company Secretary is the Secretary of the Committee and is responsible, together with the Committee Chairman, to draft the agenda and circulating it prior to each meeting.

The Terms of Reference of the AC is available on the Company's website.

SUMMARY OF WORK DONE DURING THE FINANCIAL YEAR

The work carried out by the AC in discharging its duties and functions with respect to their responsibilities during the financial year were summarised as follows:

Financial Reporting

The AC reviewed the quarterly and annual financial statements required by Bursa Securities for recommendation to the Board for approval. The review focused on changes in accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption and compliance with accounting standards, AMLR of Bursa Securities and other legal requirements.

The AC keeps itself apprise of changes in accounting policies and guidelines through regular updates by the External Auditor.

Audit Committee Report (Cont'd)

SUMMARY OF WORK DONE DURING THE FINANCIAL YEAR (CONT'D)

External Audit

The AC discussed with the External Auditors the audit plan and the report on the audit of the year-end financial statements and held a private session with the External Auditors without the presence of Management to seek feedbacks from the External Auditors on any difficulties encountered and matters in regard to of the Group during the audit. During the private session, the External Auditors was allowed to highlight major financial and control issues encountered during their audit and the AC would seek confirmation on the External Auditors' independency and objectivity and to assess competency and resources of the External Auditors.

In addition, the AC discussed and reviewed with the External Auditors the applicability of the new accounting standards and new financial reporting regime issued by the Malaysian Accounting Standard Boards.

The AC also reviewed the engagement letter of Messrs. Al Jafree Salihin Kuzaimi PLT, the External Auditors, and the Management's responses in relation thereto. In assessing the independence of the External Auditors, the AC had reviewed the proposed fees and expenses, including fees for non-audit services and of the opinion that the independence of the External Auditors has not been compromised based on the independent confirmation provided by the External Auditors.

The AC reviewed and assessed the performance, suitabality an independence of the External Auditors and consider the re-appointment of the External Auditors before recommending to the Board for approval.

Internal Audit

The AC reviewed and approved the internal audit plan proposed by the Internal Auditors and the adequacy of the scope, competency and resources of the internal audit function to ensure that it has necessary authority to carry out its works.

The AC reviewed and discussed the internal audit report which outlined the recommendations towards correcting areas of weaknesses and ensured that there were action plans established for the implementation of the Internal Auditors' recommendations. Management was invited to attend the AC meeting to provide clarification on specific issues raised in the internal audit reports. The AC monitored the implementation of action plan on the outstanding audit findings reported by the Internal Auditors.

The AC assisted the Board in identifying the principal risks, review and assess the effectiveness of the risk management framework and internal control systems based on the reports and recommendations from the internal auditors and report to the Board on its findings.

The AC reviewed the effectiveness and efficiency of the internal controls system in place and the risk factors affecting the Company as well as the action plans taken by Management to resolve the issues to ensure adequacy of the internal controls system

Related Party Transactions

The AC reviewed the related party transactions entered into by the Group and any conflict of interest situation that may arise within the Group while ensured all transactions are at arms length's basis. There was no material related party transactions during the financial year.

Others

The AC has reviewed the Statement on Risk Management and Internal Control and Audit Committee Report in accordance with the AMLR of Bursa Securities and Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuer, for inclusion into the Annual Report.

Audit Committee Report (Cont'd)

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Company has engaged the services of an independent professional consulting firm, GovernAce Advisory & Solutions Sdn. Bhd. ("GovernAce") to provide assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Company's systems of internal control. GovernAce reports directly to the AC on its activities and its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes of the Group.

The terms of engagement of GovernAce is governed by formal engagement letter reviewed by the AC which includes engagement objectives and scope, reporting structure, internal audit methodology, independence and objectivity, authorities and responsibilities. The Internal Auditors carry out audit review based on the internal audit plan reviewed and approved by the AC. The Internal Auditors presented their findings together with the recommendation and management action plan to the AC. Besides, the AC also followed up from time to time the updates and corrective actions by Management on audited areas reported in earlier cycle.

The activities carried out by the Internal Auditors during the financial year ended 31 October 2019 include:

- Developed the internal audit plan;
- Internal audit review on Information Technology (IT) and Sales and Marketing;
- Internal audit follow-up review on implementation of management's action plan addressing the audit finding;
- Issuance of reports on the results of the internal audit review, identifying key weaknesses with suggested recommendations to Management for further action; and
- Attended AC meetings to table and discuss the internal audit reports.

The relevant Management personnel were made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes.

The AC had reviewed and assessed the internal audit function of the Company and is of the view that the scope, functions (including independence), competency, resources, authorities granted to the outsourced internal audit function as well as internal audit program and processes are adequate to provide the AC with reasonable assurance that governance, risk and control structures and processes of the Group is adequate and effective and that the results of the internal audit program, processes or investigation undertaken is adequately communicated to the AC and appropriate actions are taken on the recommendations of the internal auditors.

The cost incurred for the internal audit function in respect of the financial year ended 31 October 2019 amounted to RM22,000.

Further details of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control on pages 40 - 44 of this Annual Report.

STATEMENT OF ALLOCATION OF EMPLOYEES' SHARES OPTION SCHEME

There were no allocation of options during the financial year ended 31 October 2019.

Statement on Risk Management and Internal Control

INTRODUCTION

Pursuant to Rule 15.26(b) of the ACE Market Listing Requirements in relation to the requirement of preparing statement of the state of risk management and internal control of the listed issuer as a group, and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”), the Board of Directors (“the Board”) of VisDynamics Holdings Berhad (“the Company”) (collectively with its subsidiary, “the Group”) is pleased to present the statement on the state of risk management and internal controls of the Group for the financial year ended 31 October 2019.

BOARD RESPONSIBILITIES

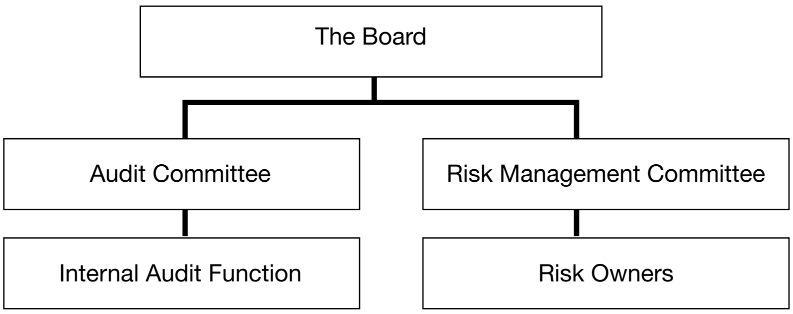
The Board affirms its overall responsibility for maintaining a sound risk management and internal control systems and for reviewing their adequacy and effectiveness so as to safeguard all its stakeholders’ interests and protecting the Group’s assets. The Board has delegated these aforementioned responsibilities to the Audit Committee (“AC”) whereby the AC is assigned with the duty, through its terms of reference approved by the Board, to review the adequacy and effectiveness of the Company’s risk management and internal control process and recommend further enhancement measures to the Board. Through the AC, the Board is kept informed of all significant financial and non-financial issues brought to the attention of the AC by the Management, the Internal Audit Function and the External Auditors.

The system of internal controls covers inter-alia, risk assessment as well as financial, operational, environmental and compliance controls. However, in view of the limitations that are inherent in any system of internal controls, the system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business objectives. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

RISK MANAGEMENT

The Board recognises risk management as an integral part of system of internal control and good management practice in pursuit of its strategic objectives. The Board maintains an on-going commitment for identifying, evaluating and managing significant risks faced by the Group during the financial year under review. The Board had put in place a Risk Management Policy, as the governance structure and processes for risk management on enterprise wide, embed the risk management practice into all level of the Group and to manage key business risks faced by the Group. The duties for the identification, evaluation and management of the key business risk are delegated to the Risk Owners.

The Risk Management Policy established lays down the risk management’s objectives and processes established by the Board with formalised governance structure of the risk management activities of the Group established as follows:



Clear roles and responsibilities of the Board, the AC, Risk Management Committee (headed by the Chief Executive Officer), operational management (as risk owners), and Internal Audit Function are defined in the Risk Management Policy. In particular, the roles and responsibilities of the Risk Management Committee in relation to the risk management are as follows:

(a) establish a Risk Committee of the Management which is used as a forum for the following:

- (i) to formulate business rules, processes and structures to meet the Group standard policy and implementation needs;
- (ii) to implement the processes and structures;
- (iii) to ensure that processes and structures comply with risk parameters and controls;
- (iv) to initiate and conduct business within agreed risk parameters and business rules.

Statement on Risk Management and Internal Control (Cont'd)

RISK MANAGEMENT (CONT'D)

(b) recommend Risk Management Policy to the Board;
(c) constant monitoring to ensure Risk Management Policy is implemented accordingly; and
(d) ensuring that annual key risk profiles is submitted accurately and in a timely manner to the Board.

In addition, the operational management team, i.e. the Heads of Departments/Divisions, is designated as risk owners within their area of expertise and operational responsibilities with the following roles and responsibilities:

(a) manage the risks of the business processes under his/her control;
(b) identify risks and evaluate existing controls. If controls deemed ineffective, inadequate or non-existent, to report to the Risk Management Committee and assist with the development of the Management's action plans and implement these action plans; and
(c) assist the Risk Management Committee with the continuous monitoring, update of the management action plans and the status of these plans.

Systematic risk management process is stipulated in the Risk Management Policy, whereby each step of the risk identification, risk analysis, control identification, risk treatment and control activities are laid down for application by the Risk Management Committee and the operational management. Risk parameters are also predetermined in accordance to the Group's risk appetite to ensure the Group is managed within tolerable expectation.

Risk analysis, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board that are stipulated in the Risk Management Policy. Based on the risk management process, key risk registers were compiled by the Risk Management Committee, with relevant key risks identified and rated based on the agreed upon risk rating. The key risk registers are used for the identification of high residual risks, which is above the risk appetite of the Group that require the Management and the Board's immediate attention and risk treatment as well as for future risk monitoring.

It is important to monitor risks proactively, therefore, Management is required to review the key risk registers of key operating subsidiary and assessment of emerging risks identified at strategic and operational level on a routine basis or on more frequent basis if circumstances required and to report to the Board on the results of the review and assessment.

At strategic level, business plans, business strategies and investment proposals with risks consideration are formulated by the Chief Executive Officer and/or Senior Management and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by the AC and/or the Board during the review of the financial performance of the Group in the scheduled meetings.

A Strengths, Weaknesses, Opportunities and Threats ("SWOT") Analysis was discussed during the Company Annual Strategy Meeting. As first-line-of-defense, respective Heads of Departments/Divisions (i.e. risk owners) are responsible for managing the risks under their responsibilities. Risk owners are responsible for effective and efficient operational monitoring and management by way of maintaining effective internal controls and executing risk and control procedures on a day-to-day basis. Changes in the key operational risks or emergence of new key business risks are identified through daily operational management and controls and review of financial and operational reports by respective level of Management generated by internal management information system supplemented by external data and information collected. Respective risk owners are responsible to assess the changes to the existing operational risks and emerging risks and to formulate and implement effective controls to manage the risks. Critical and material risks are highlighted to the Risk Management Committee and/or the Senior Management for the final decision on the formulation and implementation of effective internal controls and its reporting to the Board.

The monitoring of the risk management by the Group is enhanced by the internal audits carried out by the Internal Audit Function with specific audit objectives and business risks identified for each internal audit cycle based on the internal control plan approved by the AC.

