



信任·尊重  
*Trust & Respect*

ANNUAL REPORT 2021

## PURPOSE

**To contribute to the advancement of society and well-being of humankind through compassionate innovation.**

The Purpose statement of ViTrox reflects the soul of the company. It is the embodiment of our spirit and energy for our existence. We strive to achieve sustainable growth and profitability in our business yet we are mindful not to be overly attached to the material gains. We want to contribute back to the society that we are part of the force for good to shape this world into a harmonious and peaceful world for everyone.

This is achieved through compassionate innovation, which entails the spirit of love, care, empathy, and altruism. The innovations that we create through research and development shall bring about advancement and breakthroughs in technology that create leading-edge solutions for humankind.

## VISION

**Be the world's most trusted technology company.**

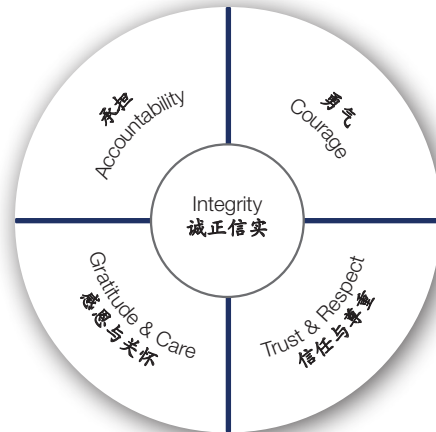
We aspire to be trusted by all our stakeholders — customers, employees, suppliers, investors, and the community, by practising and upholding our I.A.C.T.G core values. We intend to earn and maintain a high level of trust with the altruistic spirit in our relationship with them.

By consistently delivering what we promise, they see ViTrox as the most credible and reliable company to work with. We conduct our business with uncompromised integrity and with the utmost respect for our stakeholders so that they feel comfortable and confident in our relationships.

## MISSION

**We are committed to providing the most innovative, advanced and cost effective machine vision solution of excellent quality to our customers through integration of our technology, our people and our strategic alliances.**

## CORE VALUES



## OBJECTIVES

We aim to achieve:-

- Excellent & world class products and services
- Total customer satisfaction
- Continuous growth and profitability
- Long-term partnership with our customers, alliances and employees

## STRATEGIES

### Innovation

Initiate new ideas and technological breakthroughs. We believe thinking "outside the box" leads to innovation.

### Customer Focused

Make our customers our first priority. We offer our customers the best value products and services in a timely manner, without sacrificing quality.

### Continuous Improvement

Continuously improve our products, services, and our organization as a whole.



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## Cover Rationale



Two palms interlocking into a firm handshake in front of Campus 2.0, symbolises the present day while radiating trust and respect in human interaction for a better tomorrow. Representing the interconnection between the five (5) Core Themes of Environmental, Social and Governance (“ESG”) in its sustainability journey, a wave of five (5) different brilliantly coloured bubbles encompasses the design conveying the incorporation of inclusion and diversification and the endless possibilities the future has in store for ViTrox.

In anticipation for future achievements and milestones, Campus 3.0 appears in the lighter gradient-colours, signifying ViTroxians’ yearn to build and preserve a more sustainable future by pushing more boundaries, being more mindful, and innovating with technology and compassion. With ViTrox Campus 3.0 in the midst of developing, ViTrox is committed to put in all efforts to practise sustainability, cultivate integrity in employees and improve people engagement, so as to provide and develop only the best for greater customer satisfaction and exceed stakeholders’ expectations. Guided by ViTrox’s I.A.C.T.G. core values – Integrity, Accountability, Courage, Trust & Respect, Gratitude & Care – the Company has been able to soar high, and build ViTrox to what it is today.





## GLOBAL PRESENCE

With robust growth and a promising outlook, we set up office in Suzhou, China, in 2006. We continue to expand our market leadership and footprint globally. From humble beginning until now, we are grateful to have engaged with many supportive and trusted collaboration partners to assist us in providing worldwide sales and support.

**680.1 million**

**Ringgit Malaysia**

Revenue

**58.5 million**

**Ringgit Malaysia**

R&D Expenditure

**80+**

**Awards & Accolades**

Corporate, Human Resource  
and Products

★★★★★

**ESG Rating**

by FTSE Russell





685

Worldwide Installed  
Base by Product

40+

Worldwide  
Sales & Support Sites

5

Worldwide R&D Sites

239,404

Total Products Sold

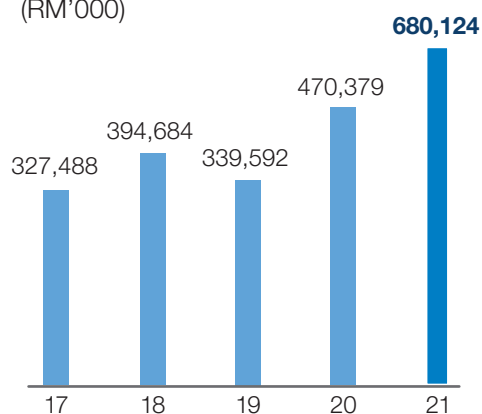
2000-2021

## FINANCIAL HIGHLIGHTS

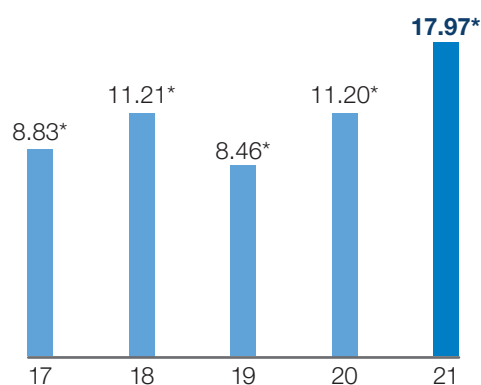
	2017	2018	2019	2020	2021
Revenue (RM'000)	327,488	394,684	339,592	470,379	680,124
Profit Before Tax (RM'000)	86,502	113,100	81,458	110,309	178,190
Profit After Tax (RM'000)	83,019	105,484	79,651	105,620	169,398
Profit attributable to Owners of the Company (RM'000)	83,019	105,484	79,651	105,621	169,664
Basic Earnings per Share (Sen)	8.83*	11.21*	8.46*	11.20*	17.97*
Equity attributable to Owners of the Company (RM'000)	330,240	413,505	482,388	569,008	711,603
Return on Equity	25.1%	25.5%	16.5%	18.6%	23.8%

\* The calculation of basic earnings per share for the previous financial year has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue in 2022.

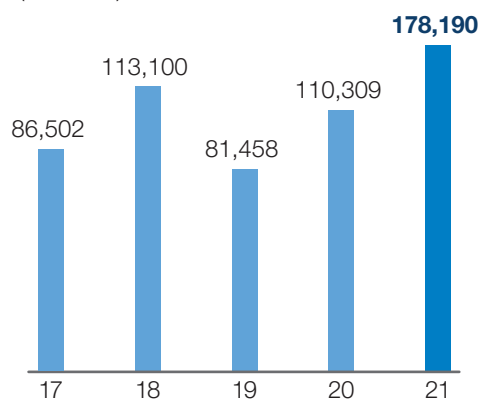
**Revenue**  
(RM'000)



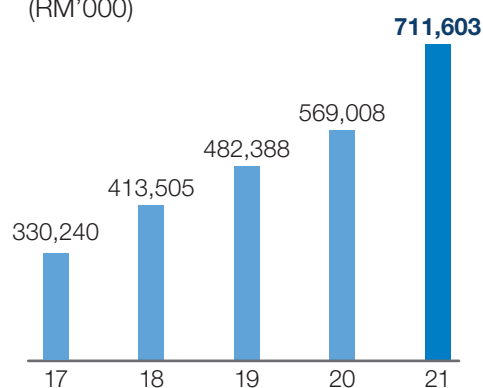
**Basic Earnings per Share**  
(Sen)



**Profit Before Tax**  
(RM'000)



**Equity attributable to Owners of the Company**  
(RM'000)

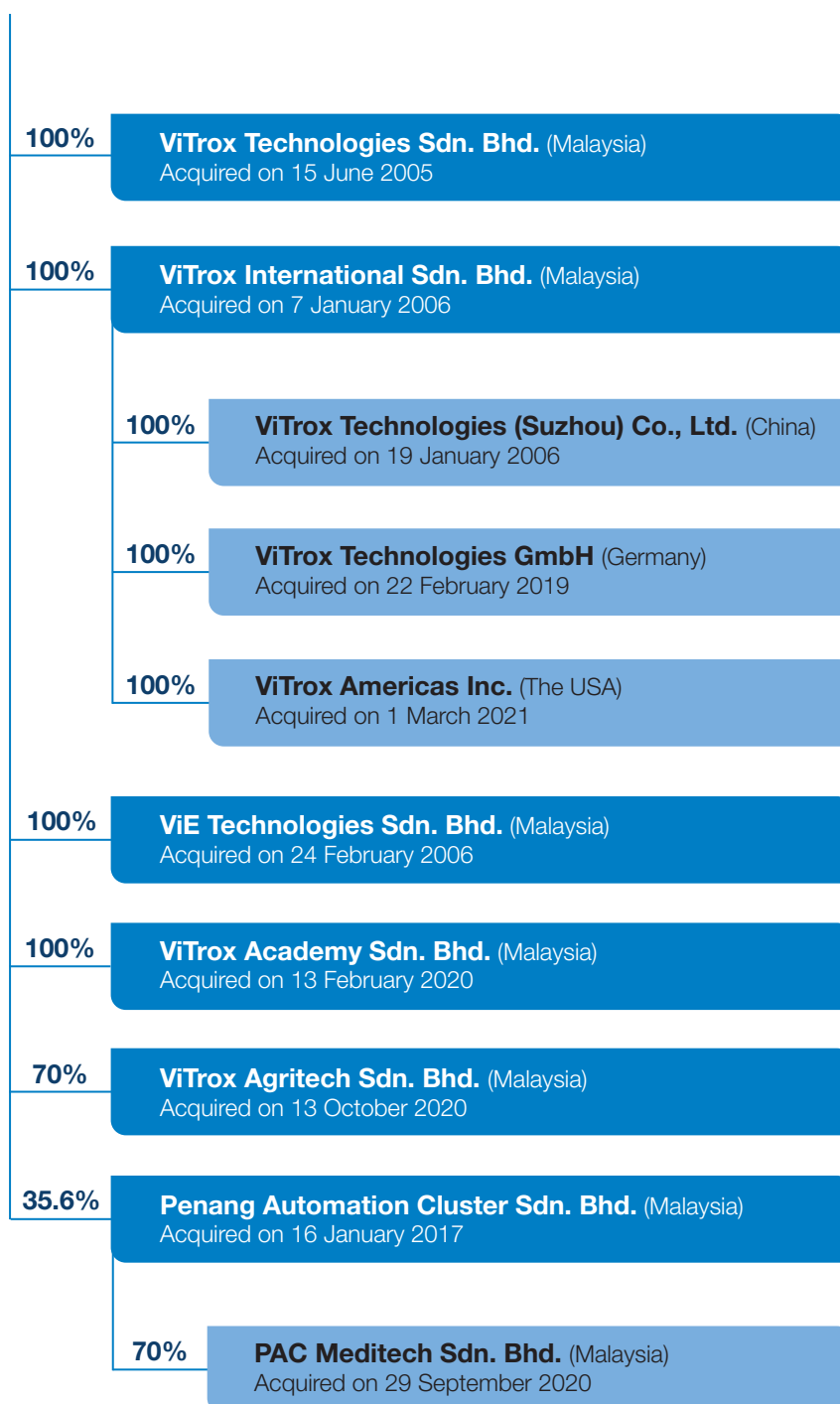


# CORPORATE STRUCTURE

as at 24 March 2022



**ViTrox Corporation Berhad**





## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Dato' Seri Dr. Kiew Kwong Sen**

*Chairman / Independent Non-Executive Director*

**Chu Jenn Weng**

*Managing Director / President / CEO*

**Siaw Kok Tong**

*Executive Director / Executive Vice President*

**Yeoh Shih Hoong**

*Executive Director / Executive Vice President*

**Chuah Poay Ngee**

*Independent Non-Executive Director*

**Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani**

*Independent Non-Executive Director*

**Mary Yeo Chew Yen**

*Independent Non-Executive Director*

### AUDIT COMMITTEE

Chuah Poay Ngee (*Chairman*)  
Dato' Seri Dr. Kiew Kwong Sen  
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani

### NOMINATING COMMITTEE

Chuah Poay Ngee (*Chairman*)  
Dato' Seri Dr. Kiew Kwong Sen  
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani

### REMUNERATION COMMITTEE

Dato' Seri Dr. Kiew Kwong Sen  
(*Chairman*)  
Chu Jenn Weng  
Mary Yeo Chew Yen

### ESOS COMMITTEE

Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani (*Chairman*)  
Dato' Seri Dr. Kiew Kwong Sen  
Chu Jenn Weng  
Siaw Kok Tong  
Yeoh Shih Hoong

### RISK MANAGEMENT COMMITTEE

Yeoh Shih Hoong (*Chairman*)  
Chu Jenn Weng  
Siaw Kok Tong

### EXECUTIVE COMMITTEE

Chu Jenn Weng (*Chairman*)  
Siaw Kok Tong  
Yeoh Shih Hoong

### ANTI-BRIBERY COMPLIANCE COMMITTEE

Lim Kim Seng (*Chairman*)  
Chu Jenn Weng  
Siaw Kok Tong  
Yeoh Shih Hoong  
Wee Kah Khim  
Johnny Leong Chee Kwan

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE STEERING COMMITTEE

(established on 1 July 2021)

Chu Jenn Weng (*Chairman*)  
Siaw Kok Tong  
Yeoh Shih Hoong  
Lim Kim Seng  
Wee Kah Khim

### SHARE GRANT SCHEME COMMITTEE

(established on 3 March 2022)

Chu Jenn Weng (*Chairman*)  
Siaw Kok Tong  
Yeoh Shih Hoong  
Lim Kim Seng  
Wee Kah Khim

### COMPANY SECRETARIES

How Wee Ling  
MAICSA 7033850 /  
SSM PC NO.: 202008000869  
Ooi Ean Hoon  
MAICSA 7057078 /  
SSM PC NO.: 202008000734

### REGISTERED OFFICE

57-G, Persiaran Bayan Indah  
Bayan Bay, Sungai Nibong  
11900 Penang  
Tel : 604 640 8933  
Fax : 604 643 8911

### HEAD OFFICE

746, Persiaran Cassia Selatan 3  
Batu Kawan Industrial Park  
14110 Bandar Cassia, Penang  
Tel : 604 545 9988  
Fax : 604 545 9987  
Website : [www.vitrox.com](http://www.vitrox.com)

### SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Tel : 603 2084 9000  
Fax : 603 2094 9940

### AUDITORS

Crowe Malaysia PLT  
Chartered Accountants  
Level 6, Wisma Penang Garden  
42, Jalan Sultan Ahmad Shah  
10050 Penang

### SOLICITORS

Zaid Ibrahim & Co

### PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad  
Hong Leong Bank Berhad  
Hong Leong Islamic Bank Berhad  
HSBC Bank Malaysia Berhad  
OCBC Bank (Malaysia) Berhad  
OCBC Al-Amin Bank Berhad

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name : VITROX  
Stock Code : 0097

## BOARD OF DIRECTORS



Photo taken in year 2019

### From left to right (seated):-

- 1 Chuah Poay Ngee**  
Independent Non-Executive Director
- 2 Chu Jenn Weng**  
Managing Director / President / CEO
- 3 Dato' Seri Dr. Kiew Kwong Sen**  
Chairman / Independent Non-Executive Director
- 4 Siaw Kok Tong**  
Executive Director / Executive Vice President
- 5 Yeoh Shih Hoong**  
Executive Director / Executive Vice President

### From left to right (standing):-

- 6 Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani**  
Independent Non-Executive Director
- 7 Mary Yeo Chew Yen**  
Independent Non-Executive Director





## PROFILE OF DIRECTORS

### DATO' SERI DR. KIEW KWONG SEN

Ph.D. (Hon), DPPN, DGPN, DSPN

Chairman / Independent Non-Executive Director



**Age**  
74

**Gender**  
Male

**Nationality**  
Malaysian

#### Qualification

1. Bachelor of Science in Mechanical Engineering Degree from National Taiwan University
2. Master of Science in Industrial Engineering Degree from the University of California, Berkeley, USA
3. Honorary Doctorate Degree by Toyohashi University of Technology

#### Date first appointed to the Board

8 July 2005

#### Membership of Board Committee

1. Remuneration Committee (Chairman)
2. Audit Committee (Member)
3. Nominating Committee (Member)
4. ESOS Committee (Member)

#### Working experience

1. Product Line Manager, Hewlett-Packard (Malaysia) Sdn. Bhd. (1975-1984)
2. Offshore Manufacturing Manager, Hewlett Packard Component Group San Jose California (1984-1998)
3. President of Gibraltar Semiconductor (2000-present)
4. President of Mini-Circuits Malaysia, Taiwan and China (2000-present)

#### Occupation

Director

#### Present appointment

1. Chairman and President of Mini-Circuits Technologies Malaysia
2. Chairman of Mini-Circuits Taiwan Ltd
3. President of Blue Cell Technologies, Sacramento, California
4. President of Gibraltar Semiconductor, San Jose, California
5. Director of ACX Ceramic Taiwan
6. Director of Penang Science Council and Penang Green Council
7. Director of Scientific Components Corporation, NY, USA

#### Past appointment

1. Independent Non-Executive Director of Pentamaster Corporation Berhad
2. Chairman / Independent Non-Executive Director of Unimech Group Berhad
3. Chairman of Board of Visitor, Island Hospital
4. Chairman of the Penang SME Management Council
5. Vice Chairman of Invest Penang Berhad
6. Director of Science Cluster Penang
7. Member of Penang Competitiveness Committee

#### Any family relationship with any Director and/or major shareholder of the listed issuer

No

#### Any conflict of interests that the person has with the listed issuer

None

#### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

#### Number of Board meetings attended in the financial year

5/5



## PROFILE OF DIRECTORS

### CHU JENN WENG

Managing Director / President / CEO



**Age**  
52

**Gender**  
Male

**Nationality**  
Malaysian

#### Qualification

1. Bachelor Degree in Electrical and Electronics Engineering from the Universiti Sains Malaysia ("USM")
2. Master of Science in Image Processing from USM

#### Date first appointed to the Board

7 July 2005

#### Membership of Board Committee

1. Executive Committee (Chairman)
2. Environmental, Social and Governance Steering Committee (Chairman)
3. Share Grant Scheme Committee (Chairman)
4. Remuneration Committee (Member)
5. ESOS Committee (Member)
6. Risk Management Committee (Member)
7. Anti-Bribery Compliance Committee (Member)

#### Working experience

1. Specialist Engineer, Hewlett-Packard (Malaysia) Sdn. Bhd. (1993-1999)

#### Occupation

Managing Director

#### Present appointment

None

#### Past appointment

None

#### Any family relationship with any Director and/or major shareholder of the listed issuer

No

#### Any conflict of interests that the person has with the listed issuer

None

#### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

#### Number of Board meetings attended in the financial year

5/5

## PROFILE OF DIRECTORS

### SIAW KOK TONG

Executive Director / Executive Vice President



**Age**  
51

**Gender**  
Male

**Nationality**  
Malaysian

#### Qualification

1. Bachelor Degree (First Class Honours) in Computer Science from USM

#### Date first appointed to the Board

7 July 2005

#### Membership of Board Committee

1. ESOS Committee (Member)
2. Risk Management Committee (Member)
3. Executive Committee (Member)
4. Anti-Bribery Compliance Committee (Member)
5. Environmental, Social and Governance Steering Committee (Member)
6. Share Grant Scheme Committee (Member)

#### Working experience

1. Senior Engineer, Hewlett-Packard (Malaysia) Sdn. Bhd. (1995-1999)

#### Occupation

Director

#### Present appointment

None

#### Past appointment

None

#### Any family relationship with any Director and/or major shareholder of the listed issuer

No

#### Any conflict of interests that the person has with the listed issuer

None

#### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

#### Number of Board meetings attended in the financial year

5/5

## PROFILE OF DIRECTORS

### YEOH SHIH HOONG

Executive Director / Executive Vice President



**Age**  
50

**Gender**  
Male

**Nationality**  
Malaysian

#### Qualification

1. Bachelor Degree (First Class Honours) in Computer Science from USM

#### Date first appointed to the Board

7 July 2005

#### Membership of Board Committee

1. Risk Management Committee (Chairman)
2. ESOS Committee (Member)
3. Executive Committee (Member)
4. Anti-Bribery Compliance Committee (Member)
5. Environmental, Social and Governance Steering Committee (Member)
6. Share Grant Scheme Committee (Member)

#### Working experience

1. R&D Engineer, ViTrox Technologies Sdn. Bhd. (1997-present)

**Occupation**  
Director

**Present appointment**  
None

**Past appointment**  
None

**Any family relationship with any Director and/or major shareholder of the listed issuer**  
No

**Any conflict of interests that the person has with the listed issuer**  
None

**Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any**  
None

**Number of Board meetings attended in the financial year**  
5/5

### DATUK IR. DR. AHMAD FADZIL BIN MOHAMAD HANI

Independent Non-Executive Director



**Age**  
62

**Gender**  
Male

**Nationality**  
Malaysian

#### Qualification

1. Bachelor Degree (First Class Honours) in Electronic Engineering, University of Essex, United Kingdom
2. Master in Telematics from the University of Essex, United Kingdom
3. PhD in Image Processing from the University of Essex, United Kingdom

#### Date first appointed to the Board

8 July 2005

#### Membership of Board Committee

1. ESOS Committee (Chairman)
2. Audit Committee (Member)
3. Nominating Committee (Member)

#### Working experience

1. Lecturer, USM (1984-1988, 1991-1997)
2. Senior Research Officer, University of Essex (1988-1990)
3. Lecturer, University of Essex (1990-1991)
4. Dean, School of Electrical and Electronics Engineering, USM (1992-1997)
5. Dean, Engineering Faculty, Universiti Teknologi Petronas (1997-1998)
6. Director of Academic Studies, Universiti Teknologi Petronas (1999-2003)
7. Director of Postgraduate, Universiti Teknologi Petronas (2004-2006)
8. General Manager, Frontier Research, PETRONAS Research Sdn. Bhd. (2007-2009)
9. Deputy Vice-Chancellor (Academic), Universiti Teknologi Petronas (2011-2016)

10. Deputy Vice-Chancellor (Research & Innovation), Universiti Teknologi Petronas (2016-2017)
11. Senior Professor, Universiti Teknologi Petronas (2016-2020)
12. President and Group Chief Executive, SIRIM Berhad (2017-2021)

**Occupation**  
Director

#### Present appointment

1. Fellow with the Academy of Sciences Malaysia
2. Fellow with the Institution of Engineers Malaysia
3. Registered Professional Engineer with the Board of Engineers, Malaysia

#### Past appointment

1. Board of Directors, SIRIM Berhad
2. Board of Directors, Prince Court Medical Centres Sdn. Bhd.
3. President and Group Chief Executive of SIRIM Berhad
4. Board of Directors, SIRIM QAS International Sdn. Bhd.
5. Board of Directors, SIRIM STS Sdn. Bhd.
6. Board of Directors, SIRIM SST Sdn. Bhd.
7. Board of Directors, SIRIM SMT Sdn. Bhd.
8. Board of Directors, SIRIM Tech Ventures Sdn. Bhd.
9. Board of Directors, GRANULAB Sdn. Bhd.