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are described below:

- **Board /Board Committees**

  Board Committees (i.e. Audit Committee, Remuneration Committee and Nomination Committee) are established to carry out duties and responsibilities delegated by the Board, governed by written terms of reference.

  Meetings of Board and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective. Business plans and business strategies are proposed by top management for the Board's review and approval, after taking risk and responses into consideration.

- **Organisation Structure and Authorisation Procedures**

  The Group has a formal organisation structure in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency. Authority limit are established within the Group to provide a clear functional framework of authority for critical control points.

- **Policies and Procedures**

  The Group has documented policies and procedures that are regularly reviewed and updated to ensure its relevance to support the Group's business activities in achieving the Group's business objectives.

- **Human Resource Policy**

  Comprehensive guidelines on the human resource management are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently.

  Performance evaluations are carried out for all levels of staff to identify performance gaps, for training needs identification and talent development.

- **Monitoring and Review**

  At operational level, weekly operation meetings among the key operational management staffs were held focusing on the allocation of responsibility and the monitoring of all key operational issues and projects in order to manage its operation effectively and efficiently. A set of operational and financial performance indexes was developed to act as a monitoring tool as well as to provide a basis for setting up a realistic yardstick for further improvement.

  Furthermore, the quarterly financial statement containing key financial results and comparison against previous results are presented to the Board for their review. Operational and financial performance report is also presented by the Chief Financial Officer during the Board's meeting for the Board to assess the operational performance and future prospect of the Group as well as the external environment to be faced by the Group ahead.

  In addition to the internal audits, significant control issues highlighted by the external auditors as part of their statutory audits and the monitoring of compliance with ISO certification carried out by internal ISO auditors as well as surveillance audit by independent consultants engaged by the Group serve as the fourth-line-of-defense.

INTERNAL AUDIT FUNCTION

The review of the adequacy and effectiveness of the Group's risk management and internal control system is outsourced to an independent professional firm, who, through the AC provides the Board with much of the assurance it requires in respect of the adequacy and effectiveness of the Group's systems of risk management and internal control. This is also to ensure that the internal audit function is free from any relationships or conflicts of interest, which could impair their objectivity and independence.

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL AUDIT FUNCTION (CONT'D)

Risk-based internal audit plan in respect of financial year ended 31 October 2019 was drafted, after taking into consideration existing and emergent key business risks identified in the key risk profile of the Group, the Senior Management's opinion and previous internal audits performed, and was reviewed and approved by the AC prior to execution. Each internal audit cycles within the internal audit plan are specific with regard to business processes to be assessed and scopes of the internal control review. In approving the internal audit plan, the AC has also considered that the internal audit has sufficient resources and is able to access information to enable it to carry out its role effectively and the personnel assigned to undertake internal audit have the necessary competency, experience and resources to carry out the function effectively.

The outsourced Internal Audit Function reports to the AC directly and the engagement director is an Accountant registered with Malaysian Institute of Accountants (MIA), Certified Practising Accountant with CPA Australia, Chartered Member of Institute of Internal Auditors Malaysia (CMIIA) and Certified Internal Auditor accredited by the Institute of Internal Auditors Inc. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework (IPPF) established by the Institute of Internal Auditors Inc.

As third-line-of-defense, the internal control review procedures performed by the Internal Audit Function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to predetermined formulation, subject to the nature of testing and verification of the samples.

During the financial year ended 31 October 2019, the Internal Audit Function has conducted the following:

- Internal audit review on Information Technology.
- Internal audit review on Sales and Marketing.
- Internal audit follow-up review on implementation of management action plan addressing the audit findings.
- Issued reports on the results of the internal audit review, identifying weaknesses with suggested recommendations for improvements to management for further action to improve the system of internal control.
- Attended AC meetings held in December 2018 and June 2019 to table and discuss the audit reports.

Upon completion of the internal audit field work during the financial year, the internal audit reports were presented to the AC during its scheduled meetings. During the presentation, the internal audit findings and recommendations as well as management response and action plans are presented and deliberated with the members of the AC participating actively in the deliberation. Update on the status of action plans as identified in the previous internal audit report are presented at subsequent AC meeting for review and deliberation.

The cost incurred in maintaining the outsourced Internal Audit Function for the financial year ended 31 October 2019 amounted to RM 22,000.00

ASSURANCE PROVIDED BY THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER AND CONTROLS AND REGULATION ASSESSMENT BY SENIOR MANAGEMENT

In line with the Guidelines, the Chief Executive Officer, being highest ranking executive in the Company and Chief Financial Officer, being the person primarily responsible for the management of the financial affairs of the Company have provided assurance to the Board that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

ASSURANCE PROVIDED BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the ACE Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 October 2019 and reported to the Board that nothing has come to their attention that caused them to believe that the statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the systems of risk management and internal controls.

Statement on Risk Management and Internal Control (Cont'd)

OPINION

Based on the review of the risk management process and internal control system as well as the monitoring and review mechanism stipulated above coupled with the assurance provided by the Chief Executive Officer and the Chief Financial Officer, the Board believes that, in the absence of any evidence to the contrary, the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report throughout the financial year and up to and as of the date of this report. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's systems of internal control. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

This statement is made in accordance with a resolution of the Board dated 5 February 2020.

Statement of Directors' Responsibilities

The Directors of the Company are required to prepare financial statements for each financial year which have been drawn up in accordance with Malaysian Financial Report Standards, International Financial Reporting Standards and the provision of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and of the Company as at the end of financial year and of financial performance and cash flow of the Group and the Company for the financial year then ended.

In preparing these financial statements, the Directors have considered the following:-

- That the Group and the Company have used appropriate accounting policies, and these are applied consistently;
- That reasonable and prudent judgements and estimates were made;
- That the approved accounting standards in Malaysia have been adopted; and
- That the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company and subsidiary company maintain proper accounting records which disclose with reasonable accuracy the financial positions of the Group and of the Company, and which enable them to ensure that the financial statements comply with the Companies Act 2016.

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

FINANCIAL STATEMENTS

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 October 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in business of investment holding and provision of management services. The principal activity of the subsidiary are set out in Note 5 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the year	5,070,042	4,721,803
Attributable to:		
Owners of the Company	5,070,042	4,721,803

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISIONS

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

DIVIDENDS

The amount of dividends paid by the Company since 1 November 2018 were as follows:

	RM
In respect of the financial year ended 31 October 2018:	
Final (single-tier) dividends of 1 sen per ordinary share, on 169,169,100 ordinary shares declared on 27 March 2019 and paid on 12 June 2019.	1,691,691

In 20th December 2019, the Board of Directors recommend the payment of a final single-tier dividend of 1.0 sen per share for financial year ended 31 October 2019 and intends to seek approval from the shareholders at the forthcoming Annual General Meeting.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

207, 500 new ordinary shares from exercising of Employee Share Options Scheme ("ESOS")

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company except that new ordinary shares to be issued arising from the exercising of the ESOS will not be entitled to any dividends, rights, allotments and/or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the new ordinary shares.

There were no debentures issued during the financial year.

Directors' Report (cont'd)

DIRECTORS

The directors of the Company who served since beginning of the financial year to the date of this report are:

Choy Ngee Hoe
Lee Chong Leng
Ong Hui Peng (f)
Vincent Loh
Wang Choon Seang
Pang Nam Ming

DIRECTORS' INTEREST

According to register of directors' shareholdings, the interests of directors in office at the end of financial year in shares in the Company during the financial year were as follows:

	Number of Ordinary Shares			
The Company	**As at 1.11.2018**	**Bought**	**Sold**	**As at 31.10.2019**
Direct interest:				
Choy Ngee Hoe	45,790,429	-	-	45,790,429
Ong Hui Peng (f)	5,699,475	-	-	5,699,475
Lee Chong Leng	5,631,225	-	-	5,631,225

	Number of Options over Ordinary Shares			
Share Options of the Company	**As at 1.11.2018**	**Granted**	**Exercised**	**As at 31.10.2019**
Choy Ngee Hoe	180,000	-	-	180,000
Ong Hui Peng (f)	180,000	-	-	180,000
Lee Chong Leng	180,000	-	-	180,000

	Number of Warrant 2017/2022			
Warrants of the Company	**As at 1.11.2018**	**Bought**	**Sold**	**As at 31.10.2019**
Choy Ngee Hoe	11,447,734	-	-	11,447,734
Ong Hui Peng (f)	1,424,868	-	-	1,424,868
Lee Chong Leng	1,407,806	-	-	1,407,806

By virtue of their shareholdings in the ultimate holding Company, Choy Ngee Hoe, Lee Chong Leng and Ong Hui Peng (f) are deemed to have interests in shares in the subsidiary company during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act, 2016.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement, to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 24 to the financial statements or fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Neither during nor at the end of the financial year, was the Group or the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

Directors' Report (cont'd)

DIRECTORS' REMUNERATION

The amounts of remunerations of the directors of the Group and of the Company comprising remunerations received or receivable from the Group and the Company during the year are disclosed in the Note 24 to the financial statements.

Neither during nor at the end of the financial year, was the Group or the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

The directors and officers of the Group and of the Company are covered by Directors' and Officers' Liability Insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM9,010.

There were no indemnity and insurance costs effected for auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the statement of financial position and statement of comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

(ii) to ensure any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances, which would render:

(i) it necessary to write off any bad debts or to make any provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company is misleading.

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

(ii) any contingent liability of the Group and of the Company that has arisen since the end of the financial year.

In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report (cont'd)

SUBSIDIARY

Details of subsidiary are set out in Note 5 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATIONS

The auditors, Al Jafree Salihin Kuzaimi PLT, have expressed their willingness to continue in office.

Auditors' remunerations are disclosed in Note 23 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 February 2020.

CHOY NGEE HOE
Director

LEE CHONG LENG
Director

Selangor, Malaysia

Statement by Directors *Pursuant To Section 251(2) Of The Companies Act, 2016*

We, **CHOY NGEE HOE** and **LEE CHONG LENG,** being two of the directors of **VISDYNAMICS HOLDINGS BERHAD,** do hereby state that, in the opinion of the directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 October 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 February 2020.

……………………………………..
CHOY NGEE HOE
Director

……………………………………………
LEE CHONG LENG
Director

Selangor, Malaysia

Statutory Declaration *Pursuant To Section 251(1)(b) Of The Companies Act, 2016*

I**, PEGGY CHEK HONG KIM (MIA No. CA 23475),** being the officer primarily responsible for the financial management of **VISDYNAMICS HOLDINGS BERHAD,** do solemnly and sincerely declare that the accompanying financial statements are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at ***Batu Caves***)
in the state of ***Selangor Darul Ehsan***)
on 5 February 2020.)

……………………………………..
PEGGY CHEK HONG KIM

Before me,

……………………………………..
Commissioner for oaths

Independent Auditors' Report To The Members Of Visdynamics Holdings Berhad *(Incorporated In Malaysia)*

Opinion

We have audited the financial statements of VISDYNAMICS HOLDINGS BERHAD, which comprise the statements of financial position as at 31 October 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows the Group and 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 56 to 98.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 October 2019, and of its financial performance and its 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 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' Code of Ethics for Professional Accountants ("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 statement of the current year. These matters were addressed in the context of our audit of the financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
1) Inventories valuation The carrying amount of inventories of the Group as at 31 October 2019 is RM13,832,786. As described in the Accounting Policies in Note 2.9 to the financial statements, inventories are carried at the lower of cost and net realisable value. Assessing valuation of inventories is an area significant judgement as there is a risk in estimating the net realizable value of the inventories, as well as assessing which items may be slow-moving or obsolete. Due to the significance of inventories balance and involvement of judgment and estimates in the valuation of inventories, we considered this is a key audit matter. Please refer to Note 3.1 (iv) Significant Accounting Estimates and Judgements and disclosure of inventories in Note 8 to the financial statements.	Our procedures included, amongst others: • We attended stock counts to identify whether any inventory was obsolete; • We obtained an understanding of the Group's production process and the types of costs included in the valuation of the Group's inventories; • We agreed, on a sampling basis, the costs of raw materials and labour costs to supporting documentation such as supplier invoices and payroll records respectively; • We have reviewed and verified the subsequent selling price against unit cost of sample of inventory used in the final inventory listing to ensure inventories are stated at lower of cost and net realisable value; and • We have reviewed the management's assessment on the valuation of slow-moving inventories.

Independent Auditors' Report To The Members Of Visdynamics Holdings Berhad (cont'd) (Incorporated In Malaysia)

Key Audit Matters (Contd.)

Key audit matters	How our audit addressed the key audit matters
1) Revenue recognition As set out in Note 2.23, 20 and 32 to the financial statements, the Group's revenue for the year ended amounted to RM33,247,289 where it mainly earned from sales of machines. Given its magnitude and significant volume of transactions involved, revenue recognition is identified as a key audit matter in our audit. There is a risk that revenue could be subject to misstatement, particularly in respect of the timing and amount of revenue recognised. As described in the Significant Accounting Policies in Note 2.23 to the financial statements, revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer	Our procedures included, amongst others: • We obtained an understanding of the Group's relevant internal controls and tested the controls over timing and amount of revenue recognised; • We evaluated the transaction price by agreeing the invoices issued with the agreed purchase order from customers; • We evaluated whether the allocation of transactions price to the respective performance obligations; • We evaluated the appropriateness of the timing of revenue recognition based on the transfer of control of the related goods to the customers; and • We tested the recording of sales transactions close to the year end to establish whether the transactions were recorded in the correct accounting period.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Independent Auditors' Report To The Members Of Visdynamics Holdings Berhad (cont'd) (Incorporated In Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and 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 represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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, related safeguards.

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 and regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report To The Members Of Visdynamics Holdings Berhad (cont'd) (Incorporated In Malaysia)

Other Reporting Responsibilities

The supplementary information set out in Note 35 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profts or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

AL JAFREE SALIHIN KUZAIMI PLT
(AF 1522)
CHARTERED ACCOUNTANTS

AHMAD ALJAFREE BIN MOHD RAZALLI
NO. 01768/05/2021 (J)
CHARTERED ACCOUNTANT

Dated: 5 February 2020.

Selangor, Malaysia

Statements Of Financial Position As At 31 October 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Non-current Assets					
Property, plant and equipment	4	5,691,377	5,370,532	1,386	2,026
Investment in a subsidiary	5	-	-	2,999,980	2,999,980
Intangible assets	6	2,275,547	2,392,082	-	-
		7,966,924	7,762,614	3,001,366	3,002,006
Current Assets					
Short term investment	7	3,819,557	-	-	-
Inventories	8	13,832,786	15,180,720	-	-
Trade receivables	9	15,937,172	19,399,191	-	-
Other receivables	10	1,929,445	737,846	299,689	34,496
Amount owing by subsidiary	11	-	-	15,138,081	9,756,696
Fixed deposits with licensed banks	12	6,993,371	7,567,887	4,820,000	7,210,000
Cash and bank balances	12	3,708,425	3,446,360	156,248	252,153
		46,220,756	46,332,004	20,414,018	17,253,345
Total Assets		54,187,680	54,094,618	23,415,384	20,255,351
Equity					
Share capital	13	19,824,046	18,918,188	19,824,046	18,918,188
Share premium	13	-	799,288	-	799,288
Reserve	14	576,855	505,550	576,855	505,550
Retained profits/(Accumulated losses)		23,863,821	20,485,470	1,628,142	(1,401,970)
Total equity attributable to:					
Owners of the Company		44,264,722	40,708,496	22,029,043	18,821,056
Non-controlling interest		-	-	-	-
Total equity		44,264,722	40,708,496	22,029,043	18,821,056
Non-current Liabilities					
Hire purchase payables	15	146,031	216,798	-	-
Deferred tax liabilities	16	-	611,976	-	486
		146,031	828,774	-	486
Current Liabilities					
Trade payables	17	1,252,941	344,730	-	-
Other payables	18	5,164,730	9,218,746	964,224	1,330,393
Hire purchase payables	15	70,871	67,622	-	-
Borrowings	19	1,933,000	1,987,000	-	-
Provision for taxation		1,355,385	939,250	422,117	103,416
		9,776,927	12,557,348	1,386,341	1,433,809
Total Liabilities		9,922,958	13,386,122	1,386,341	1,434,295
Total Equity and Liabilities		54,187,680	54,094,618	23,415,384	20,255,351

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

Statements Of Comprehensive Income *For The Year Ended 31 October 2019*

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Revenue	20	33,247,289	41,394,098	7,100,000	3,600,000
Cost of sales	21	(14,222,974)	(14,813,856)	-	-
Gross profit		19,024,315	26,580,242	7,100,000	3,600,000
Other operating income	22	931,437	838,726	201,151	113,849
Selling and distributions expenses		(4,642,664)	(5,837,491)	-	-
Administrative expenses		(4,374,160)	(5,452,032)	(2,148,026)	(2,513,257)
Other operating expenses		(981,205)	(1,207,126)	-	-
Research and development expenses		(3,937,734)	(4,399,425)	-	-
Profit from operations		6,019,989	10,522,894	5,153,125	1,200,592
Finance costs	26	(46,776)	(187,641)	-	-
Profit before tax	23	5,973,213	10,335,253	5,153,125	1,200,592
Taxation	27	(903,171)	(2,166,423)	(431,322)	(328,387)
Profit for the year, representing net comprehensive income		5,070,042	8,168,830	4,721,803	872,205
Attributable to:					
Non-controlling interest		-	-	-	-
Owners of the Company		5,070,042	8,168,830	4,721,803	872,205
		5,070,042	8,168,830	4,721,803	872,205
Earnings per share attributable to owners of the parent (sen) :					
- Basic	29	3.00	4.83		
- Diluted	29	1.25	4.66		

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

Statements Of Changes In Equity *For The Year Ended 31 October 2019*

	Attributable to Equity Share Holders of the Company					
	Non-Distributable			Distributable		
	Share capital RM	Share premium RM	Warrant reserve RM	ESOS reserve RM	Retained profits RM	Total RM
Group						
At 31 October 2017	13,043,788	6,417,708	-	-	12,316,640	31,778,136
Issuance of bonus issue	5,618,420	(5,618,420)	-	-	-	-
Issuance of warrants	-	-	3,371,052	-	-	3,371,052
Discount on warrants	-	-	(3,371,052)	-	-	(3,371,052)
ESOS granted	-	-	-	589,750	-	589,750
Exercise of ESOS	255,980	-	-	(84,200)	-	171,780
Profit for the year	-	-	-	-	8,168,830	8,168,830
At 31 October 2018	18,918,188	799,288	-	505,550	20,485,470	40,708,496
Transfer of share premium	799,288	(799,288)	-	-	-	-
Forfeited of ESOS	-	-	-	(22,540)	-	(22,540)
ESOS granted	-	-	-	113,265	-	113,265
Exercise of ESOS	106,570	-	-	(19,420)	-	87,150
Total comprehensive income for the year	-	-	-	-	5,070,042	5,070,042
Dividend paid during the year	-	-	-	-	(1,691,691)	(1,691,691)
At 31 October 2019	19,824,046	-	-	576,855	23,863,821	44,264,722

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

Statements Of Changes In Equity (cont'd) *For The Year Ended 31 October 2019*

	Attributable to Equity Share Holders of the Company					
	Non-Distributable				Distributable	
	Share capital RM	Share premium RM	Warrant reserve RM	ESOS reserve RM	Retained profits RM	Total RM
Company						
At 31 October 2017	13,043,788	6,417,708	-	-	(2,274,175)	17,187,321
Issuance of bonus issue	5,618,420	(5,618,420)	-	-	-	-
Issuance of warrants	-	-	3,371,052	-	-	3,371,052
Discount on warrants	-	-	(3,371,052)	-	-	(3,371,052)
ESOS granted	-	-	-	589,750	-	589,750
Exercise of ESOS	255,980	-	-	(84,200)	-	171,780
Total comprehensive income for the year	-	-	-	-	872,205	872,205
At 31 October 2018	18,918,188	799,288	-	505,550	(1,401,970)	18,821,056
Transfer of share premium	799,288	(799,288)	-	-	-	-
Forfeited of ESOS	-	-	-	(22,540)	-	(22,540)
ESOS granted	-	-	-	113,265	-	113,265
Exercise of ESOS	106,570	-	-	(19,420)	-	87,150
Total comprehensive income for the year	-	-	-	-	4,721,803	4,721,803
Dividend paid during the year	-	-	-	-	(1,691,691)	(1,691,691)
At 31 October 2019	19,824,046	-	-	576,855	1,628,142	22,029,043

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

Statements Of Cash Flows For The Year Ended 31 October 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash Flows from Operating Activities				
Profit before tax	5,973,213	10,335,253	5,153,125	1,200,592
Adjustments for:				
Amortisation of intangible assets	370,431	493,109	-	-
Depreciation of property, plant and equipment	559,025	630,620	640	640
ESOS expenses	93,734	589,750	-	589,750
Loss on disposal of property, plant and equipment	2,026	298	-	-
Interest expense	46,776	187,641	-	-
Unrealised loss/(gain) on foreign exchange	422,180	(434,037)	-	-
Write-off property, plant and equipment	-	10,000	-	-
Interest income	(345,784)	(163,888)	(201,151)	(113,779)
Operating profit before working capital changes	7,121,601	11,648,746	4,952,614	1,677,203
Decrease/(Increase) in inventories	1,384,571	(1,242,733)	-	-
Decrease/(Increase) in trade and other receivables	4,267,995	(6,769,934)	(5,646,577)	4,326
(Increase)/Decrease in trade and other payables	(3,016,967)	1,282,224	(366,169)	205,619
Cash inflows/(outflows) from operations	9,757,201	4,918,303	(1,060,132)	1,887,148
Interest paid	(46,776)	(187,641)	-	-
Taxes paid	(3,618,533)	(2,009,931)	(113,107)	(230,621)
Net cash inflows/(outflows) from operating activities	6,091,892	2,720,731	(1,173,239)	1,656,527

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

Statements Of Cash Flows (cont'd) *For The Year Ended 31 October 2019*

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash Flows from Investing Activities				
Acquisition of property, plant and equipment	(918,832)	(630,526)	-	-
Addition to intangible assets	(253,896)	(247,572)	-	-
Write-off of intangible assets	-	118,373	-	-
Interest received	326,786	145,244	201,151	95,135
Placement of short term investment	(3,800,559)	-	-	-
Proceeds from disposal of property, plant and equipment	300	-	-	-
Net cash (outflows)/inflows from investing activities	(4,646,201)	(614,481)	201,151	95,135
Cash Flows from Financing Activities				
Net advance to subsidiary	-	-	-	(1,456,797)
Proceeds from exercise of ESOS	84,140	171,780	177,874	171,780
Dividend paid	(1,691,691)	-	(1,691,691)	-
Drawdown of banker acceptances	1,933,000	8,868,000	-	-
Repayment of banker acceptances	(1,987,000)	(10,243,000)	-	-
Repayment of hire purchase payables	(67,518)	(52,676)	-	-
Net cash outflows from financing activities	(1,729,069)	(1,255,896)	(1,513,817)	(1,285,017)
Net (decrease)/increase in cash and cash equivalents	(283,378)	850,354	(2,485,905)	466,645
Effect of exchange rate changes	(29,073)	(62,942)	-	-
Cash and cash equivalents at beginning of year	11,014,247	10,226,835	7,462,153	6,995,508
Cash and cash equivalents at end of year	10,701,796	11,014,247	4,976,248	7,462,153
Cash and cash equivalents at end of year comprised:				
Cash and bank balances	3,708,425	3,446,360	156,248	252,153
Fixed deposits with licensed banks	6,993,371	7,567,887	4,820,000	7,210,000
	10,701,796	11,014,247	4,976,248	7,462,153

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

Notes To The Financial Statements

1. CORPORATE INFORMATION

The Company, VisDynamics Holdings Berhad is a public listed company, incorporated and domiciled in Malaysia and is listed on the Ace Market, Bursa Malaysia Securities Berhad.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary are set out in Note 5 to the financial statements. There have been no significant changes in the principal activities of the Group during the financial year.