**Any family relationship with any Director and/or major shareholder of the listed issuer**  
No

**Any conflict of interests that the person has with the listed issuer**  
None

**Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any**  
None

**Number of Board meetings attended in the financial year**  
5/5



## PROFILE OF DIRECTORS

### CHUAH POAY NGEE

Independent Non-Executive Director



#### Age

52

#### Gender

Female

#### Nationality

Malaysian

#### Qualification

1. Bachelor of Business (Accountancy) from Deakin University, Australia
2. Certified Practising Accountant of the Australian Society of Certified Practising Accountants
3. Chartered Accountant of Malaysian Institute of Accountants
4. Certified Corporate Secretary with the University Malaya Centre of Continuing Education

#### Date first appointed to the Board

15 November 2006

#### Membership of Board Committee

1. Audit Committee (Chairman)
2. Nominating Committee (Chairman)

#### Working experience

1. Tax and Audit Assistant, Matthew & Partners (1994-1995)
2. Group Accountant, Grand Circuits Industry Sdn. Bhd. (1995-2000)
3. Senior Finance & Administration Manager, Golden Fresh Sdn. Bhd. (2001-2006)
4. Financial Controller, Mini-Circuits Technologies (M) Sdn. Bhd. (2007-2010)
5. Finance Manager, Dynacraft Industries (M) Sdn. Bhd. (2011-2016)

#### Occupation

Chartered Accountant

#### Present appointment

1. Director, South Island Building Sdn. Bhd.
2. Director, South Island Holdings Sdn. Bhd.

#### Past appointment

1. Independent Non-Executive Director, YBS International Berhad

#### Any family relationship with any Director and/or major shareholder of the listed issuer

No

#### Any conflict of interests that the person has with the listed issuer

None

#### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

#### Number of Board meetings attended in the financial year

5/5

### MARY YEO CHEW YEN

Independent Non-Executive Director



#### Age

64

#### Gender

Female

#### Nationality

Malaysian

#### Qualification

1. Bachelor of Laws Degree from the University of Canterbury, Christchurch, New Zealand
2. Admitted as a Barrister and Solicitor of the High Court of New Zealand, the High Court of Borneo and the High Court of Malaya in January 1983, April 1984 and May 1984 respectively.

#### Date first appointed to the Board

1 April 2018

#### Membership of Board Committee

1. Remuneration Committee (Member)

#### Working experience

1. Legal practitioner in Lim Kean Siew & Co. (1984-1988)
2. Legal practitioner, Managing Partner & later Consultant in Cheong Wai Meng & Van Buerle (1989-2018)
3. Partner in S.K.Goh, Chan & Co. (2018-present)

#### Occupation

Advocate and Solicitor

#### Present appointment

1. Independent Non-Executive Director, Rimbaco Group Global Limited, Hong Kong

#### Past appointment

None

#### Any family relationship with any Director and/or major shareholder of the listed issuer

No

#### Any conflict of interests that the person has with the listed issuer

None

#### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

#### Number of Board meetings attended in the financial year

5/5

# PROFILE OF DIRECTORS

## REMUNERATION

Details of the Directors' remuneration for the financial year ended 31 December 2021 ("FYE 2021") are as follows:-

Name of Directors	Remuneration received from the Company				Remuneration received from the subsidiaries			Grand Total (RM'000)
	Fees (RM'000)	Salaries, Bonuses, EPF & Other Emoluments (RM'000)	Allowances (RM'000)	Total (RM'000)	Salaries, Bonuses, EPF & Other Emoluments (RM'000)	Allowances (RM'000)	Total (RM'000)	
Executive								
Chu Jenn Weng	-	394.7	36.1	430.8	-	-	-	430.8
Siaw Kok Tong	-	-	-	-	382.1	36.7	418.8	418.8
Yeoh Shih Hoong	-	-	-	-	348.8	36.6	385.4	385.4
Non-Executive								
Dato' Seri Dr. Kiew Kwong Sen	39.6	6.5	10.2	56.3	-	-	-	56.3
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	39.6	6.4	9.8	55.8	-	-	-	55.8
Chuah Poay Ngee	39.6	6.4	9.8	55.8	-	-	-	55.8
Mary Yeo Chew Yen	39.6	6.3	8.6	54.5	-	-	-	54.5
Total	158.4	420.3	74.5	653.2	730.9	73.3	804.2	1,457.4

## TRAINING PROGRAMMES ATTENDED BY THE DIRECTORS

The training programmes attended by the Directors during the FYE 2021 are as follows:-

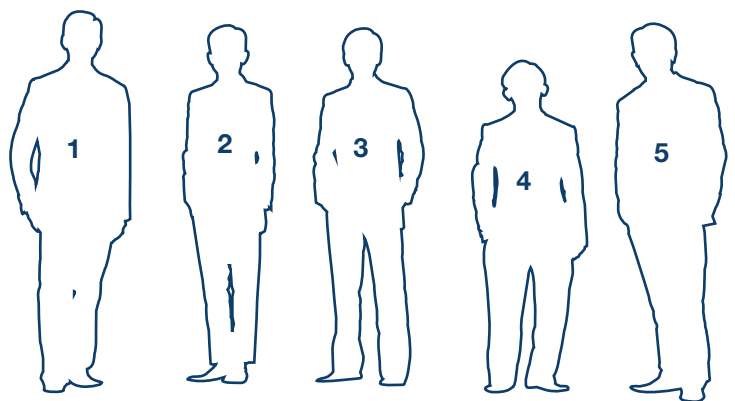
Name of Directors	Mode of Training	Training Programmes	Duration
Dato' Seri Dr. Kiew Kwong Sen	Corporate Sharing	Anti-Bribery and Corruption Policy Briefing	2 hours
	Training	Environmental and Security Policy and Execution	16 hours
	Workshop	Business Planning Process	16 hours
Chu Jenn Weng	Corporate Sharing	Anti-Bribery and Corruption Policy Briefing	2 hours
	Corporate Sharing	V-Engineering Happiness Journey	1 hour
Siaw Kok Tong	Corporate Sharing	Anti-Bribery and Corruption Policy Briefing	2 hours
	Training	HR for People Manager	3 hours
Yeoh Shih Hoong	Corporate Sharing	Anti-Bribery and Corruption Policy Briefing	2 hours
	Exposure	Post Section 17A Malaysian Anti-Corruption Commission ("MACC") Implementation	2 hours
	Exposure	Stepping Up Capabilities with Industry 4.0: Voice of the Markets Series	2.25 hours
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	Corporate Sharing	Anti-Bribery and Corruption Policy Briefing	2 hours
	Webinar	Market Outlook 2021 and Global Investment Strategy – Arabesque, BIMB	1 hour
Chuah Poay Ngee	Corporate Sharing	Anti-Bribery and Corruption Policy Briefing	2 hours
	Training	Project Management and Analysis	2 days
	Webinar	Discover Workable Technical Strategies to Analyse Malaysia Equity Market	1 day
	Webinar	Funding Options for SMEs - CPA	1 day
	Webinar	Investment Strategy and Market Analysis	0.5 day
Mary Yeo Chew Yen	Corporate Sharing	Women in Derivatives	1 day
	Corporate Sharing	Anti-Bribery and Corruption Policy Briefing	2 hours
	Webinar	Best Practice Session 1: Top Level Commitment (for Anti-corruption)	0.5 day
	Webinar	Conference of Very Important Disease-COVID-19: Turning Challenges into Opportunities	3 hours
	Webinar	Data and Compliance Report Clinic 2021	2 hours
	Webinar	Director's Duties and Climate Change	1.5 hours
	Webinar	SSM National Conference on Governing under New Normal	1 day
	Webinar	Understanding the COVID-19 Act 2020 and Issue Arising	1.25 hours

## SENIOR MANAGEMENT



From left to right:-

- 1 Wee Kah Khim**  
Executive Vice President /  
Chief Business Development Officer
- 2 Siaw Kok Tong**  
Executive Director / Executive Vice President
- 3 Chu Jenn Weng**  
Managing Director / President / CEO
- 4 Yeoh Shih Hoong**  
Executive Director / Executive Vice President
- 5 Lim Kim Seng**  
Chief Financial Officer



## PROFILE OF SENIOR MANAGEMENT

### LIM KIM SENG

Chief Financial Officer



**Age**  
56

**Gender**  
Male

**Nationality**  
Malaysian

#### Qualification

1. Bachelor of Accounting (Hons) from the University of Malaya
2. Chartered Accountant of Malaysian Institute of Accountants

#### Date first appointed to the Key Senior Management

15 August 2016

#### Membership of Board Committee

1. Anti-Bribery Compliance Committee (Chairman)
2. Environmental, Social and Governance Steering Committee (Member)
3. Share Grant Scheme Committee (Member)

#### Working experience

1. Finance Manager, Sony (1991-2000)
2. Business Finance Consultant, Agilent (2000-2003)
3. Senior Operations Controller, Philips Lumileds (2003-2012)
4. Financial Controller, Integrated Device Technology (2012-2016)
5. Chief Financial Officer, ViTrox Corporation Berhad (2016-present)

#### Occupation

Chief Financial Officer

#### Present appointment

None

#### Past appointment

None

#### Any family relationship with any Director and/or major shareholder of the listed issuer

No

#### Any conflict of interests that the person has with the listed issuer

None

#### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None

### WEE KAH KHIM

Executive Vice President / Chief Business Development Officer



**Age**  
53

**Gender**  
Male

**Nationality**  
Malaysian

#### Qualification

1. Bachelor of Science in Electrical Engineering (Hons) from Washington University in Saint Louis, USA

#### Date first appointed to the Key Senior Management

1 May 2009

#### Membership of Board Committee

1. Anti-Bribery Compliance Committee (Member)
2. Environmental, Social and Governance Steering Committee (Member)
3. Share Grant Scheme Committee (Member)

#### Working experience

1. Firmware R&D Engineer, Motorola (1992-1994)
2. Design Validation Engineer, Nortel (1994-1998)
3. R&D Director, Agilent Technologies (1998-2009)
4. Senior Vice President, ViTrox Corporation Berhad (2009-2019)
5. Executive Vice President, ViTrox Corporation Berhad (2020-present)

#### Occupation

Executive Vice President / Chief Business Development Officer

#### Present appointment

None

#### Past appointment

1. Board of Directors, International Electronics Manufacturing Initiative

#### Any family relationship with any Director and/or major shareholder of the listed issuer

No

#### Any conflict of interests that the person has with the listed issuer

None

#### Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any

None



## CHAIRMAN'S STATEMENT

2021, the second year of pandemic, was devastating and tumultuous for the global citizens. Our thoughts and hearts go out to all those who have been affected. The ruthless COVID-19 took away millions of lives, severe outbreaks forced many cities into lockdown, and the world experienced massive economic and societal disruptions. At ViTrox, our top priority is to protect the health and safety of our employees and ensure our global manufacturing operations continue delivering good quality products and services to customers. While being successful so far, we will remain vigilant and continue our utmost efforts to weather this pandemic.

### FINANCIAL PERFORMANCE

For ViTrox, although 2021 was a year of extraordinary obstacles, it was also a year of outstanding growth and progress. In the financial year ended ("FYE") 2021, we delivered record performance with significant market share gains and strong profitability, driving superior shareholder value. Our results reflected the dedication and hard work of our talented employees worldwide, who are focused on creating value that matters for all our stakeholders, including customers, shareholders and communities, despite the ongoing and extreme challenges of the COVID-19 pandemic.

	FYE 2021	FYE 2020	Growth
Revenue (RM'000)	680,124	470,379	44.6%
Profit before tax (RM'000)	178,190	110,309	61.5%
Profit after tax (RM'000)	169,398	105,620	60.4%
Basic earnings per share (Sen)	17.97	11.20	60.4%

ViTrox achieved another record-breaking year of financial performance, with revenue of RM680.1 million, profit before tax of RM178.2 million and profit after tax of RM169.4 million, representing respectively a 44.6%, 61.5% and 60.4% growth versus FYE 2020. The notable performance demonstrates the resilience and adaptability of ViTrox's strategic business planning.

Our basic earnings per share were 17.97 sen in FYE 2021 against 11.20 sen in FYE 2020. The higher revenue was attributable to higher sales volume from Automated Board Inspection ("ABI") and Machine Vision System ("MVS") during the year. With the manufacturing capacity expansion, ViTrox is well-positioned to cater to the increasing global demand.

These achievements have only been made possible by a united, dedicated and enthusiastic workforce that share the same values and goals. ViTrox firmly believes in people development, providing employees with countless opportunities for self-improvement to instil a culture of continuous learning and improvement. Our core values of Integrity, Accountability, Courage, Trust & Respect, and Gratitude & Care, ("I.A.C.T.G.") cultivate camaraderie and sincerity among ViTroxians. These values drive ViTroxians to unleash their full potential and achieve excellence, bringing ViTrox to new heights.



**DATO' SERI  
DR. KIEW KWONG SEN**

Ph.D (Hon), DPPN, DGPN, DSPN  
Chairman / Independent Non-Executive Director

# CHAIRMAN'S STATEMENT

## DIVIDEND

A tax-exempt interim dividend of 2.50 sen per ordinary share amounting to approximately RM11.8 million for FYE 2021 was paid to shareholders on 17 January 2022. The Board of Directors has recommended a final tax-exempt dividend of 3.33 sen per ordinary share for the FYE 2021. If approved at the forthcoming Annual General Meeting, the final tax-exempt dividend is estimated to be a total distribution of RM31.5 million. In total, ViTrox is expected to declare a total dividend of 4.58 sen based on the total number of shares in issue after the completion of Bonus Issue 1:1 in January 2022, with a total distribution of approximately RM43.3 million for the financial year under review.

## KEY ACHIEVEMENTS IN 2021

### FTSE4Good Bursa Malaysia ("F4GBM") Index and FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index

ViTrox was added to the constituents of the F4GBM Index and the F4GBMS Index in December 2021.

### The Edge Billion Ringgit Club 2021 - Company of The Year

ViTrox was named Company of The Year of The Edge Billion Ringgit Club ("BRC") in December 2021, in recognition for paying taxes diligently, contributing to Malaysia's economic development, as well as hiring and nurturing Malaysia's talent.

### Global Technology Award in the Category of Inspection Equipment - Robotic Handling System

Technology and innovation have always been the very foundation and focus for ViTrox. ViTrox received Global Technology Award 2021 in the category of Inspection Equipment - Robotic Handling System during the award ceremony in Productronica 2021 in Munich, Germany, in November 2021. We will continue investing our efforts to delve deep, fuel and pioneer many more breakthroughs in technology to drive the industry forward.

## SUSTAINABILITY

In recent years, the occurrence of the COVID-19 outbreak, along with natural disasters under extreme climate conditions, have ravaged economies around the world, reminding us of the gravity of the impending threats of climate change on humanity.

Sustainability have always been at the heart of ViTrox's business operations. ViTrox endeavours to take necessary steps to respond to climate change and prevent further destruction of our environment. ViTrox believes that our existence is to be a force for good. As a responsible corporate organisation, it is our duty to contribute positively to society and the environment.

ViTrox's efforts in Environmental, Social and Governance ("ESG") have not gone unnoticed. ViTrox was qualified to be added to the constituents of the F4GBM Index and the F4GBMS Index in December 2021, after meeting the globally recognised standards of FTSE Russell and Bursa Malaysia Securities Berhad. Public listed companies on Bursa Malaysia Securities Berhad are evaluated based on a set of ESG criteria, and only companies that demonstrate strong ESG practices will be included in these indices. The inclusion into both indices represents an achievement by ViTrox for our efforts in integrating sustainability into our day-to-day activities. ViTrox will continue our efforts in ESG and strive to contribute even more to the advancement of society and the well-being of humankind.

## CORPORATE DEVELOPMENT

Overall, we continue to invest at an even higher level than ever before. In May 2021, ViTrox announced the acquisition of land of approximately 21.04 acres of land in Batu Kawan Industrial Park in Penang for RM48.3 million as part of our ten (10)-year expansion master plan scheduled to be fully completed by 2030. We envisage that the acquisition will further strengthen our technology and product research and development. We will also enhance our global business expansion, worldwide service and support, supply chain development and smart and lean manufacturing. Just as importantly, the expansion will provide better facilities for talent attraction, training and growth.

## FUTURE OUTLOOK AND FOCUS

ViTrox is a trusted corporation that aims for service excellence and technology leadership while integrating sustainability into our operations. We believe in contributing positively to the advancement and well-being of humankind through compassionate innovations, leaving a lasting positive impact on this world. We are committed to building harmonious and lasting relationships with customers and stakeholders by treating everyone with uncompromising integrity, trust and respect, hence gaining customer loyalty and trust. We strive to achieve manufacturing and service excellence to fulfil our customers' ever-changing needs and address the challenges our customers might face.

With the aggressive rollout of vaccines and the gradual transition from the pandemic to an endemic phase of COVID-19 worldwide, 2022 is expected to be a year of recovery. Demand from market segments and sectors that were previously negatively impacted by COVID-19 are expected to recover to pre-pandemic levels. Furthermore, as digital adoption and transformation accelerate globally as a result of the COVID-19 pandemic, rising megatrends such as 5G, Internet-of-Things ("IoT"), electric vehicles ("EV"), artificial intelligence ("AI"), and high-performance computing applications are expected to drive a significant increase in semiconductor demand. ViTrox's prospects remain bright, and we are well prepared to enter another period of higher growth.