The registered office of the Company is located at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

The principal place of business of the Company is located at Lot 3844, Jalan TU 52, Kawasan Perindustrian Tasik Utama, 75450 Ayer Keroh, Melaka.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 05 February 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

The preparation of financial statements in conformity with MFRS requires the use of certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and reported amounts of revenue and expenses during the reported financial period. It also requires directors' best knowledge of current events and action, and therefore actual results may differ.

2.2 Changes in accounting policies

On 1 November 2018, the Group and the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2018.

Effective for annual periods beginning on or after 1 January 2018

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvement MFRS Standards 2014-2016 cycle)
Amendments to MFRS 2	Share-based Payment (Classification and Measurement of Share-based Payment Transaction)
Amendments to MFRS 4	Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Investment Property: Transfers of Investment Property
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transaction and Advance Consideration

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

Effective for annual periods beginning on or after 1 January 2018

The adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as discussed below:

(i) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective. The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

The adoption of the new accounting standards did not have any impact on the financial statements or results of the Group and the Company.

(ii) MFRS 9 Financial Instruments

Under MFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are solely payments of principal and interest on the principal amount outstanding (the SPPI criterion) and the instrument is held within the appropriate business model for that classification.

The amendments to MFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments must be applied retrospectively. Earlier application is permitted. These amendments are not expected to have a significant impact on the Group's and the Company's financial statements.

New and revised pronouncements yet in effect

The Group and the Company has not adopted the following standards, amendments and interpretations that have been issued but not yet effective.

Effective for annual periods beginning on or after 1 January 2019

MFRS 16	Leases
Amendments to MFRS 3	Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
Amendments to MFRS 9	Financial Instruments (Prepayment Features With Negative Compensation)
Amendments to MFRS 112	Income Taxes (Annual Improvement to MFRS Standards 2015-2017 cycle)
Amendments to MFRS 119	Employee Benefits (Plan Amendment, Curtailment or Settlement)
Amendments to MFRS 123	Borrowing Cost (Annual Improvement to MFRS Standards 2015-2017 cycle)
IC Interpretation 23	Uncertainty over Income Tax Treatments

Deferred yet to be effective

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

New and revised pronouncements yet in effect (cont'd)

Effective for annual periods beginning on or after 1 January 2019 (cont'd)

Deferred yet to be effective (cont'd)

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements is not expected to have any material impacts to the financial statements of the Group and of the Company except as mentioned below:

(i) MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

2.3 Business combination and consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary made up to 31 October 2019.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

The subsidiary is consolidated using the purchase method. Under the purchase method, the result of the subsidiary acquired or disposed off are included from the date of acquisition or up to the date of disposal. At the end of acquisition, the fair values of the subsidiary' net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for the control of the acquire, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Financial instruments

Financial instrument are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments. Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instruments classified as a liability, are reported as an expenses or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loan and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loan and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

The Group and the Company designate trade receivables, other receivables, deposits, cash and cash equivalents and amount owing by subsidiary as loan and receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Financial instruments

(ii) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, The Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit of loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

Other financial liabilities

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

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For the other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at costs. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried as cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life reviewed at least at each statement of financial position date.

Intangible assets with indefinite useful lives are not amortised but tested for impairment annually or more frequently of the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Patents and Trademarks

Patents and trademarks are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying product not exceeding 10 years.

Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on developments projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can be demonstrate all of the following:

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable

(iv) its ability to use or sell the develop asset; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of not exceeding 5 years when the products are ready for sale or use. In the event that the expected future benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Property, plant and equipment are stated at cost modified by the revaluation of certain property less accumulated depreciation and impairment loss, if any.

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairments. An impairment loss is recognised as an expense in the statements of comprehensive income.

Depreciation is provided on the straight-line method in order to write off the cost of each asset to its residual value over its estimated useful life. Depreciation of an asset does not cease when the assets becomes idle or is retired from active use unless the assets is fully depreciated.

The principal depreciation rates of property, plant and equipment are as follows:

Items	%
Buildings	2-4
Computer equipment	20-33.33
Furniture, fitting and electrical installation	10-33.33
Leasehold land	1-2
Motor vehicles	20
Plant and machineries	10-20
Renovation	2-4

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each reporting date to ensure the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognised of the asset is included in the statement of comprehensive income in the financial year asset is derecognised.

2.7 Impairment of assets

(i) Impairment of financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the assets. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve.

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Impairment of assets (cont'd)

In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instrument, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of non-financial assets

The carrying value of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discontinued future cash flow.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalue amount. Any impairment loss of a revalued asset is treated as revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

When there is change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalue amount. A reversal of an impairment loss on revalue asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalue asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

2.8 Investment in a subsidiary

Investments in a subsidiary is initially stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

2.9 Inventories

Inventories are valued at the lower of cost and net realisable value on the weighted average cost basis. Cost of raw materials comprised the cost of purchase plus the cost of bringing the inventories to their present location and condition. For finished goods and work-in-progress cost consist of raw materials, direct labour and an appropriate proportion of production overheads.

2.10 Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. Allowance is made for doubtful debts based on a review of all outstanding amounts as at the statement of financial position date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the statement of profit or loss and other comprehensive income over the financial period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of the related assets.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank; and fixed deposits that are readily convertible to known amount as cash and which are subject to an insignificant risk of changes in value.

2.13 Hire purchase payables

Property, plant and equipment acquired under hire purchase are capitalised and are depreciated in accordance with the policy stated in Note 2.6 corresponding obligations relating to the remaining capital payments are treated as liabilities. Finance charge are charged to the statement of comprehensive income over the period of the plan so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

2.14 Borrowings costs

Borrowing costs directly attributable to the acquisition of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use. All other borrowing costs are charged to the statement of comprehensive income as an expense in the period in which they are incurred.

All other borrowing costs are recognised in profit or loss in the period when they are incurred. Borrowing costs consist of interest and costs that the Group and the Company incurred in connection with the borrowing of funds.

2.15 Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.16 Segmental information

Segmental revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of property, plant and equipment (net of accumulated depreciation, where applicable), inventories, receivable, and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets and liabilities do not include income tax assets and liabilities respectively.

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 Segmental information (cont'd)

Segment revenue, expenses and results include transfers between segments. The prices charged on inter-segment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

Additional disclosures on each of these segments are shown in Note 32 to the financial statements including the factors used to identify the reportable segments and the measurement basis of the segment information.

2.17 Provisions

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expenditure expected to be required to settle the obligation.

2.18 Related parties

A party is related to an entity if:

(i) directly or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity

(ii) the party is an associate of the entity

(iii) the party is a joint venture in which the entity is venture,

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is related party of the entity.

2.19 Taxation

Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current tax are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Taxation (cont'd)

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) In respect of taxable temporary differences associated with the investment in subsidiary, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

(i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with investment in subsidiary, deferred assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underling transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Functional and presentation currency

(i) Functional and presentation currency

The functional currency of the Group is measured using the currency of the primary economic environment in which the Group operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the parent's functional and presentation currency.

The principal closing rates used in transaction of foreign currency amounts are as follows:

	2019 RM	2018 RM
Foreign currency		
1 Singapore Dollar	3.071	3.021
1 US Dollar	4.184	4.184

(ii) Transactions and balances

Transactions is foreign currency are converted into RM at the approximate rates of exchange ruling at the transaction dates. Transactions in foreign currency are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the statement of financial position date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the profit or loss.

2.21 Employee benefits

(i) Short term employee benefits

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

(ii) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(iii) Employee share option plans

Employees of the Group receive remunerations in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Employee benefits (cont'd)

(iii) Employee share option plans (cont'd)

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested in irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2.22 Contingency liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

2.23 Revenue recognition

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

Sale of goods

The Group is involved in manufacturing and trading. Revenue is recognised at point in time upon transfer of control of the goods to the customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume rebates. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Interest income

Interest income is recognised using the effective interest method.

Management fees

Management fees are recognised on accrual basis.

Notes To The Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of leased asset, or if lower, at the present value of the minimum lease payment. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Lease assets are depreciated over the estimated useful life on the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor I recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the respected amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

(i) Useful lives of property, plant and equipment and intangible assets

The cost of property, plant and equipment for the manufacture of automated test equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 50 years. These are common life expectancies applied in the automation industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

When the recoverable amount of an intangible asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows. The carrying amount of the Group's and of the Company's property, plant and equipment and intangible assets at the reporting date is disclosed in Note 4 and Note 6 respectively.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.1 Key sources of estimation uncertainty (cont'd)

(ii) Taxation

There are certain transactions computations for which the ultimate tax determination may be different from the initial estimate. The Group recognised tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's and of the Company's taxation at the reporting date is disclosed in Note 27.

(iii) Impairment of loans and receivables

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the Group and the Company's contractual entitlement to a debt, the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amount of the Group's and of the Company's trade and other receivables at the reporting date is disclosed in Note 9 and 10.

(iv) Write down and provision for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of the Group's and of the Company's inventories at the reporting date is disclosed in Note 8.

(v) Employee share options

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions and the carrying amounts are disclosed in Note 31.