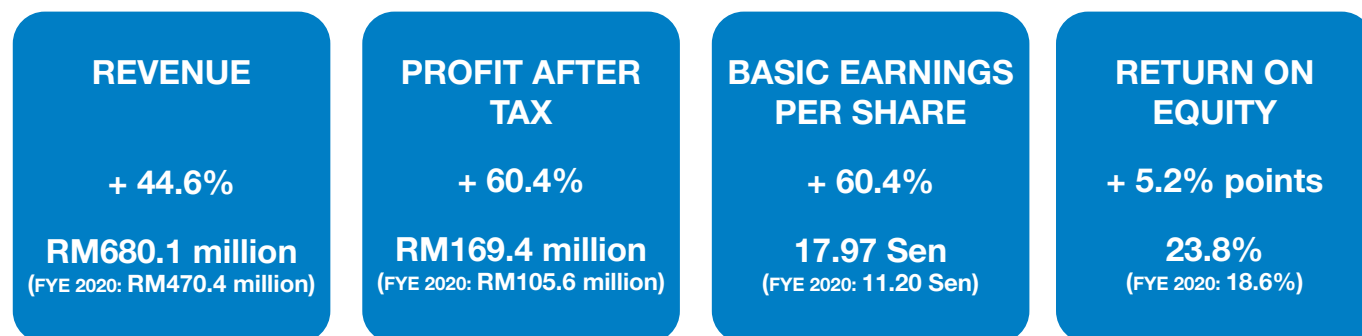
As ViTrox continues to experience robust growth in demand across all business units, we aim to capture this unique opportunity to expand and diversify our market base to achieve significant growth, fueling the expansion of ViTrox 3.0 (2021 - 2030). ViTrox plans to drive growth through technology differentiation, expand product offerings and penetrate market share to ride the wave of these rising megatrends.

## ACKNOWLEDGEMENT

On behalf of ViTrox, I wish to express my sincere gratitude to our valued business partners, customers, shareholders, government authorities, consultants and financiers for their continued support and contribution to the Group. I would also like to thank my fellow Board members and our management team for their courageous leadership. Lastly, I would like to convey my heartfelt appreciation to all ViTroxians for their unwavering dedication and commitment to ViTrox. ViTroxians are truly the backbone of ViTrox, and we are committed to creating a workplace that our employees are proud of. Thank you.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE

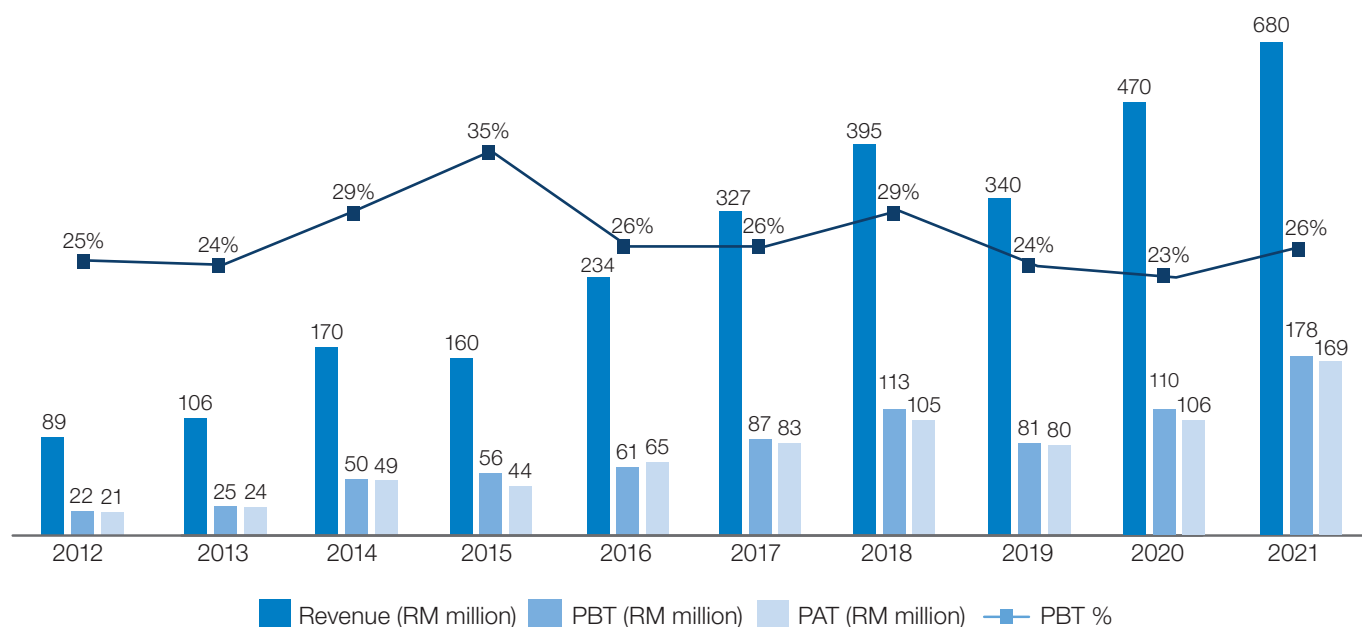


### Revenue

ViTrox Corporation Berhad ("ViTrox" or the "Company") and its subsidiaries (the "Group" or "Our Group") achieved the highest revenue of RM680.1 million for the financial year ended ("FYE") 31 December 2021 since the Company's listing on the Bursa Malaysia Stock Exchange in FYE 2005. The revenue growth showed a leap of RM209.7 million or 44.6% as compared to RM470.4 million a year ago. With strong demand for 5G-related devices and deployment of 5G network infrastructure, electric vehicles ("EV"), autonomous driving and high-performance computing, all of our business units, namely Automated Board Inspection ("ABI"), Machine Vision System - Tray-based ("MVS-T"), Machine Vision System - Standard ("MVS-S") and Electronic Communication System ("ECS") experienced increasing orders, leading to the remarkable improvement in revenue.

### Profit Before Tax ("PBT") and Profit After Tax ("PAT")

The PBT and PAT of the Company were registered at RM178.2 million and RM169.4 million respectively, showing an improvement of 61.5% and 60.4% respectively in comparison to FYE 2020. High demand for inspection machines from ABI, MVS-T and MVS-S coupled with effective cost control measures continue to be the key contributors to the profit growth.



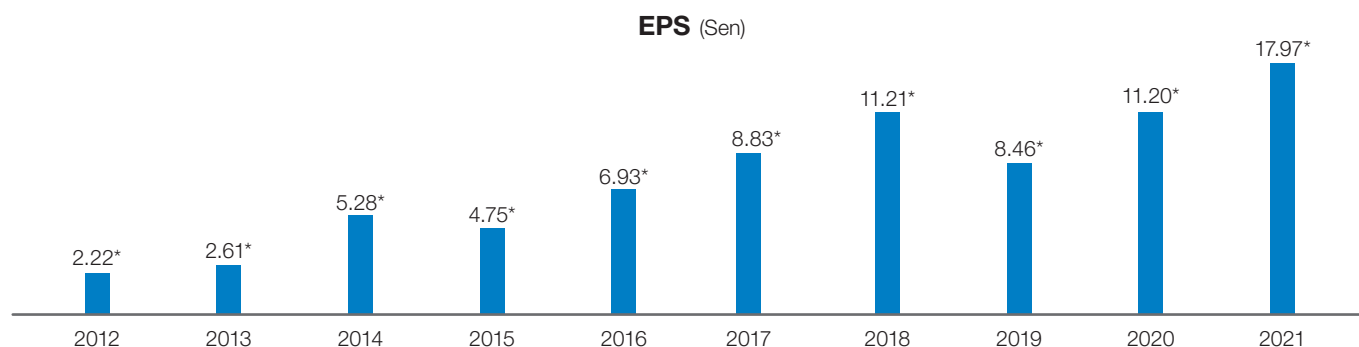
Since our inception, ViTrox has shown a phenomenal record of 21 consecutive years of profitability through sheer determination and hard work from all of our ViTroxians. The right people, products and humanistic culture, which embodied in our I.A.C.T.G. core values, will continue to shape the strong business fundamentals for continuous growth.

# MANAGEMENT DISCUSSION AND ANALYSIS

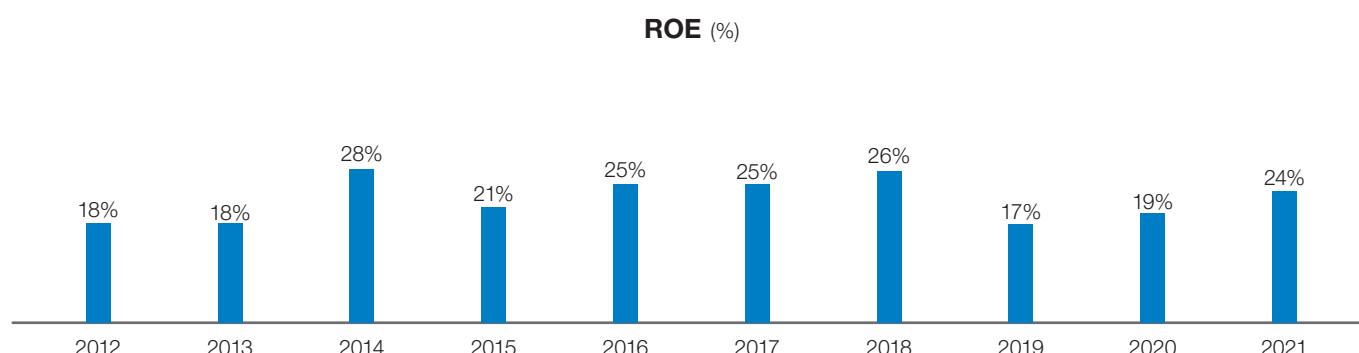
## FINANCIAL PERFORMANCE (CONT'D)

### Basic Earnings Per Share (“EPS”) and Return on Equity (“ROE”)

The EPS surged from 11.20 sen to 17.97 sen in FYE 2021 while ROE grew from 18.6% a year ago to 23.8%.



\* The calculation of EPS has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue in 2022.



### Liquidity and Capital Resources

The Group's net cash and cash equivalents stood at RM255.9 million compared with RM258.1 million in FYE 2020. The decrease in cash and cash equivalents as of 31 December 2021 were mainly due to net cash used in investing activities and financing activities of RM78.2 million and RM34.4 million respectively. Higher cash used in investing activities were attributable to the purchase of land worth RM48.3 million to execute our ten (10)-year expansion master plan. These capital expenditures were offset against the net cash from operating activities of RM110.0 million in FYE 2021.

### PRODUCT INNOVATION

The fundamental of our product innovation is always about adding differentiative values to our customers in the semiconductor and electronic assembly industries. Our products address our customers' immediate and future needs in smart manufacturing for higher speed, stronger inspection capability, better product quality in a cost-effective manner, as well as seamless and innovative user experience. With this spirit, our Research and Development (“R&D”) engineers work tirelessly and attentively with our worldwide customers to deliver our next generation and best-in-class inspection and electronic communication solutions.

During the year under review, our product innovation was primarily focused on end-user applications, such as automation, 5G, high-performance computing, data centre and telecommunication infrastructure, which are experiencing high growth and demand. We offer innovative features such as proprietary machine learning algorithms, improved user-friendly interface, advanced inspection algorithms, as well as remarkably improved algorithms on the machine-to-machine connectivity, monitoring and predictive analysis through our V-ONE® platform.

With our relentless efforts in launching at least two (2) new or enhanced products annually into the market by each business unit, namely MVS-S, MVS-T, ABI and ECS, we successfully grew our revenue contribution from the new product introduction (“NPI”) to 21.9% of the Group's revenue in FYE 2021. This NPI strategy will continue and be further strengthened in the next ten (10) years to support our customers' growth amidst the supercycle of the semiconductor industry in the next few years.



# MANAGEMENT DISCUSSION AND ANALYSIS

## PRODUCT INNOVATION (CONT'D)

### Total Products Sold (2000 - 2021)



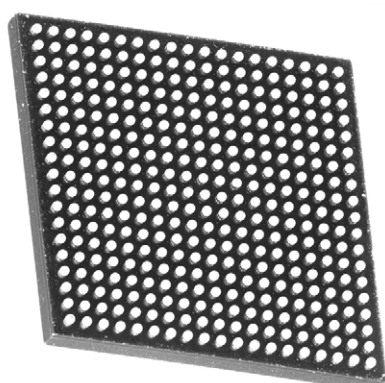
### New Products Released

NPIs are of paramount importance to ViTrox's sustainable business growth. We are operating in a fast-changing business environment driven by frequent technological breakthroughs and innovation in the new era of Industry 4.0. Being a customer-focused technology Company, ViTrox is fully committed to supporting customers' growth with advanced, innovative and reliable inspection solutions and electronic communication systems. We are pleased to share the following key products released from our core business units in FYE 2021:-

### MVS-S: Machine Vision System for Back-end Semiconductor Component Inspection

#### i. 3D Ball Grid Array ("3DBGA") True Ball-height Vision Measurement

The 3DBGA inspection with true ball-height measurement receives an accurate reading from the image acquisition system with up to 10µm accuracy. Conventionally, the 3DBGA inspection requires a huge optics setup which takes up extra space in the turret machine. To overcome this challenge, MVS-S miniaturised the optics setup into a compact solution so that the limited space of a turret machine could fit the compact solution.



3D Ball Grid Array ("3DBGA") True Ball-height Vision Measurement

#### ii. Gravity Feed Machine Inspection

Mounting this newly released vision system allows the machine to perform quality inspection while processing a high volume of throughput from the feeder. The successful release of this product leads MVS-S to capture the new market of inspection machines.



3D5S Color Inspection System

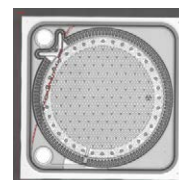
# MANAGEMENT DISCUSSION AND ANALYSIS

## PRODUCT INNOVATION (CONT'D)

### MVS-S: Machine Vision System for Back-end Semiconductor Component Inspection (cont'd)

#### iii. Wafer Inspection - Smart Threshold

Recognising the surging demand for installation of Surface Inspection Vision across a variety of devices, we improve the current Surface Inspection algorithm in terms of defect detectability and execution speed (up to 30% improvement) to match the stringent requirements from customers.



*Complex Region Anomaly Detection*

### MVS-T: Tray-based Vision Handler for Back-end Semiconductor Component Inspection

#### i. TH1000SEi Tray to Tray Integrated Circuit Inspection Handler

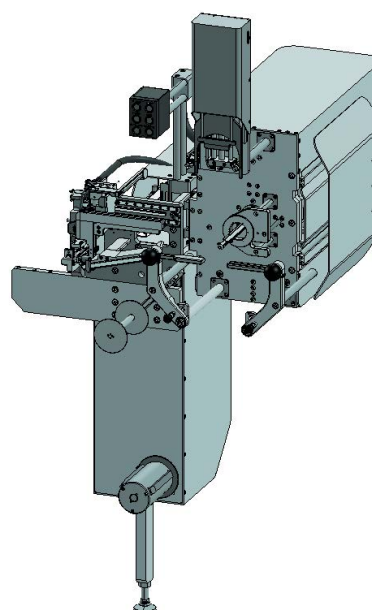
TH1000SEi is designed to suit customers seeking cost-performance efficiency. This newly released product solidifies our market position as it offers customers a better product range with the capabilities to cater for all the stringent inspection requirements for advanced integrated circuit ("IC") packages.



*TH1000SEi Tray to Tray Vision Handler*

#### ii. Smart Reel Changer 2.0

Smart Reel Changer 2.0 is an advanced and automated add-on feature designed to enhance our TR3000i, also known as Tray to Tape & Reel IC Inspection Handler. The changer enables machines to run continuously on their own and automates the loading and unloading output of up to ten (10) reels without the presence of operators, thus improving throughput and reducing operator dependency.



*Smart Reel Changer 2.0*

# MANAGEMENT DISCUSSION AND ANALYSIS

## PRODUCT INNOVATION (CONT'D)

### ABI: Optical, X-ray, Robotic Vision Inspection System for Electronics Board Assembly Inspection

#### i. V-ONE® Industry 4.0 Software Platform

V-ONE® Industry 4.0 Software Platform has achieved tremendous acceptance by customers venturing into the Industrial Revolution 4.0 journey, with over 300 installations and 3,000 machines connected. The real-time analysis and monitoring capabilities strengthen customers' manufacturing process with benefits in yield improvement, time-saving, cost reduction and more importantly improving their product quality. During FYE 2021, V-ONE® new Intelligent Control Tower for Surface Mount Technology ("SMT") process automates the data analysis. It reduces engineers' workload by centralising data and providing an optimised strategy for users to manage their machines more efficiently. The new SMT ONE View Close-loop feature connects Advanced 3D Solder Paste Inspection ("API"), Advanced 3D Optical Inspection ("AOI") and Advanced 3D X-ray Inspection ("AXI") into one (1) single data point, allowing users to correlate full SMT lines data and make process correction on a real-time basis.

#### ii. V310i Advanced 3D Solder Paste Inspection

ViTrox API has invested massive R&D efforts in refining the inspection algorithm to make it one of the most capable API in the world. During FYE 2021, our API further enhanced the inspection algorithms, which significantly improved the inspection stability, making it possible to inspect various types of printed circuit board ("PCB"), with stencil height ranging from three (3) mils to five (5) mils. With this new capability release, V310i API exceeds semiconductor customers' expectations and requirements and successfully penetrates System In Package ("SIP") customer bases.

On top of that, ViTrox API has introduced the brand new Artificial Intelligence ("AI") Classification, which is capable of identifying the minor solder paste on the PCB, thus providing the best accuracy for any defect detection. This feature allows our API to provide the best guidance to the SMT operator to make the right decision on defect management and handling.

#### iii. V510i Advanced 3D Optical Inspection

ViTrox V510i has taken a big leap in extending the portfolio offering by introducing SMT AOI, Semiconductor AOI and Micro AOI. These three (3) different platforms are developed to address the requirement of SMT, Semiconductors, Measurement and Micro light-emitting diodes ("LED").

Platform	Descriptions
SMT AOI	In the 4 <sup>th</sup> quarter of 2021, we have officially launched SmartGui with integrated AI programming. This new software platform significantly improves the inspection time by 100% for the highly complex boards with more than 30,000 components while providing the best user experience. Apart from that, AI programming is now the new spotlight as the firstcomer in the market with the proven solutions that all customers well receive. It helps customers minimise human dependency to develop a high-quality programme essential for quality control and inspection performance.
Semiconductor AOI	ViTrox AOI machines have grabbed the opportunity to ride on the global semiconductor growing wave in FYE 2021. The semiconductor AOI successfully penetrated new market segments that are manufacturing SIP die and LED. The system is equipped with a new semiconductor light source technology, algorithm and improved 3D projection. With these new technologies released, the R&D team develops a comprehensive solution for tackling the challenging mirror component inspection, which involves approaches such as 3D measurement, 3D coplanarity, crack inspection and orientation inspection. ViTrox successfully grew AOI revenue by more than five (5) times from the semiconductor market with this new platform and expects more than 100% growth in 2022 through repeat orders and new account wining.
Micro AOI	ViTrox Micro AOI platforms are equipped with high magnification lens systems, ranging from 4.5µm/pixel to 1.125µm/pixel. This Micro AOI is also equipped with a powerful 25-megapixel camera, which can convert into a 100-megapixel imaging system with ViTrox's proprietary Hyper Resolution Algorithm. This system is developed especially for the market segment requiring precision measurement up to µm accuracy.

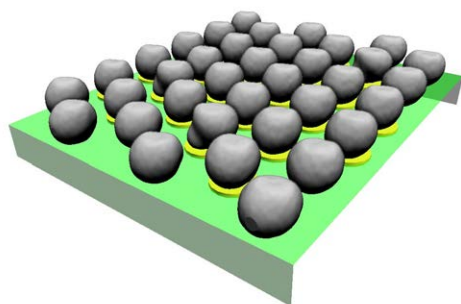
# MANAGEMENT DISCUSSION AND ANALYSIS

## PRODUCT INNOVATION (CONT'D)

### ABI: Optical, X-ray, Robotic Vision Inspection System for Electronics Board Assembly Inspection (cont'd)

#### iv. Algebraic Reconstruction Technique ("ART") and Image Quality

We believe in providing a great user experience to our customers by delivering excellent technology solutions. Our new ART version is a leap ahead of the 2020 predecessor that comes with a refined user experience that uses ART images for operators' view. With the new features coupled with a more user-friendly design, operators can now easily spot joint defects from ART images with the breakthrough filter technology that enhances the view of the head-in-pillow defect. In FYE 2021, we optimised our ART with more than 100% speed improvement without compromising the image quality. Along with a renewed software flow, the ART can instantaneously generate the image at the verification station without any delay.



*Algebraic Reconstruction Technique ("ART")*

#### v. V9i Conformal Coating Inspection ("CI") and V9i Final Assembly Inspection ("FI")

V9i vision-on-cobot inspection system created some market excitement in FYE 2021. To speed up the adoption in various fields, several new inspection capabilities have been introduced to the market, which includes inspection algorithms that cover connector pin, label, through-hole technology components, housing glue inspection and laser profilometry add-on for the assembly height measurement that targets the PCB FI inspection market.

Besides, we have developed some key features to speed up the inspection recipe development and adapt to the nature of the labour-intensive backend manual inspection environment which is usually high mix low volume. These include multi-board set-up and top-up learning that can reduce programming and fine-tuning time significantly, thus reducing the conversion time from product to product in production. With the latest capabilities of V9i, we are expecting a stronger demand for V9i in 2022.

#### vi. V810i XLTM Advanced 3D X-ray Inspection

The COVID-19 pandemic put a strain on the shipping industry, and one of the biggest challenges is flat rack container shortage. The newly designed V810i XLTM joins the AXI product lineup as the 1<sup>st</sup> large panel inspection system, which can be shipped via standard intermodal containers. The compact system designed with a smaller footprint improves shipping availability and reduces shipment cost by eliminating the need for flat racks and still supporting the demands from 5G and telecommunication industries with the same inspectable panel width and board weight as per its predecessor platforms like XXL and XLT.

For performance advancements, the V810i XLTM platform offers a flexible clamping mechanism conveyor option for panel handling enhancement, whereby the dual lanes option for throughput improvement will be released in the 2<sup>nd</sup> quarter of FYE 2022. The new conveyor option facilitates flexible panel clamp adjustment to suit odd shapes as well as component near edge panel design without additional fixtures investment. This feature is crucial particularly for high throughput environments like automotive products inspection, as dual lanes can achieve inspection throughput enhancement as high as 40% over a single lane by minimising the panel handling and non-imaging motion time.



*V9i Final Assembly Inspection ("FI")*



# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATION

### COVID-19 Pandemic Precautionary Measures

The COVID-19 pandemic has impacted every industry and forced stakeholders to evolve their workflow and radicalise the supply chain. The adoption of digital technology and automation solutions enables society at large to outpace the pandemic, ensuring sustainable growth.

Despite the uncertainties and operational disruptions caused by the COVID-19 pandemic, ViTrox COVID-19 Task Force team ("Task Force") has been working relentlessly to safeguard the lives and livelihoods of all ViTroxians. Our Task Force consists of the senior management team, business unit heads, core operations team and the shared-service team. The Task Force is prepared to efficiently and effectively cope with all circumstances, especially during the hike in COVID-19 cases in the 3<sup>rd</sup> quarter of FYE 2021.



From time to time, the Task Force constantly adjusts and refines the enhanced standard operating procedures ("SOPs") in response to the COVID-19 infection trend in our factory and the community and to adhere to the revised SOPs released by the relevant authorities.

During the year under review, we continue to enhance our precautionary measures to prevent workplace infections that may potentially impact ViTrox operations. These include:-

- Self-testing with the COVID-19 Rapid Test Kit ("RTK") every two (2) weeks
- Wearing a face mask or double face masks at all times except during eating or drinking
- Washing hands frequently
- Practising physical distancing
- The non-operations team works from home ("WFH") on a rotational basis
- Checking in daily on MySejahtera upon arriving at ViTrox premises
- Encouraging ViTroxians to conduct virtual meetings
- Segregating the operations team to three (3) isolated groups

In addition, those who are infected with the COVID-19 virus must observe self-quarantine period as per instruction given by the relevant authorities. The person shall also conduct a polymerase chain reaction ("PCR") test and will only be allowed to work in the office when the test result is negative.

Our Management Information System ("MIS") team developed an automated scanning system to retrieve the MySejahtera status of those entering the ViTrox premises and prevent the entrance of high-risk individuals.

All these measures have effectively controlled the spread of COVID-19 infection in ViTrox's premises.

Our people have adhered to the enhanced SOPs, and 100% of ViTroxians and Vinterns completed at least two (2) vaccination doses by October 2021, supporting ViTrox to maintain zero (0) COVID-19 infection in the workplace in the year under review.

# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATION (CONT'D)

The theme for FYE 2021 was “Growth at the Speed of Trust”. We envisaged the sharply rising demand for semiconductor chips due to the “work-from-home” economy, Industry 4.0 and 5G proliferation; hence we acted swiftly with faster and uninterrupted delivery of our products and services to fulfil our worldwide customers’ needs. Towards achieving leaner operation and better material planning, we run our business with uncompromised integrity and entrust our people to do the right thing and lead with an ownership mindset.

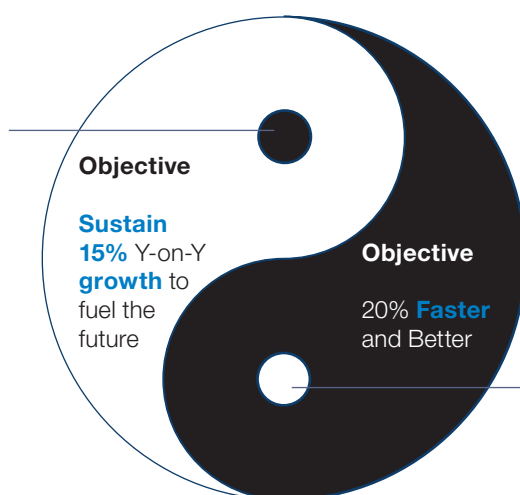
ViTrox is committed to continuing our two (2)-pronged Corporate Objectives, achieving sustainable 15% year-on-year growth in revenue and profit and promptly delighting our customers with superior products and services. To achieve these goals, the Group relentlessly strives on:-

- Strategic market expansion
- Continuous product innovation
- Lean operation

### Key Result

Grow **Revenue** and **PBT**

growth @ the speed of trust  
以信为本, 以快致胜



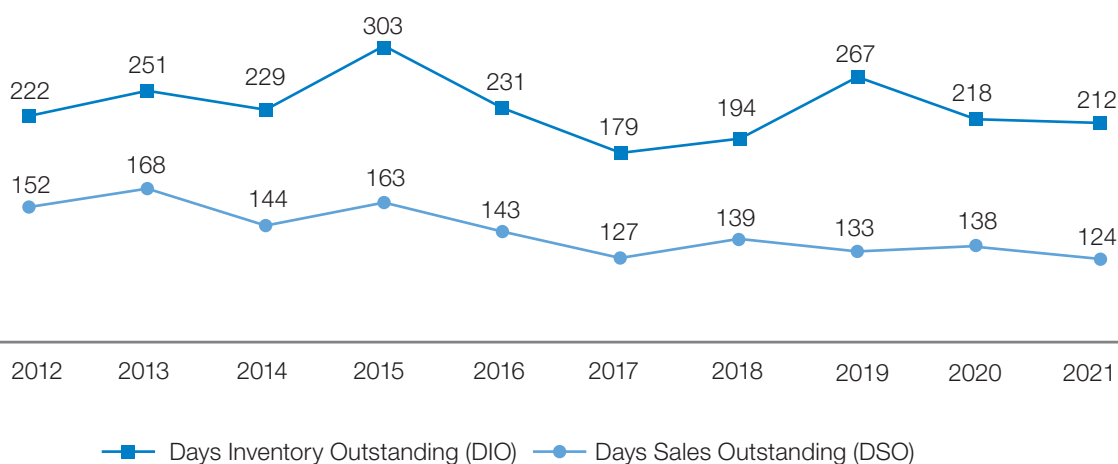
**Delight** every **customer** with **faster** and **better** products and services

### Key Result

Improve business **efficiency** and **inventory** turn by **20%**

In the year under review, our business process improvement team has been working closely with the MIS and operating team to improve further ViTrox’s Enterprise Resource Planning System to achieve a shorter end-to-end lead time by 20% by the end of the year. There were 32 user request projects and 12 lean deployment projects completed in FYE 2021, which shortened our product’s delivery lead time to customers and improved material and production planning accuracy amidst great market demand, COVID-19 disruption and material constraints.

The Group’s Days Inventory Outstanding (“DIO”) improved from 218 days to 212 days in FYE 2021. This is driven by the effort made in proper planning to purchase the right quantity and quality of materials to meet the surge in demand for our products. The Days Sales Outstanding (“DSO”) for the Group also showed an improvement from 138 days to 124 days in FYE 2021 which was mainly due to better collection coupled with close monitoring of receivables.



# MANAGEMENT DISCUSSION AND ANALYSIS

## OPERATION (CONT'D)

To nurture future talents and close the gaps of severe talent shortage and skill mismatch in the electrical and electronic equipment and automation sectors, ViTrox set up an education arm, ViTrox Academy Sdn. Bhd. ("VA"), in FYE 2020. In the year under review, VA made significant progress as shown below:-

- Established V-Makerspace in the 2<sup>nd</sup> quarter of FYE 2021 to promote interest in science, technology, engineering and mathematics ("STEM") among students and the general public, provide a venue for makers in Southern Seberang Perai and promote ViTrox's internal culture of innovation and creativity.
- Obtained the approval letter from the Ministry of Higher Education on the establishment of ViTrox College.
- Organised the first two (2) sessions of "The ViTrox Experience" hybrid training programme for local small and medium enterprises ("SMEs") in the 2<sup>nd</sup> quarter of FYE 2021. A total of 16 managers and founders from 14 SMEs participated in the training. The training included stories and best practices how ViTrox started from a humble beginning 21 years ago to the biggest machine vision Company in Southeast Asia with a market capitalisation of more than RM10 billion by the end of 2021.
- Conducted three (3) batches of "Leading with Trust" training sessions for 47 managers.

## Floor Space Expansion

In the year under review, ViTrox expanded the operational floor space from 343,091 sq. ft. to 404,443 sq. ft., representing a 17.9% increase in floor space to support the rapid business growth in FYE 2021. As of the end of FYE 2021, we had utilised 83.2% of the available floor space at the existing ViTrox Campus 2.0. In addition, we have also completed the new 15,086 sq. ft. warehouse in September 2021.

We embark on our ten (10)-year master plan (2021 - 2030) to realise our vision of becoming the most trusted technology Company in the world while contributing to society's advancement and the well-being of humankind through compassionate innovation. We deliberately acquired a 21-acre plot of land adjacent to the existing Campus 2.0 in May 2021. We plan to utilise the land in stages for future growth over the next one (1) to three (3) years.

In August 2021, we kicked off the new expansion phase in the existing land to build the new ViTrox Campus 3.0, which consists of three (3) blocks of multi-storey buildings. We will use the new 450,000 sq. ft. facility primarily for:-

- R&D of the next-generation vision inspection equipment, smart robotic systems and embedded electronics devices with advanced AI capability for Industry 4.0
- Smart manufacturing
- Warehouses
- Business development, technical support and training centre
- Body, Mind and Soul ("BMS") facilities



*ViTrox Campus 3.0 (Architect Impression)*



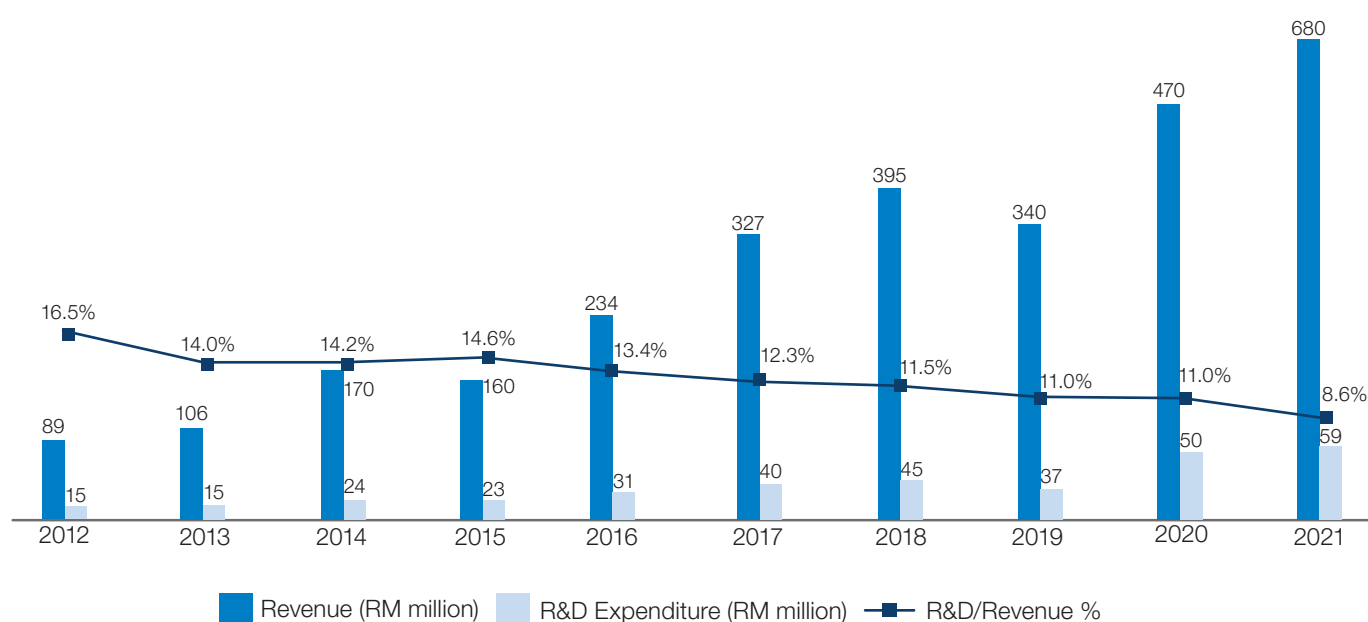
# MANAGEMENT DISCUSSION AND ANALYSIS

## RESEARCH AND DEVELOPMENT

ViTrox has committed to R&D since the Company's inception 21 years ago. We strongly believe that through intensive R&D, we can continuously offer the best and most innovative inspection solution to our customers, supporting their dynamic product and technology roadmaps. Our investment in R&D operations allows us to stay at the forefront of technological innovations and development, producing market-fit goods and assuring long-term success.

With this commitment, ViTrox has continually invested more than 10% of ViTrox's revenue annually in R&D activities since FYE 2008. R&D expenditure increased more than 10% from RM49.9 million in FYE 2020 to RM58.5 million in the year under review. However, due to the exceptional revenue growth of 44.6% in FYE 2021, the Group's R&D expenditure percentage over revenue dropped below 10% for the 1<sup>st</sup> time since FYE 2008.

### R&D Expenditures versus Revenue



In the year under review, despite operational disruptions due to COVID-19 pandemic, we successfully expanded our engineering team from 487 engineers to 579 engineers, representing an 18.9% increase compared to a year ago. Our R&D team's key focuses in FYE 2021 were research, design, development and testing of AI algorithms, machine-to-machine connectivity, advanced inspection capabilities and value engineering.

Our 70%-owned subsidiary, ViTrox Agritech Sdn. Bhd. ("VAG"), has made great progress in pursuing its mission to design and develop innovative and cost-effective smart precision farming solutions. The VAG team aims to significantly improve farmer yield sustainably, without a high reliance on migrant labour, pesticides and high-cost imported solutions. The team successfully developed SIPS2510, the 1<sup>st</sup> generation Integrated Production System, for seed planting during the financial year under review. The machine is now under field testing and estimated to launch in the market in the 2<sup>nd</sup> half of 2022.

The Penang Regional Development Authority ("PERDA") had provided VAG with the opportunity to participate in the Penang's Agriculture Technology Project at Ara Kuda in November 2021. In this project, our VAG team will be conducting numerous on-site tests and trial runs of our agricultural technology innovation.



SIPS2510



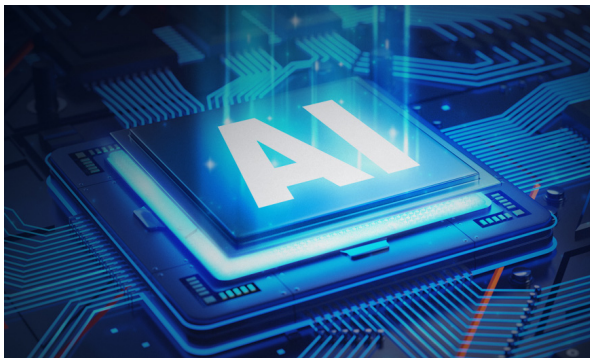
## MANAGEMENT DISCUSSION AND ANALYSIS

### RESEARCH AND DEVELOPMENT (CONT'D)

Major R&D Breakthroughs in FYE 2021 are:-

- **Artificial Intelligence (“AI”)**

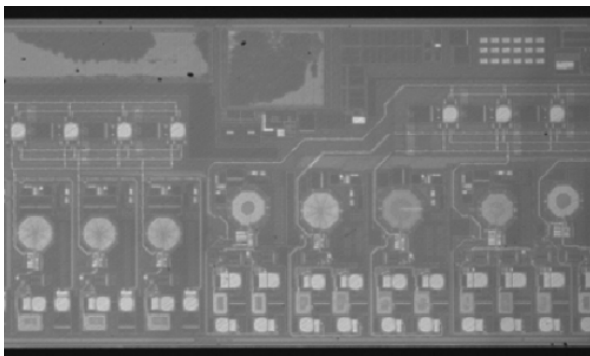
AI continues to gain worldwide attention, especially in the inspection-related industry. ViTrox continues to improve on its current AI engine based on collecting big data from the software running at customers’ machines. At the same time, the learning models are also being optimised to provide higher inspection accuracy, thus resulting in a higher yield in production output.



*AI (for illustration purpose only)*

- **Shortwave Infrared (“SWIR”)**

Our R&D team has looked into high-resolution SWIR solutions further. We can now inspect wafer die inner circuits by penetrating silicon materials using short-wave infrared. This technology demonstrates the capability to inspect the defect of exposed die packages beyond the die surface.



- **High-Speed Inspection Algorithm**

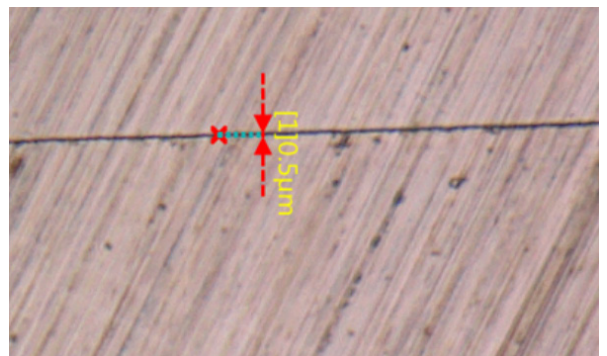
The vision system engine is optimised using better and more efficient algorithms that will further reduce the processing time, thus resulting in higher overall production output.



*High-Speed Inspection Algorithm*

- **Sub-Micron Crack Inspection**

The advanced optics solution is advantageous on die detection for sub-micron crack. We have developed a proprietary inspection algorithm to differentiate the cracks from grinding lines.

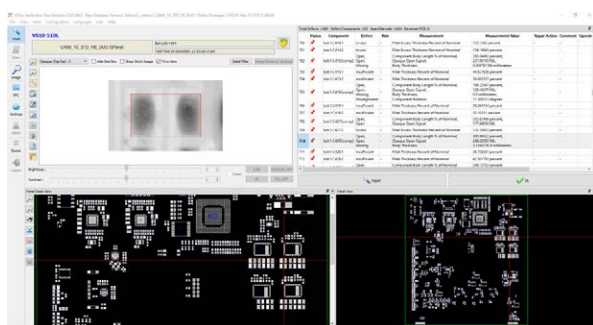


# MANAGEMENT DISCUSSION AND ANALYSIS

## RESEARCH AND DEVELOPMENT (CONT'D)

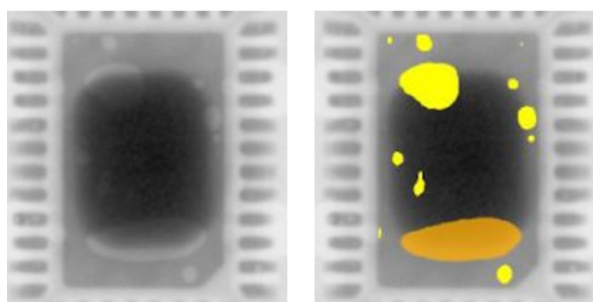
### • AXI AI for ViTrox Verification Tools Solution ("VVTs") Auto Assist

In FYE 2021, ViTrox expanded AI coverage to encompass chip component and Ball Grid Array ("BGA") components, with outstanding AI accuracy of over 90% and less than 1% escapees. This cutting-edge technology provides the most comprehensive and highly stable defect inspection capabilities under ViTrox proprietary. We can shorten our development time and deliver a high-performance model that contributes to the market-leading AI accuracy because of our in-house created augmentation technology and training platform. We will move forward with full steam to extend our AI coverage into the arena of gullwing, Quad Flat No-lead ("QFN"), SMT and Polarised capacitor ("PCAP") in 2022. In summary, AI VVTs helps reduce operating costs and ensure consistent buy-off for quality assurance.