Notes To The Financial Statements (cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

Group

	Building RM	Computer equipment RM	Furniture, Fitting & Electrical installation RM	Leasehold land RM	Motor vehicles RM	Plant and machineries RM	Renovation RM	Total RM
Cost								
As at 1 November 2018	3,221,610	1,734,046	1,851,710	991,396	542,678	3,126,664	42,723	11,510,827
Additions	575,300	141,071	90,870	-	-	63,441	48,150	918,832
Disposals	-	(27,006)	(1,600)	-	-	-	-	(28,606)
Transfer to inventories	-	-	-	-	-	(36,636)	-	(36,636)
At 31 October 2019	3,796,910	1,848,111	1,940,980	991,396	542,678	3,153,469	90,873	12,364,417
Accumulated depreciation								
As at 1 November 2018	643,078	1,606,942	1,478,950	136,305	269,295	1,975,861	29,864	6,140,295
Charge for the year	88,485	80,074	38,279	10,904	107,905	227,141	6,237	559,025
Disposals	-	(25,988)	(292)	-	-	-	-	(26,280)
At 31 October 2019	731,563	1,661,028	1,516,937	147,209	377,200	2,203,002	36,101	6,673,040
Net book value	3,065,347	187,083	424,043	844,187	165,478	950,467	54,772	5,691,377

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

Group

	Building RM	Computer equipment RM	Furniture, Fitting & Electrical installation RM	Leasehold land RM	Motor vehicles RM	Plant and machineries RM	Renovation RM	Total RM
Cost								
At 1 November 2017	3,231,610	1,703,497	1,672,325	991,396	392,776	2,799,978	35,725	10,827,307
Additions	-	87,615	193,325	-	149,902	326,686	6,998	764,526
Disposals	-	(57,066)	(13,940)	-	-	-	-	(71,006)
Write-off	(10,000)	-	-	-	-	-	-	(10,000)
At 31 October 2018	3,221,610	1,734,046	1,851,710	991,396	542,678	3,126,664	42,723	11,510,827
Accumulated depreciation								
At 1 November 2017	561,551	1,579,160	1,359,092	125,401	173,881	1,755,330	25,968	5,580,383
Charge for the year	81,527	84,848	133,500	10,904	95,414	220,531	3,896	630,620
Disposals	-	(57,066)	(13,642)	-	-	-	-	(70,708)
At 31 October 2018	643,078	1,606,942	1,478,950	136,305	269,295	1,975,861	29,864	6,140,295
Net book value	2,578,532	127,104	372,760	855,091	273,383	1,150,803	12,859	5,370,532

Notes To The Financial Statements (cont'd)

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

	Computer equipment RM
Cost	
At 1 November 2018 / 31 October 2019	3,199
Accumulated Depreciation	
At 1 November 2018	1,173
Charge for the year	640
At 31 October 2019	1,813
Net book value	
At 31 October 2019	1,386
At 31 October 2018	2,026

Included in Group's property, plant and equipment are building and leasehold land with a carrying value of RM3,065,347 (2018:RM2,578,532) and RM844,187 (2018:RM855,091) respectively which have been pledged to a financial institution as security for banking facilities granted to the Group as disclosed in Note 19.

The motor vehicles of the Group acquired under hire purchase terms was carried at net book value of RM165,478 (2018: RM273,383) at the statements of financial position.

5. INVESTMENT IN A SUBSIDIARY

	Company	
	2019 RM	2018 RM
Unquoted share at cost:		
At 1 November / 31 October	2,999,980	2,999,980

Detail of the subsidiary which were incorporated in Malaysia is as follows:

Name of Subsidiary	Equity interest held 2019	Principal activity
VisDynamics Research Sdn. Bhd.	100%	Manufacturer of automated test equipment

The financial statements are audited by Al Jafree Salihin Kuzaimi PLT.

Notes To The Financial Statements (cont'd)

6. INTANGIBLE ASSETS

	As at 1.11.2018 RM	Additions RM	Disposals RM	As at 31.10.2019 RM
Cost				
Development expenditure	3,350,730	253,896	-	3,604,626
Goodwill	1,576,446	-	-	1,576,446
Patents and trademarks	110,792	-	-	110,792
	5,037,968	253,896	-	5,291,864

	As at 1.11.2018 RM	Additions RM	Disposals RM	As at 31.10.2019 RM
Accumulated depreciation				
Development expenditure	2,569,368	365,819	-	2,935,187
Patents and trademarks	76,518	4,612	-	81,130
	2,645,886	370,431	-	3,016,317

	2019 RM	2018 RM
Net carrying amount		
Development expenditure	669,439	781,362
Goodwill	1,576,446	1,576,446
Patents and trademarks	29,662	34,273
	2,275,547	2,392,082

(a) Development expenditure

Development expenditure included Gravity based system, Tray based system, Rotary tray system, Wafer based system and Supplementary equipment. The estimated useful life for development expenditure is 3 to 5 years.

(b) Goodwill

Goodwill arising from business combination is in relation to an individual cash generating unit which is the Gravity-based system. The goodwill has not been impaired as the Gravity-based system is still in demand from the customers as at the reporting date.

(c) Patents and trademarks

Patents and trademarks are registered in Malaysia, Taiwan, China, Singapore and Philippines, United State of America and other countries. The estimated useful life for patents and trademarks is 5 to 10 years.

Notes To The Financial Statements (cont'd)

7. SHORT TERM INVESTMENT

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
At cost				
Fair value through profit or loss				
Investments in unit trust funds	3,819,557	-	-	-

8. INVENTORIES

	Group 2019 RM	Group 2018 RM
At cost		
Raw materials	5,516,218	7,412,918
Work in progress	7,016,574	4,872,942
Finished goods	1,299,994	2,894,860
	13,832,786	15,180,720

9. TRADE RECEIVABLES

	Group 2019 RM	Group 2018 RM
Third parties	15,937,172	19,399,191

(a) The Group's normal trade credit terms range from 30 to 90 days (2018: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

(b) The currency exposure profile of receivables is as follows:

	Group 2019 RM	Group 2018 RM
US Dollar	14,530,142	18,091,894

Notes To The Financial Statements (cont'd)

9. TRADE RECEIVABLES

(c) The ageing analysis of trade receivables is as follows:

	Group 2019 RM	Group 2018 RM
Neither past due nor impaired	11,769,826	9,267,762
91 to 120 days past due not impaired	1,961,897	2,667,119
More than 120 days past due not impaired	2,205,449	7,464,310
	4,167,346	10,131,429
Impaired	-	-
	15,937,172	19,399,191

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM4,167,346 (2018:RM10,131,429) that are past due at the reporting date but not impaired. The balances of receivables that are past due but not impaired are unsecured in nature.

10. OTHER RECEIVABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	9,616	503,173	9,673	18,644
Deposits	38,497	30,693	-	1,000
Prepayments	1,881,332	203,980	290,016	14,852
	1,929,445	737,846	299,689	34,496
Add:				
Cash and cash equivalents (Note 12)	10,701,796	11,014,247	4,976,248	7,462,153
Less:				
Prepayments (Note 10)	(1,881,332)	(203,980)	(290,016)	(14,852)
Total loans and receivables	10,749,909	11,548,113	4,985,921	7,481,797

Notes To The Financial Statements (cont'd)

11. AMOUNT OWING BY SUBSIDIARY

	Company 2019 RM	Company 2018 RM
Non-trade balances	15,138,081	9,756,696

Amount owing by subsidiary is unsecured, interest-free and repayable on demand.

12. CASH AND CASH EQUIVALENTS

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash and bank balances	3,708,425	3,446,360	156,248	252,153
Fixed deposits with licensed banks	6,993,371	7,567,887	4,820,000	7,210,000
	10,701,796	11,014,247	4,976,248	7,462,153

The Company's cash management policy is to use fixed deposits, cash and bank balances to manage cash flows to ensure sufficient liquidity to meet the Company's obligations.

(a) The foreign currency exposure profile of cash and bank balances is as follows:

	Group 2019 RM	Group 2018 RM
US Dollar	3,454,185	2,491,063

(b) The weighted average effective interest rates of deposits at the statement of financial position is 3.09% (2018: 3.88%)

(c) Average maturity days of deposits at the statement of financial position is as follows:

	Group 2019 Days	Group 2018 Days	Company 2019 Days	Company 2018 Days
Licensed banks	30	24	30	24

Notes To The Financial Statements (cont'd)

13. SHARE CAPITAL

	Group/Company			
	Number of Ordinary Shares of RM1 Each		Amount	
	2019	2018	2019 RM	2018 RM
a) Issued and fully paid-up:				
Ordinary shares:				
At 1 November	168,961,600	112,368,400	18,918,188	13,043,788
Transfer from share premium	-	-	799,288	-
Issuance of bonus shares	-	56,184,200	-	5,618,420
Exercise of ESOS	207,500	409,000	106,570	255,980
At 31 October	169,169,100	168,961,600	19,824,046	18,918,188
b) Share premium				
At 1 November			799,288	6,417,708
Issuance of bonus shares			-	(5,618,420)
Transfer to ordinary shares			(799,288)	-
At 31 October			-	799,288

Effective 31 January 2017, the concept of authorised share capital and par value has been abolished pursuant to the Companies Act 2016. The transaction to no par value has no effect on the number of ordinary shares in issue of the Group.

During the financial year, the Company undertook the exercise below:

(a) 207,500 new ordinary shares for a total consideration of RM106,570 deriving from weighted average exercise price of RM0.51 from the exercise of Employee Share Option Scheme ("ESOS").

In accordance with Section 618(2) of Companies Act 2016, any amount outstanding to the credit of the share premium account has become part of the Company's share capital.

Included in share capital is share premium amounting to RM799,288 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74).

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 meeting of the Company.

14. RESERVE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
ESOS compensation reserve	576,855	505,550	576,855	505,550

The Employee Share Option Scheme ("ESOS") reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the reserve is transferred to share capital. When the share options expire, the amount from the reserve is transferred to retained earnings.

ESOS is disclosed in Note 31 to the financial statements.

Notes To The Financial Statements (cont'd)

15. HIRE PURCHASE PAYABLES

	Group 2019 RM	Group 2018 RM
Future minimum finance lease payments:		
- Not later than 1 year	78,924	78,924
- More than 1 year	152,592	231,516
	231,516	310,440
Less: Future finance charges	(14,614)	(26,020)
	216,902	284,420
Represented by:		
- Not later than 1 year	70,871	67,622
- More than 1 year	146,031	216,798
	216,902	284,420

Effective interest rate on the hire purchase payables for the year is 2.38% to 2.41% (2018: 2.41%). The interest rate is fixed at the inception of the lease liabilities arrangements.

16. DEFERRED TAX LIABILITIES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 November	611,976	354,490	486	-
Transfer from/(to) profit or loss (Note 27)	(611,976)	257,486	(486)	486
At 31 October	-	611,976	-	486

The balance in the deferred taxation is made up of temporary differences arising from:

	At 1 November 2018 RM	Recognised in Income Statement RM	At 31 October 2019 RM
Differrences between depreciation and capital allowance rate:			
Property, plant and equipment			
Buildings	350,345	(172,275)	178,070
Furniture, fittings and electrical installation	50,647	23,580	74,227
Motor vehicles			
- under hire purchase	37,145	(6,330)	30,815
Computer	17,480	(1,217)	16,263
Plant and machinery	156,359	20,547	176,906
	611,976	(135,695)	476,281
Provisions	-	(476,281)	(476,281)
	611,976	(611,976)	-

Notes To The Financial Statements (cont'd)

17. TRADE PAYABLES

	Group 2019 RM	Group 2018 RM
Third parties	1,252,941	344,730

(a) The Company's normal trade credit term granted ranges from 30 to 120 days (2018: 30 to 120 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(b) The currency exposure profile of receivables is as follows:

	Group 2019 RM	Group 2018 RM
US Dollar	27,758	4,477
Singapore Dollar	65,694	-

18. OTHER PAYABLES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	32,063	168,765	17,236	49,852
Accruals	1,891,211	4,304,981	122,784	127,288
Provisions	3,241,456	4,745,000	824,204	1,153,253
	5,164,730	9,218,746	964,224	1,330,393
Add:				
Hire purchase payables (Note 15)	216,902	284,420	-	-
Borrowings (Note 19)	1,933,000	1,987,000	-	-
	2,149,902	2,271,420	-	-
Less:				
Provisions (Note 18)	(3,241,456)	(4,745,000)	(824,204)	(1,153,253)
Other financial liabilities	4,073,176	6,745,166	140,020	177,140

All short-term payables are measured at undiscounted amounts because the effect of discounting is immaterial.