### • AXI AI Inspection Algorithm

ViTrox has successfully introduced a new AI Inspection algorithm to more than three (3) of our major customers in FYE 2021. This AI model caters to the most challenging conditions in detecting voids with an accuracy as high as 99%, including multiple layers of shading and heavily shaded regions. Our AI void model exhibited exceptional performance and stability, especially in inspecting images with uneven backgrounds. This AI inspection approach is easy to use, requires only a few simple parameters, and achieves high accuracy. This robust AI algorithm also comes with an ability to deal with uncertainties and ambiguities from human judgments, which often differ from one another. Images below show AI algorithm captures the voiding accurately despite the multilayer shadowing.



void: 18.28%

### Extra-fine Scanning Methodology and "H" Reconstruction Processing

5G technology is best known to offer better performance, enhanced speed and high reliability with the necessity of utilising high-speed 5G connectors that are highly shaded. The use of the new 5G connectors created challenges for all AXI suppliers as it comes with many layers of metal plate that could attenuate the x-ray fluctuation energy and introduce noise to the 3D AXI image. Our R&D engineers have diligently developed an extra-fine scanning methodology and a robust "H" reconstruction processing method to reconstruct high-quality 3D AXI images for classification. Users can now view improved contrast in addition to increased stage speed. Our adaptive gamma method offers accurate slices to different pinholes with clean backgrounds and the latest slice-combining method also helps reduce noise and artefacts. This technological breakthrough has positioned us as the market leader again in addressing the challenging 5G AXI inspection requirement. Images below show after H construction on extremely shaded 5G connector.



before



after

### • V-ONE® AI

V-ONE® AI analytics module has two (2) important releases in FYE 2021 targeting the semiconductor industry:-

- AI pipeline with a new inference that covers beyond SMT market segment into the semiconductor image classification for die and wafer process defects
- Complete AI training platform for semiconductor AI to improve the AI accuracy inside the edge factory continuously

Incline with global demand increase of Internet of Things ("IoT"), V-ONE® released the 1<sup>st</sup> AI on IoT Cloud ("AloT Cloud") with Software as a Service ("SaaS") business model. The V-ONE® AloT Cloud simplifies the entire IoT deployment for factories, users can now simply connect any machines and perform AI edge or cloud analytics without investing in information technology experts and a massive amount of high computing servers.

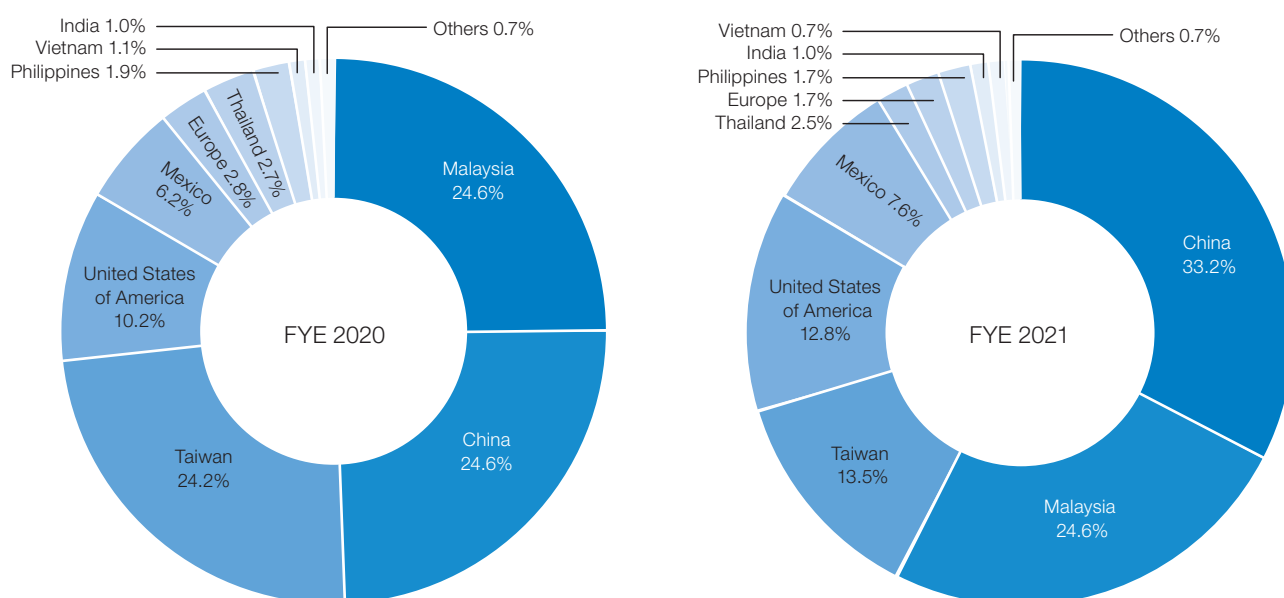
# MANAGEMENT DISCUSSION AND ANALYSIS

## SALES AND MARKETING

ViTrox's worldwide installed base by product increased by 12.5% compared to FYE 2020, from 609 to 685, in FYE 2021. The increase in installed base showed that our products are well accepted by world's tier-one (1) and tier-two (2) customers in the Outsourced Assembly and Test ("OSAT"), Electronics Manufacturing Services ("EMS") and Contract Manufacturing ("CM") sectors.

ViTrox's long-term strategy to expand our global presence by aggressively acquiring new customers while protecting our existing installed base has successfully reduced our dependency on single large customer over the years. Our top ten (10) largest customers contributed 53.6% of the total revenue, whereas the top 20 largest customers contributed 73.5%.

**Revenue by Geographical Segment**



In the year under review, ViTrox exported 75.4% of goods and services to more than 40 countries worldwide. The export increased by 44.5% from RM354.6 million in FYE 2020 to RM512.4 million in FYE 2021.

China contributed RM225.5 million, equivalent to 33.2% of the total revenue, overtaking Malaysia as the most significant revenue contributing country for the 1<sup>st</sup> time since the inception of ViTrox in FYE 2000. China's national strategy "Made in China 2025" has successfully contributed to the exceptional growth in China. The strategy strives to secure China's position as a global powerhouse in high-tech industries and China's economic recovery post-pandemic coupled with the trade tension between the USA and China. Extraordinary strong orders of ViTrox's semiconductor vision inspection system and equipment associated with the increasing demand of AXI and AOI machines from ABI contributed to the most robust revenue ever achieved from China yet.

Meanwhile, remote work and learning, entertainment, end-market demand for personal computers, 5G smartphones and motor vehicles pushed the demand for semiconductor chips to an unprecedented record level. The global semiconductor industry puts in concerted and exceptional efforts to expand capacity to meet the strong demand. As a result, the worldwide semiconductor revenue grew 25.1% in 2021, exceeding USD500 billion for the 1<sup>st</sup> time, according to Garther<sup>1</sup>. Concurrently, the global revenue for total semiconductor equipment was forecasted to reach a new high of USD103 billion in 2021, surging 44.7% from the previous record of USD71 billion in 2020, according to SEMI<sup>2</sup> news released on 14 December 2021.

Despite travel restrictions imposed by many countries in the year under review, ViTrox continued to expand our presence worldwide to serve our customers better through our dedicated sales channel partners ("SCP"), distributors and our sales and support team in respective countries. We support our customers remotely and promptly with our V-ONE<sup>®</sup> real-time monitoring, big data analytic and control software, ensuring our systems and equipment are running continuously on customers' production floor. In FYE 2021, we successfully expanded our worldwide coverage by partnering with ten (10) more competent SCPs from China, the USA, Europe, India and Thailand, making the total SCPs and distributors to 43 by the end of FYE 2021.



# MANAGEMENT DISCUSSION AND ANALYSIS

## SALES AND MARKETING (CONT'D)

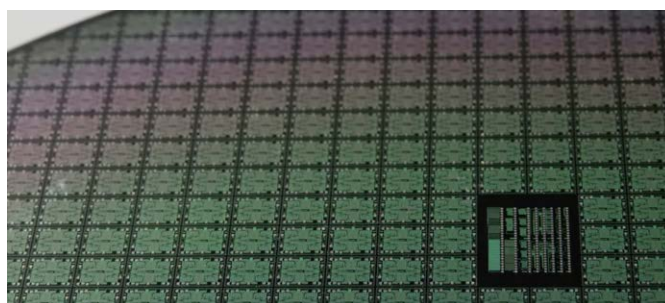
### Machine Vision System ("MVS")

Revenue for MVS-S and MVS-T improved significantly compared to FYE 2020. The effect of post COVID-19 Semiconductor Super Cycle has caused significant growth. With the prolonged pandemic, continuous lockdown has been imposed along with further restrictions on travelling. Virtual conferencing has proven beneficial and cost-effective, which accelerated the demand for consumer electronics, telecommunication and memory while increasing the demand for semiconductors in tandem.



### MVS-S

MVS-S marked an unprecedented achievement in FYE 2021 by recording a new milestone surpassing RM100 million in total revenue. The vision system contributed 79.5% of the total sales in revenue distribution while the spare parts and machine handlers contributed 11.6% and 8.9%, respectively. The strong demand of the semiconductor market contributes to the 118.6% increase in sales in vision systems from FYE 2020. Revenue in the FYE 2021 is the highest on record since the inception of MVS-S business unit. It is a 66.4% increase as compared to FYE 2020.



Moving forward, MVS-S will continue to diversify into different types of vision inspection handlers and establish the vision system into different processes. Wafer production is growing in demand, leading our wafer inspection machines to possess great potential to capture the upcoming market demand, especially in China.



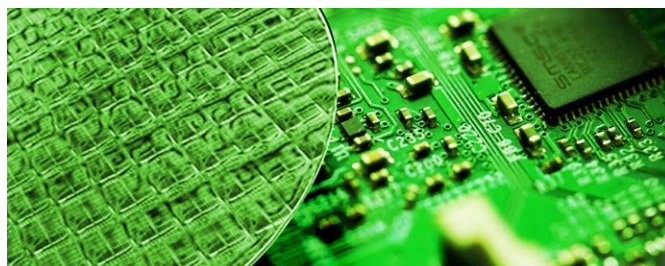
Besides that, demand for semiconductors in the automotive industry has grown stronger amid a global shortage. Electric cars consume a triple quantity of chips compared to standard combustion engines, which will further drive the semiconductor demand for the automotive industry into 2022 and beyond.

### MVS-T

MVS-T also recorded an all-time high revenue in FYE 2021, bolstered by competitive products offered at the right time. By implementing various innovative strategies, we grab the opportunity of this supercycle – the massive emerging trends of semiconductors – driven by 5G, EV and autonomous drive and AI applications.



Moving forward, MVS-T will aggressively pursue high growth markets, including China. We will continue to enhance our ability to defend and expand our market presence simultaneously. Improving customer engagement will also be one of our primary key focuses in 2022 by strengthening our local sales and support in significant markets. MVS-T anticipates that demand for semiconductors grows driven by digital lifestyle transformation. COVID-19 pandemic has further accelerated the digital lifestyle transformation as people spend more time using technology devices to connect remotely. 2022 will continue to remain challenging across the supply chain. The supply chain destruction and reshuffle caused by the pandemic might take longer to recover from a global shortage. With the above said, the semiconductor supply shortage is expected to persist.





# MANAGEMENT DISCUSSION AND ANALYSIS

## SALES AND MARKETING (CONT'D)

### ABI

Although ABI started FYE 2021 with a relatively low carry-forward backlog, ABI's orders consistently grew from quarter to quarter in FYE 2021. We ended the year with an exceptional result whereby we have achieved breaking records in revenue, profits, equipment shipped and orders from existing and new customers. It was the 1<sup>st</sup> time that ABI's revenue surpassed the mark of more than RM300 million, achieving year-on-year growth of 33.8%. Despite the global supply chain disruption and multiple Movement Control Orders ("MCO") in Malaysia, the ABI team addressed the challenges resiliently with suppliers, SCPs and cross-functional teams. The manufacturing output of AOI and AXI has expanded by 41.4%, with total AXI and AOI machines shipped growing by 50.5% and 20.5% respectively from FYE 2020.

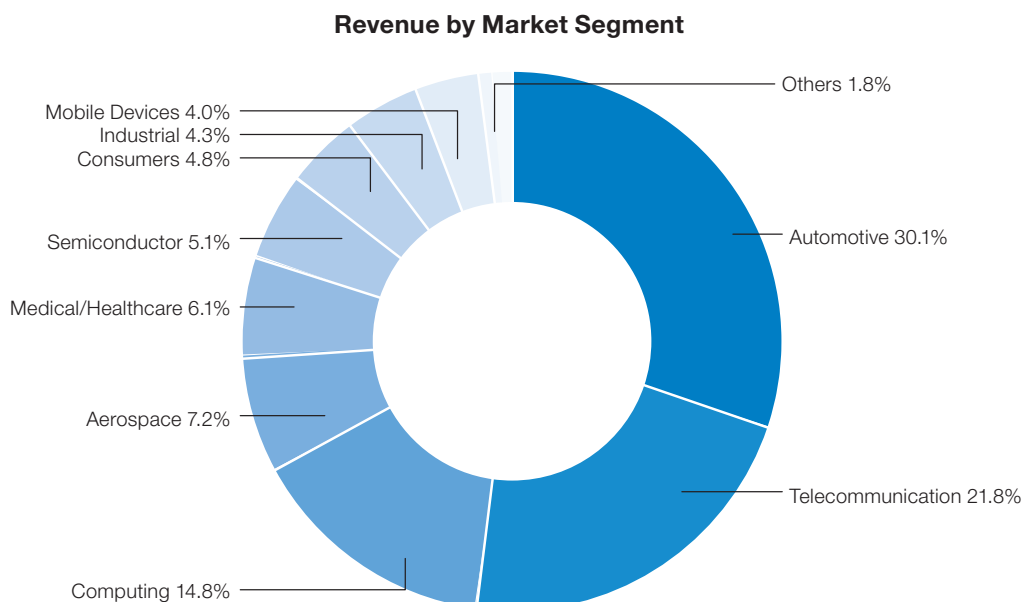
A few factors mainly contribute to the key enablers of business growth. In FYE 2021, we added nine (9) new SCPs to help us with our market reach. To demonstrate our commitment towards achieving services excellence, we hired new support engineers in key growth areas such as Vietnam, Malaysia, China and USA. With the release of the ViTrox V310i API system, we are now offering a one-stop solution for SMT lines when integrated with our V510i 3D AOI, V810i 3D AXI, V9i FI, V9i CI and V-ONE® Industry 4.0 SolidWorks solution. These platforms are fully integrated with One View for analytical purposes and close loop capability, supporting our customers to be a few steps faster and easier in the Industry 4.0 transformation.

Indeed, the most important factor is our ability to develop new technology differentiation and products that add to our competitive advantage.

Compared to FYE 2020, the IoT, data analytics and AI have grown in enquiries for adoption in FYE 2021 due to the COVID-19 pandemic and the continuous shortage of workforce and materials. Customers in the electronics, automotive and telecommunication sectors have experienced demand growth and continue to lead the way for further adoption of digitalisation and digital transformation. In FYE 2021, we connected roughly about 1,000 machines and devices, making a total of 3,322 connections in the manufacturing sectors. With the V-ONE® smart manufacturing software solution, we also secured digitalisation business into non-electronics manufacturing industries such as precision metal fabrication, plastic injection moulding, metal finishing and painting, and motorcycles and tyres manufacturing.

The expansion of ABI's business into the semiconductor market segment has been very encouraging and promising. The newly launched AOI semiconductor solution is very well received and recognised by the market with a high adoption rate. Within a year of launching the AOI semiconductor, we have secured 50 units into back-end semiconductor fabrication with almost five (5) times revenue growth from this market segment in FYE 2021. The solution covers a wide range of inspection requirements from lead frame, die inspection, gold pad and precision geometry measurement.

The automotive segment contributed more than 30% of FYE 2021 revenue. This is driven by the increase in electronic content of the automotive market segment, especially in the EV sector, with the market adoption rate growing exponentially in the past two (2) years. While the 2<sup>nd</sup> largest market segment that fueled the growth of ABI is telecommunications, which accounts for 21.8% of overall sales, the continuous growth in 5G adoption by more and more countries increases the demand of this segment. Overall, ABI rides on the growth wave of these two (2) market segments through our investment in R&D to develop technology differentiation to address the challenges experienced by the customers. In FYE 2021, we managed to grow the revenue contribution from these two (2) market segments by 77.2% from FYE 2020.



# MANAGEMENT DISCUSSION AND ANALYSIS

## SALES AND MARKETING (CONT'D)

### ABI (cont'd)

With more and more countries declaring COVID-19 from pandemic to endemic, more market segments and sectors expect to regain their pre-pandemic momentum gradually. In the case of ABI, the orders flowing in and the pipeline are extremely strong, with a record-high backlog carried forward from 2021. That being said, we are expecting the 1<sup>st</sup> half of 2022 to be solid. The outlook for the 2<sup>nd</sup> half of 2022 is promising as well since ViTrox's semiconductor business units have a strong shipment to both the Semiconductor Foundries and OSAT in the past six (6) months, which will transform into the opportunity for SMT business which is normally three (3) to six (6) months lagging.

ABI's key growth initiatives will remain in the telecommunication, automotive and semiconductor market segments. We foresee the growth in these market segments will remain strong in the next five (5) years. We will continue with our investment in developing new technologies differentiations to address the inspection, measurement and AI requirements from these sectors. As the USA imposes high tariffs on China's manufacturing goods and tax incentives for local manufacturing, ABI expects growth from this perspective because most of the key CMs and original equipment manufacturers ("OEM") from the USA are our trusted partners with strong branding reputations. We will continue our best effort to protect our stronghold in the USA. This is important as the current base has helped us to win new customers very effectively through the good word from existing customers. On the other hand, we will ensure that the newly added customers from China, Taiwan and Southeast Asia continue to have the best customer experiences with ABI and hopefully convert them into our loyal customers. Lastly, we will continue to extend our market reach by adding new SCPs or adding new staff in areas with weak coverage as we move toward to be a global supplier for inspection solutions.

In the semiconductor industry, we have exciting projects started in imaging analytics with AI or deep learning to assist semiconductor manufacturing towards zero operator buyoff in post-inspection validation. We accomplished these projects with years of experience in optical inspection coupled with ViTrox's propriety AI algorithm. We have more exciting NPIs within the V-ONE® platform for 2022 and 2023, going across other industries, including agriculture, and further strengthening our stronghold in the electronic and semiconductor industries.

In short, we expect 2022 to be a marvellous year for ABI if there are no surprises on material availability in which we have taken the proactive move to stock up our inventory on critical parts.

## BUSINESS STRATEGIES

Realising our theme of FYE 2021 – "Growth at the Speed of Trust" – with One Vision, One Voice, One Team, ViTrox team worked seamlessly with our SCPs, distributors and key suppliers to successfully ride the semiconductor "supercycle" wave. Together, we conquered new market territories and provided exceptional support to our existing customers in the year with unexpected events and operational disruptions due to the COVID-19 pandemic, extreme weather and geopolitical tension around the world.

ViTrox showed resiliency through great efforts and exceptional execution in the year under review to achieve extraordinary business results with 44.6% and 61.6% growth in revenue and PBT, respectively. Our long-term and consistent business strategies in customer-focused innovation and aggressive market expansion in high growth areas are proved effective and executed well with excellent outcomes.

Our theme for 2022 is "Sustaining the Growth Mindfully". It signifies our confidence yet remaining cautious and mindful in sustaining business growth. We empower ViTroxians and our business partners, especially the business development, R&D, operational and technical support teams, to act swiftly and professionally in fulfilling our customers' needs with the spirit of I.A.C.T.G.

Our core business strategies in 2022 are:-

- i. Global expansion
  - As more countries open borders in 2022, we will step up our efforts and work closely with our partners to tap into new opportunities in high-growth, high-demand sectors. These sectors include automotive, high-performing computing, 5G, telecommunication infrastructures, aerospace and healthcare.
  - We will actively participate in various international trade shows, secure more SCPs and strengthen our internal workforce in different high-growth regions to serve our customers better and faster.
- ii. Improvement on end-to-end lead time
  - We will work aggressively with our suppliers to improve on material lead time while optimising our onhand inventory through business process automation, Just-in-Time ("JIT") and Vendor Managed Inventory ("VMI") programmes.
  - We will continue to identify and eliminate wastes in our internal processes and fully implement the integrated product development ("IPD") process across all R&D functions to shorten cycle time in order fulfilment, material planning, manufacturing and NPI.
  - Our customers' needs are always our top priority; hence we will do our very best to meet their expectations in a timely and reliable manner, each time and every time.

# MANAGEMENT DISCUSSION AND ANALYSIS

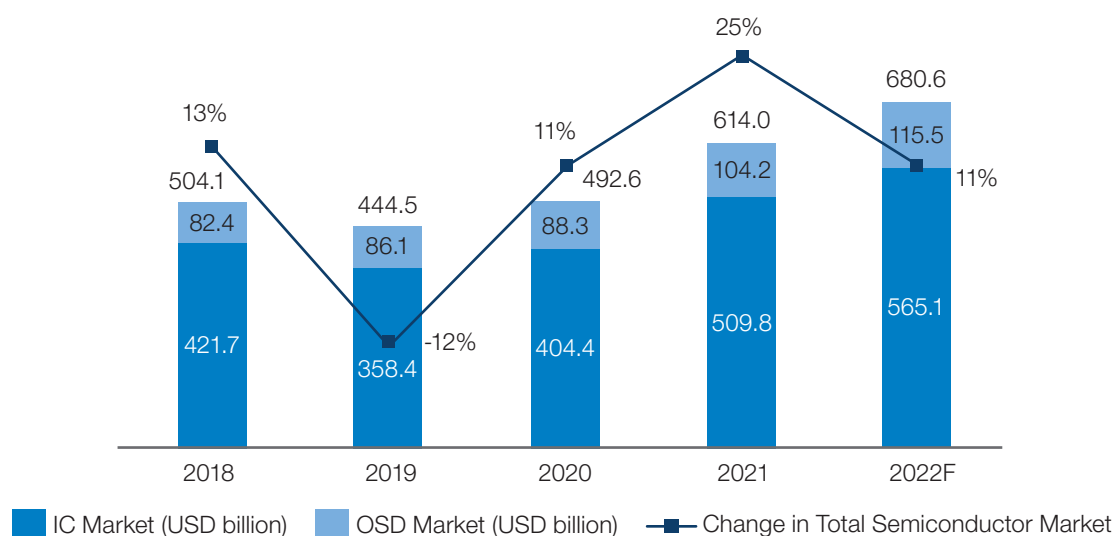
## BUSINESS STRATEGIES (CONT'D)

- iii. Floor space expansion
- We gratefully kicked off ViTrox's ten (10)-year master plan with the acquisition of the 21-acre industrial land next to ViTrox Campus 2.0 and commenced the construction of ViTrox Campus 3.0 in FYE 2021.
  - This expansion signifies our determination and confidence to be the world's most trusted technology Company and offer the most advanced, innovative and cost-effective smart machine vision and embedded electronics solutions to our customers worldwide in the new era of Industry 4.0.
  - The expansion in floor space, continuous innovation and talent pipeline development lead us to offer products and solutions to more adjacent industries and sectors worldwide.

## 2022 Demand Outlook

The forecast of total semiconductor revenue in 2022 shows the growth of 11% and reaching a record-high USD680.6 billion after worldwide revenues climbed 25% in FYE 2021, which the economy rebounded from the 2020 COVID-19 outbreak crisis, according to IC Insights<sup>3</sup>.

**Worldwide Semiconductor Sales Growth**



Source: IC Insights<sup>3</sup>

In the 2021 economic turnaround, unit shipments of many widely used semiconductor products hardly kept pace with increasing demand from system and equipment manufacturers, including carmakers, that struggled with their own market recovery. The unit price of IC climbed 22% while shipments of optoelectronics, sensor/actuator and discrete ("O-S-D") devices increased 20%, according to The McClean Report service's January Semiconductor Industry Flash Report. IC shipments have increased by a compound average growth rate ("CAGR") of 7.4%, and O-S-D units have increased by a CAGR of 4.7% over the last ten (10) years. The new McClean Report 2022 forecasts that more than 1.3 trillion semiconductor devices, which is about 432.0 billion ICs and 889.3 billion O-S-D devices, are expected to ship in 2022, an increase of 10% for both segments.<sup>3</sup>

The World Semiconductor Trade Statistics ("WSTS") expected the worldwide semiconductor market growth to rise from 6.8% in 2020 to an outstanding 25.6% in 2021. In the meantime, WSTS forecasted that the worldwide semiconductor market growth is expected to grow further in 2022 by 8.8% to USD601 billion, driven by a double-digit growth of the sensors and logic category. All other product categories are also expected to show positive growth rates. All regions are expected to grow in 2022.<sup>4</sup>

SEMI's "Year-End Total Semiconductor Equipment Forecast - OEM Perspective", released in December 2021, notes that both the front-end (wafer fab) and back-end (assembly/packaging and test) semiconductor equipment segments are contributing to the global expansion. The wafer fab equipment segment is projected to expand 43.8% to a new industry record of USD88 billion in 2021, followed by a 12.4% increase in 2022 to approximately USD99 billion.<sup>2</sup>

The foundry and logic segments, accounting for more than half of total wafer fab equipment sales, will surge 50% year-over-year to reach USD49.3 billion in 2021, driven by demand for both leading-edge and mature nodes. The growth momentum is expected to continue in 2022, with the foundry and logic equipment investments rising 17%.<sup>2</sup>

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS STRATEGIES (CONT'D)

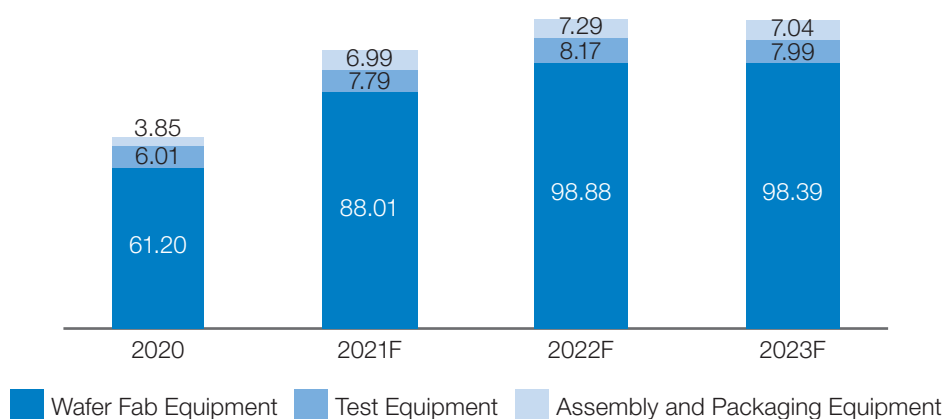
### 2022 Demand Outlook (cont'd)

Strong enterprise and consumer demand for memory and storage are contributing to strength in dynamic random-access memory (“DRAM”) and NAND equipment spending. The DRAM equipment segment is leading the expansion in 2021, surging 52% to USD15.1 billion and growing 1% in 2022 to USD15.3 billion. The NAND equipment market is projected to jump 24% in 2021 to USD19.2 billion and 8% in 2022 to USD20.6 billion.<sup>2</sup>

After seeing robust 33.8% growth in 2020, the assembly and packaging equipment segment is expected to surge by 81.7% to USD7 billion in 2021, followed by another 4.4% increase in 2022 driven by advanced packaging applications. The semiconductor test equipment market is expected to grow 29.6% in 2021 to USD7.8 billion and continue to expand by 4.9% in 2022 on demand for 5G and high-performance computing applications.<sup>2</sup>

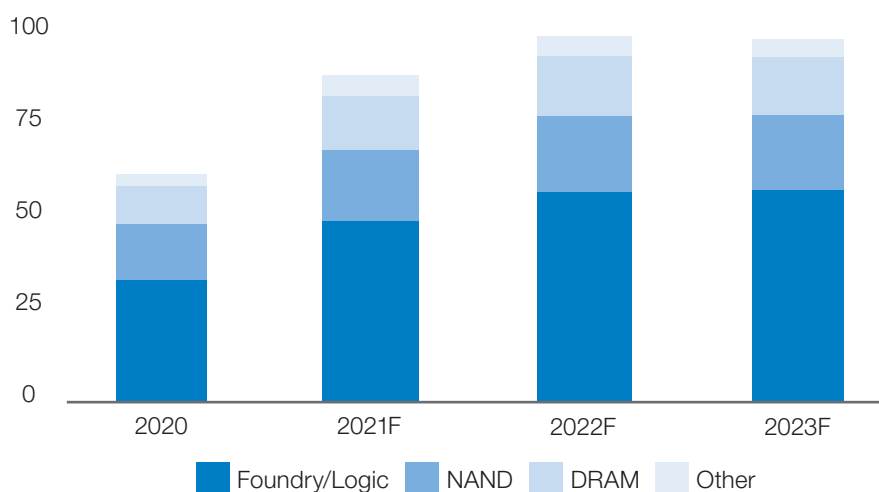
Regionally, China, Korea and Taiwan are projected to remain the top three (3) destinations for equipment spending in 2021. China is projected to maintain the top position, which it was claimed for the 1<sup>st</sup> time in 2020; Taiwan is expected to regain the top position in the market in 2022 and 2023. Equipment spending for all regions tracked is expected to grow in 2021 and 2022.<sup>2</sup>

**SEMI 2021 Year-end Total Equipment Forecast by Segment  
(USD billion)**



Source: SEMI<sup>2</sup>

**SEMI 2021 Year-end Wafer Fab Equipment Forecast by Application  
(USD billion)**



Source: SEMI<sup>2</sup>



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS STRATEGIES (CONT'D)

### ViTrox's Outlook: Continued Growth

The prolonged COVID-19 pandemic led to a digital transformation in how the world went about life at an unprecedented pace. Individuals, business educators and governments transformed progressively to digital-based solutions, providing the catalyst for strong demand in semiconductor sales in the last two (2) years. Remote work and learning, virtual meetings, e-commerce and Industry 4.0 are new norms. As the world adapts to the new normal in 2022, these changes are likely to stay. As border opening and economic rebound occur in many developed and developing countries, we believe that the demand for semiconductors will be persistently high in the next few years. Chips will become even more heavily embedded in the essential technologies of now and the future. IC Insights predicted that for the 1<sup>st</sup> time in 25 years, the semiconductor market will enjoy three (3) consecutive years of double-digit growth in 2022.

As we move forward to 2022, the demand still outpaces supplies for semiconductors components, equipment and materials. Chipmakers have expanded their capacity to meet secular demand for a wide range of emerging technologies, including telehealth and remote work and learning. The expansion led the semiconductor equipment industry to enjoy a period of unprecedented growth with increased spending in six (6) of the past seven (7) years.

Over the years, we have built a strong presence in more than 40 countries and 685 installed customer base. We are optimistic and confident that 2022 will be another growth year for ViTrox. We are well-positioned with our best-in-class, innovative and cost-effective vision inspection solutions and embedded electronics systems, the more efficient operation with shortened end-to-end lead time, as well as unparalleled support from our SCPs across all the important and growing regions.

On the other hand, the 2022 growth is constrained by a few challenges listed below:-

- i. Material shortages and supply chain issues will increase in the 1<sup>st</sup> half of 2022. We have been experiencing a prolonged lead time for some critical components such as microcontrollers, field-programmable gate arrays ("FPGA"), motion controllers and drives. This problem affects our ability to support the strong demand from worldwide customers. We have been working relentlessly and closely with our strategic suppliers to secure and stock up these materials while working on alternative solutions to minimise the risk of order cancellation or loss of orders from our customers.

A new report released by Supplyframe Commodity IQ Report suggests that chip supply stabilisation will not begin until the 1<sup>st</sup> half of 2023, whether other reports earlier stated the reemergence of stability in the middle of 2022.<sup>5</sup>

- ii. The ongoing talent shortage will be even more severe with increasing semiconductor-related manufacturing facilities outside Taiwan, China and South Korea, and the expansion of existing semiconductor factories in Malaysia. The significant higher demand for software skills will further exacerbate the shortage.

<sup>1</sup> Source: <https://www.gartner.com/>

<sup>2</sup> Source: <https://www.semi.org/>

<sup>3</sup> Source: <https://www.icinsights.com/>

<sup>4</sup> Source: <https://www.wsts.org/>

<sup>5</sup> Source: <https://www.fiercееlectronics.com/>

# MANAGEMENT DISCUSSION AND ANALYSIS

## GRATITUDE FROM MANAGING DIRECTOR / PRESIDENT / CEO

We live in the best of times and the worst of times as we witnessed many black swan events in a short period of the last two (2) years. We experienced the worst pandemic in this lifetime, with more than 418 million people infected with the COVID-19 virus, causing 5.85 million lives lost as of 17 February 2022. Simultaneously, the world also suffered from extreme weather, with more than 100 billion dollars lost by insurers worldwide. We also felt the destabilisation in operation due to the unprecedented trade tension between the two biggest economic regimes in the current world. On the other hand, the acceleration of digital transformation driven by the pandemic, technology advancement, trade tension and climate change creates unprecedented demand for semiconductors and electronics.

ViTrox rides on the wave of the semiconductor's supercycle through restless efforts, speed and discipline with great execution. As a result, ViTrox successfully achieved new revenue and profit records in the year under review. We stand united as one vision, one voice and one team, working together to deliver our best efforts to serve our customers during this challenging time. We are grateful to our customers, partners and our people who make this new milestone possible.

I would like to express my heartfelt appreciation to my ViTrox team for setting an extraordinary example of commitment, perseverance and resilience. The upheaval has indeed caused a great sense of unease everywhere. Certainly, our I.A.C.T.G. values have always been the lighthouse, guiding us with the right mindset and attitude to overcome all hurdles and roadblocks during this challenging time. I am extremely grateful to be entrusted to lead and work closely with my fellow highly passionate ViTroxians to build a meaningful and trusted global technology Company that is driven to bring a positive impact on the community and the world.

On behalf of the management team, I would like to take this opportunity to express my highest gratitude to the Board, our customers, shareholders, business partners and relevant government authorities who have given us guidance, trust, business opportunities and strong support throughout the year. I look forward to your continuous support in the coming years. Thank you!

This statement was made in accordance with a resolution of the Board dated 24 March 2022.



## HIGHLIGHTS OF 2021

### 11 January

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Announced Partnership with MTSC as A New Sales Channel Partner in Thailand

### 31 January

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Shipped the 100<sup>th</sup> unit of Advanced 3D X-ray Inspection ("AXI") Solution to the USA

### 16 February

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Donated Refurbished Computers to SJK(C) Kwang Hwa, Sungai Nibong

### 1 March

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Established a Wholly-owned Subsidiary in the USA, ViTrox Americas Inc.

### 9 - 11 March

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Exhibited Virtual IPC APEX Expo 2021 in the USA

### 17 - 19 March

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Exhibited at Semicon China 2021 and Productronica China 2021 in Shanghai, China

### 31 March

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Announced Partnership with SQC AG as A New Sales Channel Partner in Switzerland

### 31 May

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Shared ViTrox's I.A.C.T.G. Core Values with Worldwide Sales Channel Partners

### 31 May

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Successfully Installed 112 units of AXI Solutions in the USA

### 3 June

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Donated Respiratory Support units to Penang General Hospital ICU

### 23 - 24 June

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Participated at Public-Private Partnership COVID-19 Industry Immunisation Programme ("PIKAS")

### 24 June

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Signed Memorandum of Understanding ("MoU") with Selangor Human Resource Development Centre ("SHRDC")

### 14 - 15 July

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ViTrox Employees have Successfully Vaccinated with Both Doses under the Participation of PIKAS in Accelerating Vaccination Efforts

### 30 July

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Made Charitable Donation to make Positive Contribution to the Community

### 9 August

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Jointly Donated Medical Supplies to Kek Lok Si Charity Hospital

### 18 August

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Celebrated Official Groundbreaking of ViTrox Campus 3.0

### 23 August

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Officially Launched ViTrox 360-Degree Virtual Tour

### 23 - 27 August

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Exhibited at Virtual Semicon Southeast Asia ("SEA") 2021

# HIGHLIGHTS OF 2021

## 24 August



Launched NPI TR3000i  
The Revolutionary Tray to  
Tape & Reel IC Inspection  
Handler

## 6 September



Honoured to Pay A Visit  
to Yang Di-Pertua Negeri  
Pulau Pinang

## 8 September

Recognised as Forbes Asia's 200 Best Under A Billion

## 1 October

Launched the New Environmental, Social and Governance  
("ESG") Website

## 14 October

Announced Partnership with Torenko and Associates as A  
New Sales Channel Partner in The USA

## 31 October

Announced Partnership with The EMC3 Group as A New  
Sales Channel Partner in The USA

## 3 - 4 November

Exhibited at SMTA International in Minneapolis, USA

## 13 November



Awarded The Most Number  
of Free Vegetarian Meals  
Served by A Company in  
2019 by the Malaysia Book  
of Records

## 13 November

Donated Free Vegetarian Meals to B40 Community to Echo  
"One Person, One Good Deed" Charity Event

## 16 November



Received 2021 Global  
Technology Award for our  
V9i Advanced Robotic  
Vision ("ARV") System

## 16 - 19 November

Exhibited at Productronica 2021 in Munich, Germany

## 22 - 24 November

Exhibited at Virtual Industrial Transformation Asia Pacific  
("ITAP") 2021

## 22 - 27 November

Exhibited at Virtual Penang International Science Fair ("PISF")  
2021

## 8 December

Launched 2021 VITrox Customer Day

## 13 December



Named "Company of the  
Year" in The Edge Billion  
Ringgit Club Award 2021

## 15 December

Donated Computer Equipment to Local Elementary  
Schools for Virtual Classroom Settings and Online Learning

## 20 December



FTSE4Good

Added to the Constituents  
of the FTSE4Good Bursa  
Malaysia ("F4GBM")  
Index and FTSE4Good  
Bursa Malaysia Shariah  
("F4GBMS") Index

## 20 December

Honoured as Automation Advocate in Mid-Tier Companies  
("MTCs") CEO Summit 2021



## MEDIA NEWS

### **ViTrox Has Shipped The 100<sup>th</sup> Unit of Its World-class Advanced 3D X-ray Inspection (“AXI”) Solution into The USA**



ViTrox announced the successful installation of the 100<sup>th</sup> unit of its world-class V810i AXI solution in the USA at the very end of the year 2020. It remarked ViTrox had sold 100 units of ViTrox V810i AXI Solution in the USA and Canada and around 140 units of V810i AXI solutions in Mexico in the year 2020. This symbolises the well acceptance of ViTrox inspection solutions by EMS companies in the USA.

- Global SMT & Packaging, 29 January 2021

### **ViTrox Expects Strong Demand to Continue into 2022**

ViTrox expects its performance for the financial year ending ("FYE") 2021 to surpass FYE2020, as it rides on the growing global demand for machine vision inspection equipment used in the back-end semiconductor and electronic assembly sectors.

The Group Chief Executive Officer, Chu Jenn Weng, said the strong demand for the group's products would continue into 2022 due to the global shortage of semiconductor components is likely to persist till next year. "The machine vision system market, estimated to be about US\$12.29 billion (RM50.54 billion) in 2020, is expected to expand at a compounded annual growth rate ("CAGR") of 6.9% from 2021 to 2028, driven by the demand for quality inspection and automation in different industrial verticals. The need for vision-guided robotic systems across the automotive, food and beverage, pharmaceutical and chemical as well as packaging segments is expected to fuel market growth. Machine vision systems also assist in supervising work environments, offering features such as process control, robotic guidance and automatic inspection in industrial applications," he added.

Besides that, ViTrox is allocating RM50 million to RM60 million for new projects this year. According to Chu, the group plans to set up a high-tech innovative agriculture farm cluster in Ara Kuda, Seberang Prai Utara, soon. "We aim to help local farmers to resolve their pressing issues in high foreign labour dependency, inconsistent yield and excessive usage of pesticide in agriculture through the deployment of the intelligent precision farming solution in a highly cost-effective manner. This Tech for Good Initiative aligns well with ViTrox's purpose, which is to contribute to society's advancement and well-being through compassionate innovation."

- The Star, 10 May 2021

### **ViTrox Unit Buys Land Worth RM49 million from Penang Development Corporation**

ViTrox said its unit is buying land worth RM48.33 million in Penang to execute its 10-year expansion master plan, which will be fully completed by 2030. According to a filing with Bursa Malaysia, its wholly-owned subsidiary Vitrox Technologies Sdn Bhd ("VTSB") had entered into a sale and purchase agreement today with Penang Development Corporation. The land — at present vested in the State Authority of Penang — measures 21.04 acres and is marked as Plots 323b and 323c in Batu Kawan Industrial Park, Seberang Perai Selatan.

"With the acquisition, ViTrox envisages that it will further strengthen its technology, product research and development, global business expansion, worldwide service and support, supply chain development, smart and lean manufacturing, and talent attraction, training and growth," said the Group.