Notes To The Financial Statements (cont'd)

19. BORROWINGS

	Group	
	2019 RM	2018 RM
Bankers' acceptance	1,933,000	1,987,000

The purpose of borrowing is to finance imports and local purchases of goods related to business. The weighted average of interest rate is 4.62%. (2018: 4.90%) with maturity date less than a year.

The bank borrowing is secured by:

(a) by a corporate guarantee from the Company; and
(b) by way of a fixed charge over the leasehold land together with a factory erected thereon as disclosed in Note 4 to financial statements.

20. REVENUE

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Sales of goods	33,247,289	41,394,098	-	-
Dividend received	-	-	3,500,000	-
Management fee	-	-	3,600,000	3,600,000
	33,247,289	41,394,098	7,100,000	3,600,000
Timing of revenue recognition				
- at a point in time	-	-	7,100,000	3,600,000
- over time	33,247,289	41,394,098	-	-
	33,247,289	41,394,098	7,100,000	3,600,000

Included in the sales of goods is revenue from manufacturing of machines are recognised over time using the output method, which is based on Group recognizes certain of its manufacturing activities over time or based on physical completion of the manufacturing activities using the output method.

The transaction price allocated to the unsatisfied performance obligations as at 31 October 2019 is Nil.

21. COST OF SALES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Allocation of direct overhead and labour	(399,513)	(429,081)	-	-
Direct costs	14,178,948	14,692,343	-	-
Freight charges	58,732	74,373	-	-
Inventories scrap	384,807	476,221	-	-
	14,222,974	14,813,856	-	-

Notes To The Financial Statements (cont'd)

22. OTHER OPERATING INCOME

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
ESOS charge	-	70	-	70
Sales of scraps	1,212	-	-	-
Generation of solar panel	126,629	113,904	-	-
Interest on fixed deposits	326,786	163,888	201,151	113,779
Fair value gain on short term investment	18,998	-	-	-
Gain on foreign				
- Realised	424,768	-	-	-
- Unrealised	-	434,037	-	-
Utilisation of government grant	33,044	126,827	-	-
	931,437	838,726	201,151	113,849

23. PROFIT BEFORE TAX

Profit before tax has been arrived at:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
After charging/(crediting):				
Amortisation of intangible assets	370,431	493,109	-	-
Auditors' remuneration	36,000	36,000	12,000	12,000
Depreciation pf property, plant and equipment	559,025	630,620	640	640
Loss on disposal of property, plant and equipment	2,026	298	-	-
(Gain)/Loss on foreign exchange:				
- Realised	(424,768)	577,146	-	-
- Unrealised	422,180	(434,037)	-	-
Directors' remuneration (Note 24)	2,261,322	2,407,834	1,698,973	1,758,475
Staff cost (Note 25)	5,119,197	5,452,533	255,453	318,228

24. DIRECTORS' REMUNERATION

Aggregate amount of remuneration received and receivable by the Directors of the Company during the financial year as below:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Non-executive Directors' fee	192,000	192,000	192,000	192,000
Executive Directors:				
Bonus	81,584	88,836	60,020	51,200
Defined contribution plan	232,014	254,318	174,564	185,859
Salaries	946,728	868,534	689,608	634,054
Other emoluments	808,996	1,004,146	582,781	695,362
	2,069,322	2,215,834	1,506,973	1,566,475
	2,261,322	2,407,834	1,698,973	1,758,475

Notes To The Financial Statements (cont'd)

25. STAFF COSTS

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Defined contribution plan	511,126	510,442	25,729	31,325
Other staff related expenses	1,186,051	1,875,677	116,124	182,903
Salaries and wages	3,422,020	3,066,414	113,600	104,000
	5,119,197	5,452,533	255,453	318,228

26. FINANCE COSTS

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Interest on bankers' acceptance	35,369	176,393	-	-
interest on hire purchase	11,407	11,248	-	-
	46,776	187,641	-	-

27. TAXATION

	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Income tax expenses				
- current year	1,355,385	2,168,416	422,117	328,416
- under/(over) provision in prior year	159,762	(259,479)	9,691	(515)
Deferred taxation				
Relating to origination and reversal of temporary differences	593,579	-	276,294	-
(Over)/underprovided in prior year	(1,205,555)	257,486	(276,780)	486
	903,171	2,166,423	431,322	328,387

Notes To The Financial Statements (cont'd)

27. TAXATION (CONT'D)

The significant differences between the tax expense and accounting profit multiplied by statutory tax rate are due to the tax affects arising from the following items:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	5,973,213	10,335,253	5,153,125	1,200,592
Tax at statutory tax rate of 24%	1,431,245	2,480,461	1,236,750	288,142
Non-deductible for tax purpose	216,051	107,022	104,185	40,274
Income not subject to tax	-	(307,623)	(840,000)	-
Utilised capital allowances	-	(111,444)	-	-
Under/(Over) provision in prior year	159,762	(259,479)	9,691	(515)
Deferred tax assets not recognised	301,668	-	197,476	-
(Over)/Under provision of deferred tax in prior year	(1,205,555)	257,486	(276,780)	486
Effective tax expense	903,171	2,166,423	431,322	328,387

Subject to the agreement by Inland Revenue Board, the Group's has no unutilised capital allowances and unabsorbed tax losses which are available for setting off against future taxable profit.

28. RELATED PARTY DISCLOSURES

28.1 Key Management Personnel Compensation

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Short term employees benefits	3,228,167	3,697,527	1,379,463	1,647,220
Defined contribution plans	402,455	440,321	200,293	217,183
ESOS granted	64,973	250,600	29,341	70,700
	3,695,595	4,388,448	1,609,097	1,935,103

28.2 Related Party Transactions

The following related party transactions are recorded during the year under review and the corresponding prior year:

Company

	2019 RM	2018 RM
Management fee receivables from subsidiary	3,600,000	3,600,000
Amount owing from subsidiary	15,138,081	9,756,696

Notes To The Financial Statements (cont'd)

29. EARNING PER SHARE ("EPS")

Basic EPS

	2019	2018
Net profit for the year (RM)	5,070,042	8,168,830
Weighted average number of shares in issue ('000)	166,394	166,325
Basic EPS (sen)	3.05	4.91

Diluted EPS

The calculation of diluted EPS has taken into consideration of the adjustment of weighted average number of ordinary shares in issue during the year for the dilutive effect of all potential ordinary shares, if any.

	2019	2018
Net profit for the year (RM'000)	5,070	8,169
Weighted average number of shares used in the calculation of Basic Earnings per share ('000)	166,394	166,325
Adjustment for incremental shares from assumed exercise of ESOS ('000)	239,733	9,044
Weighted average number of ordinary shares at 31 October 2019 ('000)	406,127	175,369
Diluted EPS (sen)	1.25	4.66

Basic EPS (based on enlarged number of issued shares)

	2019	2018
Net profit for the year (RM'000)	5,070	8,169
Number of shares in issue ('000)	169,169	168,962
Basic EPS (sen)	3.00	4.83

30. DEBT AND EQUITY SECURITES

During the year, the Company undertook the exercises as follows:

(a) During the year, there were 161,000 shares option under the ESOS were forfeited and 207,500 shares option under ESOS were exercised.

Notes To The Financial Statements (cont'd)

31. EMPLOYEE'S SHARE OPTION SCHEME ("ESOS")

On 16 October 2017, the shareholders at the Extraordinary General Meeting have approved the establishment of ESOS of up to 10% of the total number of issued share of the Company at any point in time to be granted to the eligible directors and employees of VHB and its subsidiary company.

The salient terms of ESOS are as follows:

(a) Total number of new Shares which may be made available and/or issued under ESOS shall not be more than 10% of the total number of issued Shares (excluding treasury shares) at any one time as referred to in Bylaw 5 hereof.

(b) Subject to the compliance of the terms and conditions herein contained, the ESOS shall come in force on the Effective Date for a period of five (5) years commencing from the Effective Date.

(c) The Company may at any time during the duration of the ESOS through a resolution by the Board terminate the ESOS without further sanctions, approvals and/or authorisations (unless otherwise required by the relevant authorities of Listing Requirements) and shall immediately announce to Bursa Securities the:

- (i) effective date of termination of the ESOS;
- (ii) number of Options exercised of VHB Shares vested (if any);
- (iii) reasons for termination of the ESOS.

(d) In the case of an Eligible Person, he/she will be eligible if at the date of the Offer, the following eligibility criteria are fulfilled:

- (i) he/she has attained the age of at least 18 years and is not an undischarged bankrupt; and/or
- (ii) if an Employee, he/she is in the employment of any corporation within the VHB Group, who has been confirmed in service and has not served a notice to resign nor received a notice of termination; and/or
- (iii) if a Director. He/she appointed and remains appointed as a Director of any corporation within the Group; and/or
- (iv) is under such categories and criteria that the ESOS committee may from time to time decide as its absolute discretion.

(e) The basis for determining the aggregate number of new VHB shares that may be offered under the ESOS and /or to an eligible Person shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration, inter alia, the performance, contribution, employment grade, seniority and /or length of service to the Group by Eligible Person and/or such other matters.

(f) The five (5) days volume weighted average market price of the VHB Shares as quoted on Bursa Securities immediately preceding the Offer Date, with a discount not more than 10%.

On 2 July 2018, the Company granted 4,212,500 ESOS to eligible Directors and employees of the Company and its subsidiary. 50% of the total number of options granted may be exercised upon offering and shall remain exercisable for the duration of the scheme. The balance of 50% of the total number of options granted may be exercised after the first anniversary of the offering shall remain exercisable for the duration of scheme.

Notes To The Financial Statements (cont'd)

31. EMPLOYEE'S SHARE OPTION SCHEME ("ESOS") (CONT'D)

The fair value of the share options granted to eligible employees and Directors, was determined using Black-Scholes Option Pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at the grant date and the input assumed by the Company in arising the fair value are as follows:

	Group/Company	
	2019	2018
Fair value at grant date (RM)	0.28	0.28
Market price at exercisable date (RM)	0.44	0.62
Exercise price (RM)	0.42	0.42
Expected volatility (%)	6.81	11.47
Expected life (years)	5 years	5 years
Risk-free interest rate (%)	3.38	3.87

Movement in the number of share options and the exercise price are as follows:

	Group/Company	
	2019	2018
	Number of shares	
At 1 November	1,697,250	-
Granted during the year	-	4,212,500
Eligible to exercise during the year	2,106,250	2,106,250
Exercised during the previous year	-	(409,000)
Forfeiture of ESOS	(161,000)	-
Exercised during the year	(207,500)	-
At 31 October	1,737,750	1,697,250
Option exercisable at 31 October	3,435,000	2,515,250

During the financial year, 207,500 (2018: 409,000) share options were exercised and 161,000 (2018: Nil) shares option were forfeited during the year. The weighted average share price at the date of exercise RM0.52 (2018: RM0.63).

32. SEGMENTAL REPORTING

The Group has two (2) segments as follows:

Manufacturing : Manufacturing of automated test equipment

Others : Investment holding and provision of management services

Segment performance is evaluated based on segment profit before tax and is measured consistently with profit or loss in the consolidated financial statements.