- The Edge, 31 May 2021

## MEDIA NEWS

### **ViTrox Donated Respiratory Support Units Worth RM114,000 to Penang General Hospital ICU**

ViTrox donated five sets of respiratory support units - humidifiers with integrated flow generators, hoping to cater to the needs of critically ill COVID-19 patients and support the healthcare frontliners. The medical equipment donation (worth RM114,000) was made through the Buddhist Tzu-Chi Merits Society Malaysia to the intensive care unit ("ICU") at Penang General Hospital. On June 3, volunteers from Tzu Chi Malaysia handed seven units of humidifiers with integrated flow generators to healthcare workers in the hospital.

- ViTrox Press Release, 17 June 2021

### **Realising ViTrox's Vision**

Penang-based automated test equipment ("ATE") maker ViTrox has grown slowly and quietly from a company that started with a seed capital of just over RM20,000 to a giant valued at over RM7 billion. Today, ViTrox is headquartered at its 450,000 sq. ft. Campus 2.0 in Batu Kawan Industrial Park. The group now serves more than 600 customers from Malaysia, China, Taiwan, the US, Mexico and 40 other countries.

ViTrox makes machine vision inspection systems that scan and detect defects in semiconductors and other high-tech gears.

Since its listing on Bursa Malaysia in 2005, ViTrox's share price had jumped 150 times, from 12 sen to its peak of RM18.08 in February this year. In 15 years, the Group's revenue increased by 19 times, and its net profit by ten times, to hit record highs of RM470.37 million and RM105.62 million, respectively, last year.

- The Edge, 18 July 2021

### **Public-Private Partnership COVID-19 Industry Immunisation Programme ("PIKAS") in Supporting the Community's Effort to Attain Herd Immunity**



ViTrox announced that the first dose of ViTrox's COVID-19 Group Vaccination Program (under PIKAS) has been successfully carried out on 23 and 24 June 2021 at Bukit Jawi Golf Resort, Penang. ViTrox Penang site has successfully completed Group Vaccination Dose 1 for a total of 690 ViTrox employees, with 312 employees vaccinated on 23 June 2021 and 378 employees on 24 June 2021 under the PIKAS Vaccination Programme.

As part of ViTrox's Environmental, Social and Governance ("ESG") initiatives to ensure the health and safety of ViTroxians, ViTrox COVID-19 Task Force has recruited more than 50 volunteers for assisting the entire process to ensure everyone follows the SOP during vaccination days. ViTrox COVID-19 Task Force has put tremendous effort into this program to ensure its employees are vaccinated in a safe environment. Employees' safety and health are always the top priorities of ViTrox. Based on the outstanding cooperation of all the employees, ViTrox was rated as one of the most organised teams among the companies.

- ViTrox Press Release, 8 July 2021

## MEDIA NEWS

### Precision Smart Farming, Penang Automation Cluster Areas of Focus



ViTrox co-founder, President & CEO Chu Jenn Weng reveals that the group has ventured into precision smart farming to revolutionise the regional agriculture industry by designing, creating and promoting innovative, high-tech, smart agriculture solutions. “This will be a very exciting area for us in the next five years because it is well-aligned with our core values. We want to use machine vision, artificial intelligence (“AI”) and robotics to help farmers grow their crops more sustainable and cost-effective. We want to provide them with a solution that will allow them to reduce as much pesticide as they can to grow their plants in an organic way,” Chu remarks.

In 2020, ViTrox started a series of R&D activities in precision smart farming, under its newly set up 70%-owned subsidiary ViTrox Agritech Sdn Bhd. While the R&D is still in its infancy, Chu highlights that the group intends to develop agriculture solutions that address pressing challenges such as high dependence on foreign labour, unreliable yields impacted by unpredictable weather conditions and excessive use of pesticides in the country. “With our vision inspection system, we can help farmers check the progress of their plants and keep track of the colour. Meanwhile, we can use IR4.0 (Fourth Industrial Revolution) sensors to identify the bacteria and make sure the plants grow healthily. We can even use robots to harvest the crops and do a food inspection,” Chu elaborates. He also stated that food safety, food security and global warming will be significant issues ten years from now. “If we successfully develop precision smart farming, we may be able to solve the global hunger crisis,” Chu says.

Going forward, ViTrox plans to build an industry-centric university, as it hopes to produce a sustainable pool of skilled workers for the next decade and beyond. Beyond that, Chu aims to create a local ecosystem by forming a one-stop metal component supply chain hub, dubbed Penang Automation Cluster Sdn Bhd (“PAC”) through a joint-venture partnership with Pentamaster Corp Bhd and Walta Engineering Sdn Bhd in January 2017. Chu points out that PAC’s main objective is to build a strong local ecosystem in Penang, whereby it can attract more high-end, high-value investments to the country. “We want the local small and medium enterprises to grow together with us. We want to create a tech ecosystem that is strongly supported by local companies. The way I see it, automation and robotics are trends of the future,” he says. The cluster offers technological design and development, value-added engineering development, metrology shared services, 3D prototyping, smart manufacturing systems and technical training for the automation cluster companies.

- The Edge, 29 July 2021



## MEDIA NEWS

### Eleven Malaysian Outfits Make It To Forbes Asia's 200 Best Under A Billion List

#### Asia's 200 best under a billion

Name	Country/ Territory	Sales (US \$mil)	Net income (US \$mil)	Market Value (US \$mil)
Comfort Gloves	Malaysia	225	67	252
D&O Green Technologies	Malaysia	137	12	1,425
Dancomech Holdings	Malaysia	28	4	38
Dufu Technology	Malaysia	71	12	558
FoundPac	Malaysia	12	4	110
Frontken	Malaysia	88	20	1,273
Revenue Group	Malaysia	18	2	208
Scientex	Malaysia	834	92	1,524
Thong Guan Industries	Malaysia	229	18	220
UG Healthcare	Malaysia	104	10	259
ViTrox	Malaysia	112	25	2,113

Source: Forbes

THE EDGE

Eleven Malaysian outfits have made it to Forbes Asia's 2021 Best Under A Billion list, which recognises 200 top-performing publicly listed small and mid-sized companies in the Asia-Pacific region with sales under US\$1 billion. The Malaysian companies are Comfort Gloves Bhd, D&O Green Technologies Bhd, Dancomech Holdings Bhd, Dufu Technology Corp Bhd, FoundPac Group Bhd, Frontken Corp Bhd, Revenue Group Bhd, Scientex Bhd, Thong Guan Industries Bhd, UG Healthcare Corp Ltd and ViTrox Corp Bhd. Despite the global spread of COVID-19, this year's annual list highlights the resilience of the Best Under A Billion companies, says Forbes in its introduction to the list of companies.

Forbes Asia said despite the global spread of COVID-19, this year's annual Best Under A Billion list highlighted the resilience of 200 publicly listed small and mid-sized companies in the Asia-Pacific region with sales under US\$1 billion.

It said their sound financial figures reflect how well these companies coped in the midst of a global pandemic, with healthcare and pharmaceutical-related companies being standouts, while tech and logistics firms linked to the global e-commerce boom also benefited.

On its methodology, Forbes Asia said the list is meant to identify companies with long-term sustainable performance across a variety of metrics.

- The Edge, 8 September 2021

### Penang Automation Cluster Aims To Build Local Supply Chain And Elevate SME Capabilities



More than four years ago, three tech-savvy manufacturers — ViTrox Corp Bhd, Pentamaster Corp Bhd and Walta Engineering Sdn Bhd joined hands in developing a world-class fabrication cluster at Batu Kawan Industrial Park in Penang that would serve as a one-stop metal component supply chain hub. Penang Automation Cluster Sdn Bhd ("PAC") was formed in January 2017 to enhance the local ecosystem and uplift the capabilities of local small and medium enterprises ("SMEs").

The cluster's open and transparent approach to knowledge transfer and business support from shareholders are key to elevating SMEs at the industrial park, stresses PAC operations manager H'ng Chuan Keat. "Our main goal is to build and manage the local supply chain to support large local companies ("LLCs") and multinational corporations ("MNCs"). We aim to support and fund the cluster's development," he said in an interview with The Edge.

PAC's main task was to visit as many precision machining and metal fabrication SMEs as possible to share the concept of an automation cluster before its commencement of operations in October 2019. Another important task was to get the design and construction of cluster buildings up and running by appointing the engineers and main contractors. PAC has 17 industrial lots designed mainly for precision machining, including computer numerical control ("CNC") double column and sheet metal fabrication. Together with the seven SMEs, it commenced operations about two years ago, occupying the remaining ten industrial lots. Following an expansion in the 2<sup>nd</sup> quarter of this year, PAC's revenue is expected to breach the RM10 million mark by the end of FYE 2021 — barring any unexpected circumstances brought about by COVID-19.

- The Edge, 20 October 2021



## MEDIA NEWS

### ATE Makers and ESG



**Chu: We have the technology to export to the world. We have the cost advantages over advanced countries such as Japan and Taiwan.**

Automated test equipment (“ATE”) systems are designed to reduce the amount of test time needed to verify that a particular semiconductor device or high-tech gear works and to prevent the defective ones from reaching end-users.

President & CEO of ViTrox Chu Jenn Weng believes that ViTrox machine enables the customers to discover the abnormality and defective materials in the early stage of the production lines which can alert the customers to halt and revoke production. Hence, ViTrox ATE products play an important role in reducing e-waste.

Chu, who co-founded ViTrox in 2000, says e-waste is mostly copper and gold, which are natural resources. He acknowledges that ATE can significantly reduce e-waste in the manufacturing processes by detecting all the defects in the early stage of production using the MVS solution. “Defects and discrepancies can be detected earlier when it happens and hence stopped from producing more in the manufacturing process if they can be spotted and resolved earlier,” says Chu.

From a broader perspective, Chu points out that Malaysia is in a sweet spot amid the US-China trade war, and local ATE firms could be beneficiaries. “Regardless of the outcome, both China and the US could source the equipment from us. We can meet their requirements. China is building its semiconductor ecosystem, so it is buying a lot of wafer fab equipment and back-end semiconductor equipment.”

- The Edge, 23 September 2021

### Local Tech Firms Brace For Persistent Chip Crunch Until 2023



**Siaw believes that the worst is over given that all the black swan events have occurred, while mitigating strategies are already in place to overcome these challenges.**

ViTrox co-founder, executive director and executive vice-president Steven Siaw Kok Tong sees the tight supply and shortage situation persisting through 2022 before improving with better demand and supply forecasting and management.

Steven stated that it will take time for the industry and supply to catch up with the demand due to the complexity in the semiconductor chip-making process and furthermore the rapid acceleration of major semiconductor application trends in digitalisation, artificial intelligence, fifth-generation (“5G technology”) and automotive electronics is compounding this scenario.

However, Siaw, believes that the worst is over given that all the black swan events have occurred, while mitigating strategies are already in place to overcome these challenges.

“Moving forward, the crisis may worsen in the event the COVID-19 pandemic situation takes a negative turn due to the emergence of new or unknown variants that are more infectious and detrimental. This may result in unplanned capacity reduction due to operations disruptions, shutdowns or a reduced workforce,” he warns.

While the shortage has impacted various industries, including video cards, video game consoles, consumer electronic products and home appliances, the automotive industry seems to be the worst hit. Siaw says the global chip shortage has led to an unprecedented surge in semiconductor equipment demand across all processes, which in a way has been a boon for ViTrox. “We are fortunate to be offering solutions in the right industry, more so during this period of uncertainties and uneven economic recovery caused by the pandemic. However, we also experience occasional bottlenecks with our supply chain and materials due to the same factor,” he adds. Siaw stresses that ViTrox needs to constantly employ mitigating strategies by rescheduling its equipment delivery priorities with customers and establishing alternative supply sources to capture and secure incoming business opportunities.

- The Edge, 28 September 2021

## MEDIA NEWS

### ViTrox named “Company of the Year” in The Edge Billion Ringgit Club Award 2021



ViTrox officially brings in The Edge Billion Ringgit Club (“BRC”) Company of The Year for 2021. ViTrox Corporation is well recognised for paying taxes diligently, contributing to Malaysia’s economic development, as well as hiring and nurturing Malaysia’s talent. There were 186 The Edge BRC members this year – a new all-time high – as there were 161 BRC members last year.

President & CEO of ViTrox Chu Jenn Weng dedicated the win to those who had strived selflessly for the company since its inception in 2000. “This is just the beginning. This award will serve as motivation for us in reaching our goal of becoming the world’s most trusted technology company,” he said.

In 2018 and 2019, ViTrox received 3 prestigious awards by The Edge BRC with the highest returns to shareholders, the highest growth in profit after tax and the highest return in equity over three years in the technology sector.

- The Edge, 14 October 2021

## MEDIA NEWS

### ViTrox Recorded The Highest Serving Number of Vegetarian Company Meals in Malaysia Book of Record



ViTrox has prepared and served a total of 78,675 free vegetarian meals for its employees (also known as ViTroxians) in 2019, and was awarded by the Malaysian Book of Records with the certificate of “providing the most number of free vegetarian meals in one year.” The certificate and presentation ceremony took place on 13 November 2021 at ViTrox Campus 2.0 in Batu Kawan, Penang.

Note: A translated version of the original article published at Bernama on 13 November 2021

- Bernama, 13 November 2021

### 7 Companies Were Included in the Bursa Malaysia Social Responsibility Index

Bursa Malaysia Bhd has announced seven new additions to the constituents of the FTSE4Good Bursa Malaysia (“F4GBM”) Index and FTSE4Good Bursa Malaysia Shariah (“F4GBMS”) Index, respectively.

“For the latest review period of December 2021, there are seven new additions and three deletions from the F4GBM Index constituents, bringing the total number of constituents to 80, continuing its year-on-year increase since the inception of the index in 2014,” the stock exchange operator said in a statement.

The seven new additions and four deletions for the F4GBMS Index will result in the index being made up of 57 constituents.

All constituent changes will take effect on 20 December 2021.

The bourse said the F4GBM inclusions were, namely, Frontken Corp, Kelington Group, MR D.I.Y. Group, Pentamaster Corp, Pharmaniaga, Tune Protect Group and ViTrox Corp.

Launched in December 2014 with 24 constituents, the F4GBM Index measures the performance of public listed companies demonstrating strong environmental, social and governance practices.

The F4GBM Index constituents are drawn from the companies on the FTSE Bursa Malaysia EMAS Index, comprising PLCs from across the small, medium and large market capitalisation segments.

- The Star, 9 December 2021

### ViTrox Received 2021 Global Technology Award for its V9i Advanced Robotic Vision



ViTrox V9i ARV was awarded a 2021 Global Technology Award in the category of Robotic Handling System for its latest generation of V9i Advanced Robotic Vision (“ARV”) Inspection Solutions. The award was announced during an award ceremony at Productronica in Munich, Germany, on 16 November 2021.

The latest generation of V9i ARV is a powerful equipment that has the capability to perform conformal coating and final inspection with common hardware. Integrating our award-winning technology with our dedicated hardware and software, V9i brings users the very best inspection experience to realise zero wastage in the early stage of production.

- ViTrox Media News, 15 December 2021



## MEDIA NEWS

### ViTrox Honoured as Automation Advocate in Mid-Tier Companies (“MTCs”) CEO Summit 2021



ViTrox Corporation has been recognised as the Automation Advocate in Mid-Tier Companies (“MTCs”) CEO Summit 2021 for excelling in exports, driving innovation and successfully developing outstanding business initiatives. The prestigious award was presented by Malaysia External Trade Development Corporation (“MATRADE”) during the event.

With the theme “Charting the Course for Export Growth”, the event was organised with the aim to strategise their export plan and branch out to new opportunities in the global markets. With more than 300 MTCs’ representatives participating physically and virtually from various sectors, it has become a significant platform for all CEOs of MTCs to congregate, network and shares their ideas for future growth.

In 2018, ViTrox was also awarded the MATRADE Export Award under the category of Mid-Tier Company. The award was presented to deserving companies to recognize their contribution by Malaysian exporters to the nation’s export industry.

- ViTrox Press Release News, 20 December 2021

### Test Equipment Giant Sets its Sights on Greater Expansion While Contributing to the World

While the storm of the Asian financial crisis was wreaking havoc in 1998, two young men quit their jobs at Hewlett-Packard Malaysia in Penang to start their own business. Few would have done that, especially in harsh economic conditions.

With the towering ambition to make the world better with technology, the two Universiti Sains Malaysia (“USM”) graduates — Chu Jenn Weng and Steven Siaw Kok Tong — began their entrepreneurial journey in a 100 sq ft rented bedroom in Sungai Dua, Gelugor, Penang, with RM20,000 in seed capital borrowed from family and friends. Yeoh Shih Hoong subsequently came on board and, two years later, the trio established ViTrox in 2000.

### Test Equipment Giant Sets its Sights on Greater Expansion While Contributing to the World (cont'd)



ViTrox helped cultivate the homegrown automated test equipment (“ATE”) maker, which today serves more than 600 customers locally and internationally. It is an industry leader in machine vision technology that provides machine vision inspection systems that scan for defects in semiconductors and other hi-tech gear. ViTrox has two main business segments — machine vision system (“MVS”), which provides component-level inspection solutions; and automated board inspection (“ABI”), which offers board-level inspection solutions. Its MVS division serves mainly semiconductor manufacturers, including integrated device manufacturers (“IDMs”) and outsourced semiconductor assembly and test (“OSAT”) players; and its ABI business unit serves electronics manufacturing service (“EMS”) providers and contract manufacturers.

Remarkably, since its 2005 listing on Bursa Malaysia, ViTrox’s share price has jumped 185-fold from 12 sen (adjusted price) to its historical high of RM22.16 on 1 December 2021. The company’s market capitalisation has grown from RM55.8 million on its first listing day to almost RM10 billion now, making it one of the country’s largest ATE manufacturers. Based on the latest semi-annual review of the FTSE Bursa Malaysia Index Series, ViTrox is now included on the FBM KLCI reserve list, comprising the five highest-ranking non-constituents of the index by market capitalisation.

The period between 31 March 2018, and 31 March 2020, is the best-performing for ViTrox’s share price, which climbed from RM5.23 to a record high of RM14.90, a sharp gain of 185%. This boosted the group’s three-year compound annual growth rate (“CAGR”) returns to shareholders between 31 March 2018, and 31 March 2021, to 41.8%. In fact, ViTrox has scored high on return on equity (“ROE”), earnings growth and returns to shareholders over the last three years. And that performance won the group the coveted The Edge Billion Ringgit Club (“BRC”) Company of the Year award this year.

- The Edge, 26 December 2021





PAC focuses in designing, developing and manufacturing of high precision metal fabrication components, modules, and systems for various industries. The cluster offers services such as Technological Design & Development, Value Added Engineering Development, Metrology Shared Services, Smart Manufacturing System, and Technical Training to the Automation Cluster Companies.