Notes To The Financial Statements (cont'd)

32. SEGMENTAL REPORTING (CONT'D)

	2019 RM	2018 RM
Revenue by geographical market:		
Malaysia	1,276,032	3,094,424
South East Asia	8,298,149	7,898,909
North Asia	23,457,621	30,385,172
USA	215,486	15,593
	33,247,288	41,394,098

Group
2019

	Manufacturing RM	Others RM	Elimination RM	Total RM
Revenue:				
External revenue	33,247,289	-	-	33,247,289
Inter segment revenue	-	7,100,000	(7,100,000)	-
	33,247,289	7,100,000	(7,100,000)	33,247,289
Results:				
Segments results	136,578	4,951,974	-	5,088,552
Finance costs	(46,776)	-	-	(46,776)
Other operating income	730,286	201,151	-	931,437
Profit before tax	820,088	5,153,125	-	5,973,213
Tax expense	(471,849)	(431,322)	-	(903,171)
Profit attributable to equity holders of the Company	348,239	4,721,803	-	5,070,042
Other information:				
Segment assets	47,481,027	23,415,384	(16,708,731)	54,187,680
Segment liabilities	23,821,814	1,386,341	(15,285,197)	9,922,958
Capital expenditure	(918,832)	-	-	(918,832)
Depreciation	558,385	640	-	559,025

Notes To The Financial Statements (cont'd)

32. SEGMENTAL REPORTING (CONT'D)

Group
2018

	Manufacturing RM	Others RM	Elimination RM	Total RM
Revenue:				
External revenue	41,394,098	-	-	41,394,098
Inter segment revenue	-	3,600,000	(3,600,000)	-
	41,394,098	3,600,000	(3,600,000)	41,394,098
Results:				
Segments results	8,597,425	1,086,743	-	9,684,168
Finance costs	(187,641)	-	-	(187,641)
Other operating income	724,877	113,849	-	838,726
Profit before tax	9,134,661	1,200,592	-	10,335,253
Tax expense	(1,838,036)	(328,387)	-	(2,166,423)
Profit attributable to equity holders of the Company	7,296,625	872,205	-	8,168,830
Other information:				
Segment assets	45,019,026	20,255,351	(11,179,759)	54,094,618
Segment liabilities	21,708,052	1,434,295	(9,756,225)	13,386,122
Capital expenditure	(764,526)	-	-	(764,526)
Depreciation	629,980	640	-	630,620

33. DIVIDENDS

Dividends recognised by the Company are as follows:

	Sen per share RM	Total amount RM
2018		
Final single-tier dividend	1	1,689,616

After the end of the reporting period, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

	Sen per share RM	Total amount RM
2019		
Final single-tier dividend	1	1,691,691

Notes To The Financial Statements (cont'd)

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each item of financial instruments:

(a) Cash and bank balances and other short term receivables

The carrying amounts approximated their fair values due to the relatively short term maturity of these instruments.

(b) Short term bank borrowings and other current liabilities

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

(c) Hire purchase obligations

The fair value of hire purchase payables are determined by discounting the relevant cash flows using current interest rates similar types of instruments. There is no material difference between their fair values and the carrying values of these liabilities as at the statement of financial position.

(d) Amount owing by subsidiary

The Company does not anticipate the carrying amount recorded at the reporting date to be significantly different from the value that would eventually be received or settled. This amount is unsecured, interest fee and receivable on demand.

(e) Contingent liability

The nominal amount and net fair value of financial instruments not recognised in the statement of financial position of the Company are as follows:

	Nominal Amount		Net Fair Value Amount	
	2019 RM	2018 RM	2019 RM	2018 RM
Corporate guarantees	16,400,000	9,900,000	-	-

The fair value of contingent liabilities is expected to be minimal as the subsidiary is expected to be able to repay the banking facilities.

(f) Interest rate risk

The Group's and the Company's fixed rate deposits places with licensed banks are exposed to a risk of change in their fair value due to changes in market rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in market interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining prudent mix of short and long term deposits. While interest rate exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contacts or other derivatives instruments for trading or speculative purposes.

Notes To The Financial Statements (cont'd)

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

(f) Interest rate risk (contd.)

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial assets				
Fixed deposits with licensed banks	6,993,371	7,567,887	4,820,000	7,210,000
Short term investment	3,819,557	-	-	-
Financial liabilities				
Hire purchase payables	(216,902)	(284,420)	-	-
Borrowings	(1,933,000)	(1,987,000)	-	-
	8,663,026	5,296,467	4,820,000	7,210,000

(g) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD).

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

	Group/Company	
	2019 RM	2018 RM
USD		
Trade receivables (Note 8)	14,530,142	18,091,894
Cash and bank balances (Note 11)	3,454,185	2,491,063
	17,984,327	20,582,957

Notes To The Financial Statements (cont'd)

35. SUPPLEMENTARY INFORMATION – BREAKDOWN OF RETAINED PROFITS/(ACCUMULATED LOSSES) INTO REALISED AND UNREALISED

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at 31 October 2019 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25th March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

	Group 2019 RM	Company 2018 RM
Total retained profits/(accumulated losses)		
- Realised	23,931,736	1,628,142
- Unrealised	22,085	-
	23,953,821	1,628,142
Consolidation adjustment	(90,000)	-
Total retained profits/(accumulated losses)	23,863,821	1,628,142

List of Properties *As At 31 October 2019*

Description	Corporate and manufacturing plant
Location	Lot 3844 Jalan TU 52, Kawasan Perindustrian Tasik Utama Ayer Keroh, 75450 Melaka
Land area	6,690 square metres
Tenure	Leasehold (99 years) expiring on 29 March 2097
Net book value as at 31/10/19	RM 3,909,534
Date of acquisition	20 February 2007

Analysis Of Shareholdings As At 15 January 2020

Total Number of Issued Shares : 169,290,600
Class of Shares : Ordinary Shares
Voting Rights : One vote per ordinary share

DISTRIBUTION TABLE ACCORDING TO THE NUMBER OF SECURITIES HELD IN RESPECT OF ORDINARY SHARES

CATEGORY	NO.OF HOLDERS	%	NO.OF SHARES	%
Less than 100	83	3.09	3,807	0.00
100 - 1,000	216	8.03	103,338	0.06
1,001 - 10,000	1,202	44.68	7,093,876	4.19
10,001 - 100,000	1,037	38.55	34,857,250	20.59
100,001 to less than 5% of issued shares	151	5.61	81,441,900	48.11
5% and above of issued shares	1	0.04	45,790,429	27.05
TOTAL	**2,690**	**100.00**	**169,290,600**	**100.00**

DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	NAME OF DIRECTORS	NO OF SHARES	%
1	CHOY NGEE HOE	45,790,429	27.09
2	LEE CHONG LENG	5,631,225	3.33
3	ONG HUI PENG	5,699,475	3.37
4	VINCENT LOH	-	-
5	WANG CHOON SEANG	-	-
6	PANG NAM MING	-	-

LIST OF SUBSTANTIAL SHAREHOLDER AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDINGS

NO.	NAME OF SUBSTANTIAL SHAREHOLDER	NO. OF SHARES	%
1	CHOY NGEE HOE	45,790,429	27.09

Analysis Of Shareholdings (cont'd) As At 15 January 2020

TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS
(Without aggregating the securities from different securities account belonging to the same Depositor)

NOS	NAME	NO. OF SHARES	%
1.	CHOY NGEE HOE	45,790,429	27.05
2.	ONG HUI PENG	5,699,475	3.37
3.	LEE CHONG LENG	5,631,225	3.33
4.	CHAN HENG SOON	5,400,225	3.19
5.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	4,894,200	2.89
6.	JONG PIT FONG	4,704,625	2.78
7.	CH'NG PAED WEE	4,379,625	2.59
8.	TEO LEONG KHOON	4,093,725	2.42
9.	TAN HOCK VENG	3,270,000	1.93
10.	CHONG CHOY FOONG	2,606,200	1.54
11.	CITIGROUP NOMINEES (ASING) SDN BHD CEP FOR PHEIM SICAV-SIF	1,772,200	1.05
12.	SIM YERN THENG	1,300,000	0.77
13.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG (MY3136)	1,206,500	0.71
14.	MOHD RAZALI BIN ABDUL RAHMAN	1,125,000	0.66
15.	WONG SIU CHUNG	909,800	0.54
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)	844,800	0.50
17.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/IPB)	812,300	0.48
18.	WONG YOKE FONG @ WONG NYOK FING	769,550	0.45
19.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUA ENG GUAN @ KUA ENG KOON	720,000	0.43
20.	CHONG WEN TAT	710,050	0.42
21.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	612,600	0.36
22.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SER TOH CHON CHIEN (E-BPT)	600,000	0.35
23.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	588,300	0.35
24.	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	582,000	0.34
25.	CHENG SANG UH	566,000	0.33
26.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM GUAT KEE (MM0666)	550,400	0.33
27.	HSBC NOMINEES (ASING) SDN BHD BBH AND CO BOSTON FOR PHEIM ASEAN EQUITY FUND (TCSB)	527,450	0.31
28.	TAN SAW GNOH	520,000	0.31
29.	LEE CHIP HWA	500,000	0.30
30.	OOI ENG BEE	500,000	0.30
	TOTAL	102,186,679	60.38

Analysis of Warrant Holdings *As At 15 January 2020*

Type of Securities	: Warrants 2017/2022
Date of Expiry	: 16 November 2022
Exercise Right	: Each warrant carries the entitlement to subscribe for one (1) new ordinary share in the Company at an exercise price of RM0.75
Voting Right	: The holder of warrants is not entitled to any voting rights

DISTRIBUTION TABLE ACCORDING TO THE NUMBER OF SECURITIES HELD IN RESPECT OF WARRANTS

CATEGORY	NO.OF HOLDERS	%	NO.OF WARRANTS	%
Less than 100	389	29.10	18,441	0.04
100 - 1,000	197	14.73	100,100	0.24
1,001 - 10,000	413	30.89	1,802,736	4.28
10,001 - 100,000	290	21.69	10,457,496	24.82
100,001 to less than 5% of issued warrants	47	3.52	18,311,643	43.46
5% and above of issued warrants	1	0.07	11,447,734	27.17
TOTAL	**1,337**	**100.00**	**42,138,150**	**100**

DIRECTORS' WARRANTS HOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS

	NAME OF DIRECTORS	NO OF WARRANTS	%
1	CHOY NGEE HOE	11,447,734	27.17
2	LEE CHONG LENG	1,407,806	3.34
3	ONG HUI PENG	1,024,868	2.432
4	VINCENT LOH	-	-
5	WANG CHOON SEANG	-	-
6	PANG NAM MING	-	-

Analysis of Warrant Holdings (cont'd) As At 15 January 2020

TOP THIRTY (30) SECURITIES ACCOUNTS HOLDERS
(Without aggregating the securities from different securities account belonging to the same Depositor)

NOS	NAME	NO. OF SHARES	%
1.	CHOY NGEE HOE	11,447,734	27.17
2.	ONG HUI PENG	1,424,868	3.38
3.	LEE CHONG LENG	1,407,806	3.34
4.	CHONG KAH AN	1,300,000	3.09
5.	CH'NG PAED WEE	1,094,906	2.60
6.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY TONG EH (6000302)	1,000,000	2.37
7.	CHAN HENG SOON	950,056	2.25
8.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SER TOH CHON CHIEN (E-BPT)	950,000	2.25
9.	TAN HOCK VENG	817,500	1.94
10.	CHONG YEH MEI	700,000	1.66
11.	CHONG CHOY FOONG	688,600	1.63
12.	LAM KIM GOON	600,000	1.42
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE BEE SIN	400,000	0.95
14.	LIM TEE CHIEW	363,000	0.86
15.	NG BAK KHOON	360,000	0.85
16.	AFFIN HWANG INVESTMENT BANK BERHAD IVT(SKM)	330,000	0.78
17.	CHEW AH CHAY	330,000	0.78
18.	TEO LEONG KHOON	323,431	0.77
19.	SEOW CHING YUEN @ KHOO SAU CHUN	300,000	0.71
20.	MOHD RAZALI BIN ABDUL RAHMAN	281,250	0.67
21.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JULIAN CHEAH WAI MENG	276,008	0.66
22.	CHOY SOOK FEN	213,087	0.51
23.	TEY YAO DONG	210,000	0.50
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOW KEE SOON	205,000	0.49
25.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA SIEW BEE (7003107)	200,000	0.47
26.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIM CHEE TEONG	200,000	0.47
27.	LIM KENG KIANG	200,000	0.47
28.	TAN YOKE FOON	200,000	0.47
29.	YAN WEE HENG	200,000	0.47
30.	JONG PIT FONG	189,006	0.45
	TOTAL	27,162,252	64.43

Notice Of Fifteenth Annual General Meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of VisDynamics Holdings Berhad will be held at the Conference Room, Lot 3844, Jalan TU 52, Kawasan Perindustrian Tasik Utama, Ayer Keroh, 75450 Melaka on Friday, 13 March 2020 at 10.30 a.m., for the purpose of considering the following businesses:

A G E N D A

ORDINARY BUSINESS

1. To receive the Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 October 2019. ***Please refer to Explanatory Note 1***

2. To approve the payment of Directors' fees to the Directors amounting to RM210,000 for the financial year ended 31 October 2019. ***Ordinary Resolution 1***

3. To approve the payment of Directors' benefits payable to the Non-Executive Directors of the Company amounting to RM9,000 for the period from 1 April 2020 until 31 March 2021. ***Ordinary Resolution 2***

4. To re-elect the following Directors who retire in accordance with Clause 97 of the Constitution of the Company and being eligible, offer themselves for re-election:
   a. Vincent Loh ***Ordinary Resolution 3***
   b. Wang Choon Seang ***Ordinary Resolution 4***

5. To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and authorise the Directors to fix their remuneration. ***Ordinary Resolution 5***

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following Ordinary Resolution, with or without modification:

   Final Single Tier Dividend

   "THAT a final single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 October 2019 be hereby approved for payment." ***Ordinary Resolution 6***

7. To consider and if thought fit, pass the following Ordinary Resolution, with or without modification:

   Authority to Issue and Allot Shares

   "THAT subject always to the Companies Act 2016, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Companies Act 2016 to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Companies Act 2016 and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof." ***Ordinary Resolution 7***

Notice Of Fifteenth Annual General Meeting (cont'd)

8. To consider and if thought fit, pass the following Ordinary Resolution, with or without modification:

Proposed Renewal of Authority for Purchase of Own Shares by the Company

"THAT, subject always to the Companies Act 2016, the provisions of the Constitution of the Company, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(i) the aggregate number of shares purchased does not exceed ten per centum (10%) of its total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall be backed by an equivalent amount of retained profits; and
(iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends or transfer the shares under employee share scheme or as purchase consideration.

THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

(i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991 of Malaysia, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares or to resell the shares or distribute the shares as dividends or transfer the shares under employee share scheme or as purchase consideration) in accordance with the Constitution of the Company and the requirements and/or guidelines of ACE Market Listing Requirements of Bursa Securities and all other relevant governmental and/or regulatory authorities." ***Ordinary Resolution 8***

9. To consider and if thought fit, pass the following Ordinary Resolution, with or without modification:

Continuing in Office as Independent Non-Executive Director – Vincent Loh

"THAT authority be and is hereby given to Vincent Loh, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company." ***Ordinary Resolution 9***

Notice Of Fifteenth Annual General Meeting (cont'd)

10. To consider and if thought fit, pass the following Ordinary Resolution, with or without modification:

    Continuing in Office as Independent Non-Executive Director – Wang Choon Seang

    "THAT authority be and is hereby given to Wang Choon Seang, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue act as an Independent Non-Executive Director of the Company." ***Ordinary Resolution 10***

11. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Fifteenth Annual General Meeting, a final single-tier dividend of 1 sen per ordinary share for the financial year ended 31 October 2019, if approved, will be paid on 5 June 2020 to holders of ordinary share registered in the Record of Depositors of the Company at the close of business on 12 May 2020.

A depositor shall qualify for entitlement to the dividend only in respect of:-

a) Securities transferred into the Depositor's Securities Account before 4.30 p.m. on 12 May 2020 in respect of transfers; and
b) Securities bought on the Bursa Malaysia Securities Berhad ("Securities Berhad") on a cum entitlement basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

PEGGY CHEK HONG KIM (MIA No. CA 23475)
TEO MEE HUI (MAICSA 7050642)
Company Secretaries

Kuala Lumpur
Dated this 13th day of February, 2020.

Notice Of Fifteenth Annual General Meeting (cont'd)

NOTES:

1. For the purpose of determining a member who shall be entitled to attend this Fifteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 62 of the Company's Constitution to issue a General Meeting Record of Depositors as at 2 March 2020. Only a depositor whose name appears on the Record of Depositors as at 2 March 2020 shall be entitled to attend the said meeting and to speak or vote thereat.

2. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy / proxies to attend and vote for him/her. The member may attend and vote in person at the meeting after lodging the proxy form but however such attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.

3. A member shall be entitled to appoint at least one (1) and up to two (2) proxies to attend at the meeting. Where a member appoints more than one (1) proxy, the proxies shall not be valid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, shall be deposited at the Company's Registered Office at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

EXPLANATORY NOTE

1. <u>Item 1 of the Agenda - Directors' Report, Audited Financial Statements and the Auditors' Report for the financial year ended 31 October 2019</u>

   The Audited Financial Statements under this agenda item is meant for discussion only as the provision of Sections 248 and 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence this item is not put forward for voting.

2. <u>Items 2 & 3 of the Agenda – Directors' Fees and Benefits</u>

   Section 230(1) of the Companies Act 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agree that the shareholders' approval shall be sought at the Fifteenth Annual General Meeting on the Directors' remuneration in two (2) separate resolutions as below:-

   - Resolution 1 on payment of Directors' fees for the financial year ended 31 October 2019; and
   - Resolution 2 on payment of Directors' benefits for the financial period from 1 April 2020 until 31 March 2021 ("Relevant Period")

   The payment of the Directors' fees for the financial year ended 31 October 2019 will only be made if the proposed Resolution 1 has been passed at the Fifteenth Annual General Meeting pursuant to Clause 105 of the Company's Constitution and Section 230(1) of the Companies Act 2016.

   The estimated total amount of the Directors' benefits for the Relevant Period comprise of meeting allowance payable to the Non-Executive Directors which only be accorded based on actual attendance of meetings by the Non-Executive Directors.

Notice Of Fifteenth Annual General Meeting (cont'd)

3. Item 7 of the Agenda – Authority to Issue and Allot Shares

   The proposed resolution, if passed, will give flexibility to the Directors to issue and allot shares to such persons at any time in their absolute discretion without convening a general meeting. This authorisation will expire at the conclusion of next Annual General Meeting of the Company.

   This is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). The previous mandate was not utilised and accordingly no proceed was raised.

   The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

4. Item 8 of the Agenda – Proposed Renewal of Authority to Purchase of Own Shares by the Company

   The proposed resolution, if passed, will allow the Company to purchase its own shares up to 10% of its total number of issued shares of the Company by utilising the funds allocated which shall not exceed the retained profits of the Company.

   For further information, please refer to the Share Buy-Back Statement dated 13 February 2020.

5. Items 9 and 10 of the Agenda – Continuance in Office as Independent Non-Executive Directors

   The Board has assessed the independence of Vincent Loh and Wang Choon Seang, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and recommended them to continue act as an Independent Non-Executive Directors of the Company based on the following justifications:-

   a. they fulfilled the criteria under the definition of Independent Director as stated in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, they would be able to bring an element of objectivity to the Board;
   b. they have been with the Company for more than 9 years and were familiar with the Company's business operations;
   c. They have vast and diverse range of experiences and therefore would be able to provide constructive opinion, independent judgment and to act in the best interest of the Company and shareholders;
   d. they have devoted sufficient time and attention to their professional obligations for informed and balanced decision making; and
   e. they have continue to exercised their due care during their tenure as Independent Non-Executive Directors of the Company and have carried out their professional duties in the interest of the Company and shareholders.

   The Board considered Vincent Loh and Wang Choon Seang to be independent based on the above justifications and recommended them to be retained as Independent Non-Executive Directors of the Company.

VISDYNAMICS HOLDINGS BERHAD

[Registration No. 200501000050 (677095-M)]
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
No. of Shares Held	

*I/We ………………………………………………………… *NRIC No./Passport No./Company No. …………………………
of ………

being a Member(s) of **VISDYNAMICS HOLDINGS BERHAD [Registration No. 200501000050 (677095-M)]**, hereby appoint

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)
*And/or (delete as appropriate)			

or failing *him/her, * the Chairman of the Meeting as *my/our proxy(ies), to vote for *me/us on *my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at the Conference Room, Lot 3844, Jalan TU 52, Kawasan Perindustrian Tasik Utama, Ayer Keroh, 75450 Melaka on Friday, 13 March 2020 at 10.30 a.m. or at any adjournment thereof.

If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the person(s) desired.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint more than one proxy and wish them to vote differently this should be specified.

My/our proxy/proxies is/are to vote as indicated below:

Ordinary Resolution		For	Against
1.	To approve the payment of Directors' fees of RM210,000 for the financial year ended 31 October 2019		
2.	To approve the payment of Directors' benefit payable to the Non-Executive Directors of the Company amounting to RM9,000 for the period from 1 April 2020 until 31 March 2021		
3.	To re-elect Vincent Loh as a Director pursuant to Clause 97 of the Company's Constitution		
4.	To re-elect Wang Choon Seang as a Director pursuant to Clause 97 of the Company's Constitution		
5.	To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT as the Auditors of the Company until conclusion of next Annual General Meeting and authorise the Directors to fix their remuneration		
6.	To approve the payment of a final single-tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 October 2019		
7.	To approve the Authority to Issue and Allot Shares		
8.	To approve the Proposed Renewal of Authority for Purchase of Own Shares by the Company		
9.	To approve the continuing in office for Vincent Loh as an Independent Non-Executive Director		
10.	To approve the continuing in office for Wang Choon Seang as an Independent Non-Executive Director		

* Delete if not applicable.

Signed this………. day of ………….................. 2020

……………………………………………….
Signature / Common Seal of Shareholder

Notes:

(1) For the purpose of determining a member who shall be entitled to attend this Fifteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 62 of the Company's Constitution to issue a General Meeting Record of Depositors as at 2 March 2020. Only a depositor whose name appears on the Record of Depositors as at 2 March 2020 shall be entitled to attend the said meeting and to speak or vote thereat.

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(4) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(5) The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointer or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

(6) The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney shall be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

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stamp

THE COMPANY SECRETARY

VISDYNAMICS HOLDINGS BERHAD
[Registration No. 200501000050 (677095-M)]
10th, Floor Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur, Malaysia

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VisDynamics

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