### **Penang Automation Cluster Sdn Bhd**

No. 760-2, Jalan Cassia Selatan 3/5, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Penang, Malaysia  
enquiry@pa-cluster.com      +60-4-585 5500      www.pa-cluster.com



# ADIMEC

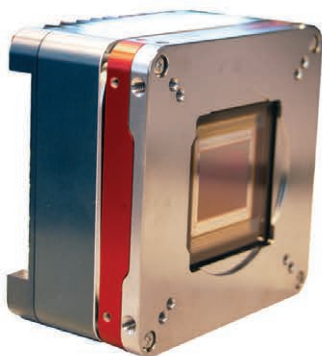
## THE PERFECT FIT



### SAPPHIRE series S-65A70/CXP

65 Megapixel  
70 fps  
GPixel GMAX3265  
CoaXPress 3/6/10/12

Typical applications examples: Semiconductors metrology tools; Flat panel glass inspection; Solar panel inspection; Medical



### QUARTZ series Q-21A230/CXP

21 Megapixel  
230 fps  
GPIXEL GSPRINT4521  
CoaXPress 3/6/10/12

Typical application examples: Semiconductors metrology tools; (3D) AOI in electronic manufacturing; Digital pathology

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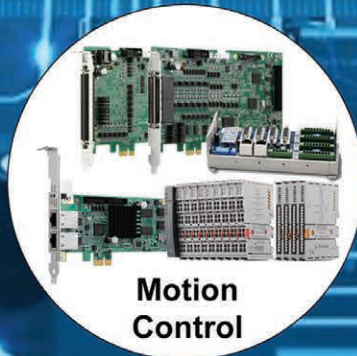


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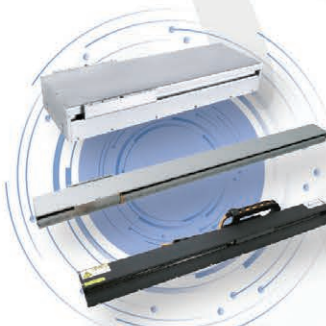
Linear Motors



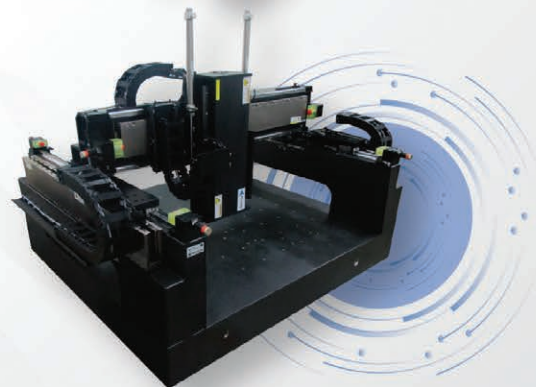
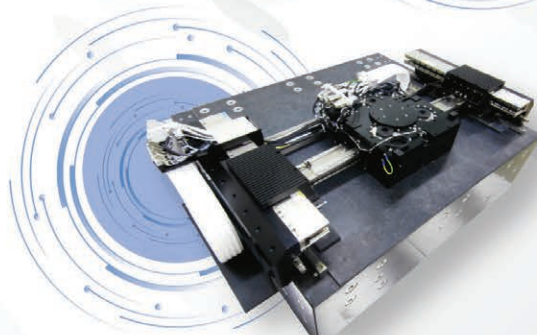
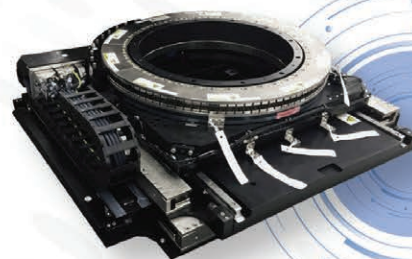
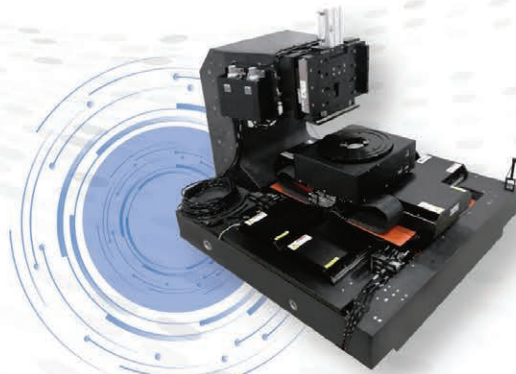
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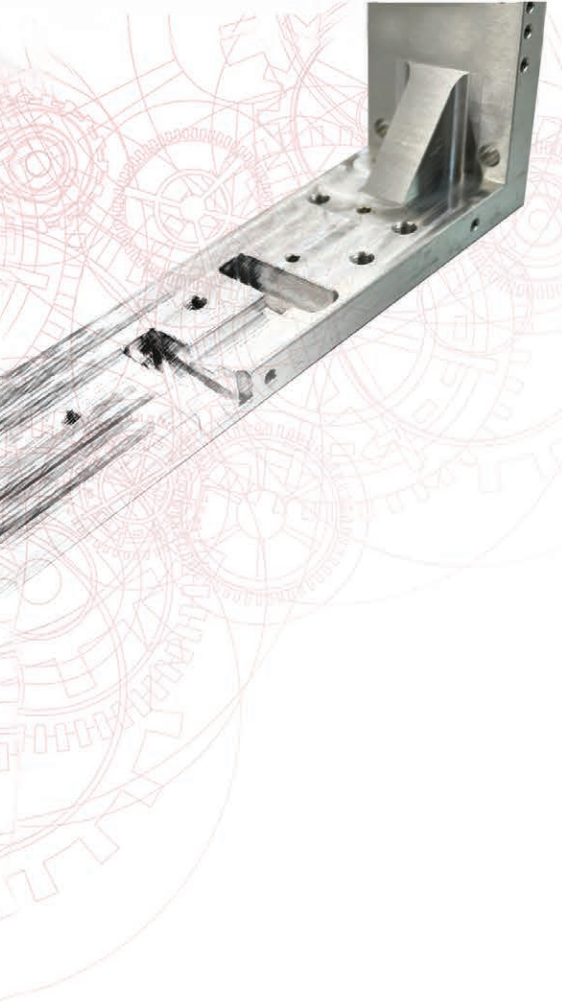
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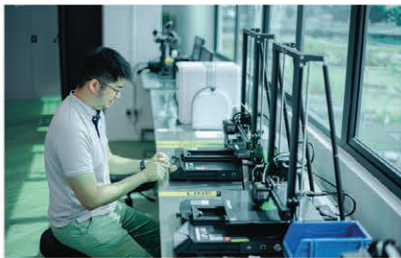
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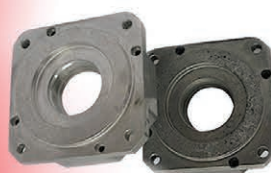
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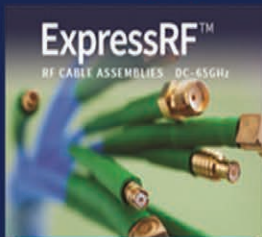






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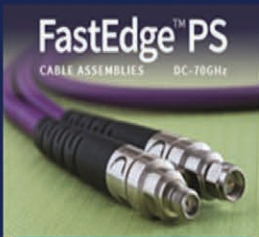
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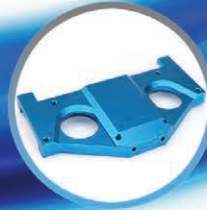
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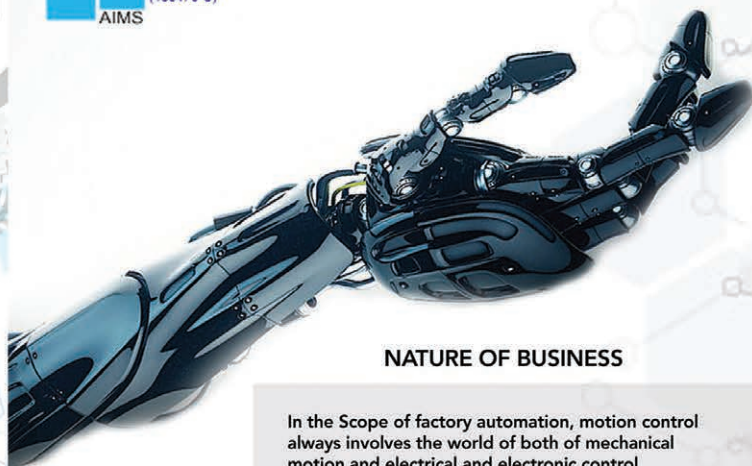
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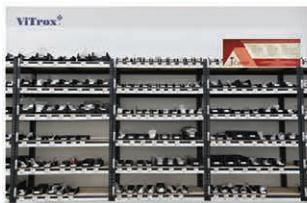
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# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of ViTrox Corporation Berhad (“ViTrox” or “the Company”) is committed to ensure high standards of corporate governance are in place and practiced throughout the Group. The Board recognises the importance of adopting good corporate governance and is committed to ensure high standards of good corporate governance are in place and practiced within the Group in order to safeguard the shareholders and relevant stakeholders’ interests as well as enhancing shareholders’ value.

This statement is prepared in compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) and it is to be read together with the Company’s Corporate Governance Report 2021 (“CG Report”) which is available on ViTrox’s website <https://www.vitrox.com/investor/annual-report.php> as well as via the Company’s announcement made to Bursa Malaysia Securities Berhad. The CG Report provides the details on how the Company has applied each Practice as set out in the Malaysian Code on Corporate Governance (“CG” or “Code”) during financial year ended (“FYE”) 2021.

## **Principle A: Board Leadership and Effectiveness**

### **1. Board Responsibilities**

The Board is responsible for oversight and overall management of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership function, the Board is delegating specific powers of the Board to relevant various committees within the Board (“Board Committees”), the Chief Executive Officer (“CEO”) and the senior management of the Company. All approvals are supported by the authority limits, which clearly sets out relevant matters reserved for the Board’s approval, as well as those which the Board may delegate to the Board Committees, the CEO and the senior management.

The Board plays an active role in the development of the Company’s strategy. The Board reviews and approves the annual business plan recommended by the management.

The Board has direct access to senior management and has unrestricted and immediate access to information relating to the Group’s business and affairs in the discharge of their duties. The Board will consider inviting the senior management to attend meetings for reporting on major issues relating to their respective responsibility.

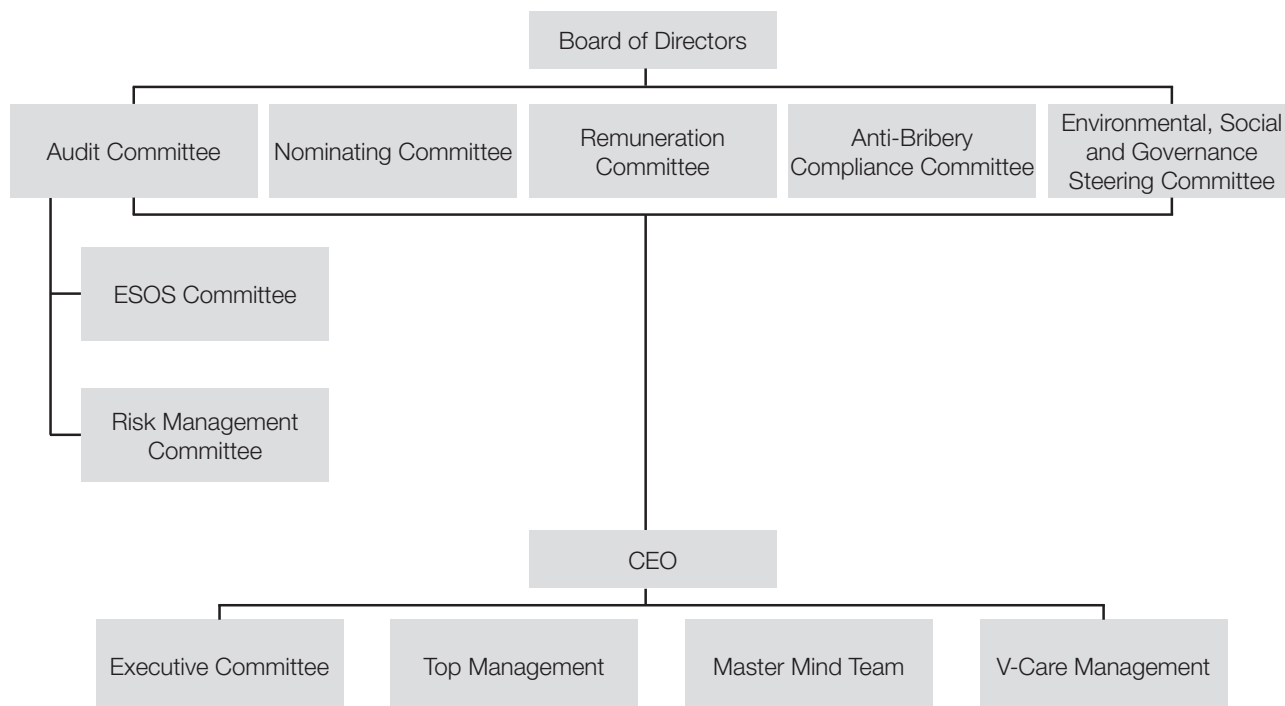
The Board Committees are entrusted with specific responsibilities to oversee the Group’s affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference (“TOR”). The Chairman of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

The CEO is responsible for the day-to-day management of the business and operations of the Group in respect of both its regulatory and commercial functions. The Board is also kept informed of key strategic initiatives and significant operational issues and the Group’s performance, based on the approved Key Performance Indicators in the Corporate Hoshin Plan.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Principle A: Board Leadership and Effectiveness (cont'd)

### 1. Board Responsibilities (cont'd)



The Company practices a division of responsibilities between the Independent Non-Executive Chairman and the CEO. Their roles are separated and clearly defined to ensure a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO. The positions of the Chairman and CEO are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of ViTrox ("Board Charter").

Additionally, ViTrox has in place the Whistleblower Policy and Procedures that fosters an environment in which integrity and ethical behavior are maintained and any illegal or improper actions and wrong doing in the Company may be exposed. The Company's Codes of Ethics for Directors continue to govern the standards of ethics and good conduct expected from Directors.

Besides, ViTrox has also adopted the Anti-Bribery and Corruption Policy which sets out the Group's zero (0) tolerance approach against all forms of bribery and corruption and the Group takes a strong stance against such acts. The Group's practices are in accordance to the Malaysian Anti-Corruption Commission Act 2009 and the new provision of Malaysian Anti-Corruption Commission Act 2018 ("MACC Act") and any of its amendments from time to time.

During the year, Environmental, Social and Governance Steering Committee was established to bring positive contributions to the society and environment. The Company recognises that corporate's growth and stability are interconnected with the sustainability of three (3) main pillars, Environmental, Social and Governance. For more information about ViTrox's sustainability matters, please visit <https://www.vitrox.com/esg/>.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Principle A: Board Leadership and Effectiveness (cont'd)

### 1. Board Responsibilities (cont'd)

The Board members have full access to the two (2) Company Secretaries, both are qualified to act as company secretary under Section 235(2) of the Companies Act 2016 ("CA") who provide advisory services to the Board, particularly on changes in MMLR, CG issues and compliance with the relevant policies and procedures, laws and regulatory requirements, in addition to the administrative matters.

In FYE 2021, the Company appointed BDO Governance Advisory Sdn. Bhd. to undertake a high level CG Review on the Company and assess its corporate governance framework in accordance with the Code.

Further details pertaining to the respective TOR of Board Committee, Board Charter, Code of Ethics, Whistleblower Policy and Procedures and Anti-Bribery and Corruption Policy are available at ViTrox's website under "Company" section.

### 2. Board Composition

The Board recognises the benefits of having a diverse Board to ensure that the mix and profiles of the Board members in terms of age, ethnicity and gender, provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

The Board through its Nominating Committee ("NC") conducts an annual review of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements which included their experience in sustainability that fit the Company's objectives and strategic goals. On 24 February 2022, the NC conducted an assessment of the effectiveness of the Board, respective Board Committee and Independence ("the Assessment") in respect of FYE 2021. Appraisal forms which comprising quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee, were being circulated at the Meeting for assessment. The NC reviewed the required mix of skills, experience and other qualities of the Board and Board Committee and agreed that it has the necessary mix of skill, experience and other necessary qualities to serve effectively.

The Board is presently of the view that there is no necessity to fix a maximum tenure limit for Independent Non-Executive Directors ("NED") as there are significant advantages to be gained from the long-serving Directors who possess tremendous insight and knowledge of the Company's businesses and affairs. The current complement of NEDs provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct. However, those NED served more than nine (9) years will be subject to shareholders' approval for the re-appointment during the annual general meeting ("AGM") through a two (2) tier voting process.

Based on the review of the Board composition in FYE 2021, the Board agreed to maintain the Board size at seven (7) as this size would still enable effective oversight and delegation of responsibilities by the Board in meeting the Company's current needs and requirements. Whereas, the women representation on the Board of ViTrox was at 28.6% as at 31 December 2021 (28.6% as at 31 December 2020). The Independence elements of the Board was 57.1% as at 31 December 2021 which is in line with Practice 5.2 of the Code.

As at 31 December 2021, the Company complied with Paragraph 15.02 of the MMLR as there were four (4) Independent Directors out of the total of seven (7) members in the Board.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Principle A: Board Leadership and Effectiveness (cont'd)

### 2. Board Composition (cont'd)

A Board matrix has also been developed internally and used as reference for the Board refreshment and succession planning to complement one another. During the Assessment, the NC observed that the gap areas remain relevant in the current Board composition. Hence, the following are taken into consideration in strengthening the mix of skills and composition of the Board:-

	Composition
Independent NED	4
Executive Director	3

Nationality	Composition
Malaysian	7
Foreigner	0

Industry / Background	Composition*
Technology	5
Marketing	1
Industrial	5
Corporate / Planning	5
Accounting / Finance	1
Governance Risk and Compliance	7
Law / Legal	1

\* Individual Directors may fall into one or more categories

Age	Composition
40-49	1
50-59	3
60-69	2
≥ 70	1

Gender	Composition
Male	5
Female	2

Race / Ethnicity	Composition
Bumiputra	1
Chinese	6
Foreign	0

Tenure	Composition
1-8 years	1
9-11 years	0
≥ 12 years	6

The Assessment conducted by the NC also indicated that there was no apparent weaknesses/shortcoming identified that warrants specific action plan to address the same. Nevertheless, the Board agreed on an enhancement areas relating to the needs of the Directors to upskill and/or further equip the Directors with the necessary competencies and knowledge including ESG and climate-related matters, to meet the needs of the Board from time to time.

### 3. Remuneration

It is the Company's policy to remunerate Directors adequately to attract and retain the Directors of the necessary caliber to manage its business in promoting business stability and growth. The determination of the remuneration of each Independent NED is decided by the Board as a whole. The Board reimburses any reasonable expense incurred by these Directors in the course of their duties as Directors.

The Remuneration Committee ("RC") is responsible for recommending to the Board on the remuneration framework and the remuneration package of Executive Directors ("EDs") to ensure that rewards commensurate with their contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The RC also ensures the level of remuneration for NEDs and EDs are linked to their level of responsibilities undertaken and contributions to the effective functioning of the Board.

The current Board Remuneration was approved by the shareholders at the 17<sup>th</sup> AGM of the Company held on 20 May 2021.

In February 2022, the RC undertake a review of the Board Remuneration with the view to determine its competitiveness and sufficiency to attract, retain and motivate individuals with strong credentials, high caliber and astute insights to serve on the Board of ViTrox. The Board approved the recommendation by the RC in respect to the revisions to the Board Remuneration which will be put forth to the shareholders for approval at the 18<sup>th</sup> AGM, in accordance with Sections 230 and 340(1)(c) of the CA.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Principle B: Effective Audit and Risk Management

### 1. Audit Committee

The Audit Committee of the Company ("AC") comprises wholly three (3) Independent NEDs. The AC is chaired by an Independent NED, Ms. Chuah Poay Ngee. In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed in the checklist. Annually, the composition of AC is reviewed by the NC and recommended to the Board for its approval. With the view to maintain an independent and effective AC, the NC ensures that only an Independent NED who possesses the appropriate level of expertise and experience, and has the strong understanding of the Company's business would be considered for membership on AC.

### 2. Risk Management and Internal Control Framework

The Board fulfils its responsibilities in the risk governance and oversight functions through its Risk Management Committee ("RMC") in order to manage the overall risk exposure of the Group. The RMC assessed and monitored the efficacy of the risk management controls and measures taken, whilst the adequacy and effectiveness of the internal controls were reviewed by the AC in relation to internal audit function for the Group. The RMC comprise of EDs who are familiar with the Company's business situation. The Board is satisfied with the performance of the RMC and AC and their respective Chairmen in discharging their responsibilities, based on the results of the Board Committees effectiveness evaluation of the FYE 2021.

The Board is of the view that the internal control and risk management system in place is sound and sufficient to safeguard the Group's assets, shareholders' investments and the interests of customers, regulators, employees and other stakeholders. The details of the risk management and internal control framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

## Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

### 1. Communication with Stakeholders

ViTrox ensures that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure. ViTrox also actively engages all its stakeholders through various platforms including the announcements via Bursa LINK, disclosures on ViTrox's website and engagement through the investor relations function. As an effort to curb the spread of the unprecedented COVID-19 pandemic, a number of events were held via fully virtual meeting during the year to maintain an open communication with the investors, shareholders, intermediaries, regulators, employees and other communities as highlighted in Sustainability Report.

### 2. Conduct of General Meetings

ViTrox's AGM is an important means of communicating with its shareholders. At the 17<sup>th</sup> AGM of the Company held on 20 May 2021, seven (7) members of the Board were present at the meeting to respond to the questions raised by the shareholders or proxies. The Chairman of the Board chaired the 17<sup>th</sup> AGM in an orderly manner and allowed the shareholders or proxies to speak at the meeting. The CEO presented the overall performance of the Group at the meeting. The senior management of the Company were also present to respond to any enquiries from the shareholders.

The 17<sup>th</sup> AGM and an Extraordinary General Meeting held on 23 December 2021, were being held virtually. Shareholders have been able to participate remotely via live streaming webcast and vote in absentia using remote participation and voting facilities. The Company continues to explore the leveraging of technology, to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at general meeting of the Company.

This statement was approved by the Board of Directors of ViTrox on 24 March 2022.

# AUDIT COMMITTEE REPORT

The Board of Directors (“the Board”) presents the Audit Committee (“AC” or “Committee”) Report which provides insights into the manner in which the Committee discharged its functions for the Group in the financial year ended (“FYE”) 2021.

## COMPOSITION

The present members of the Committee comprise:-

Chairman :	Chuah Poay Ngee (Independent Non-Executive Director)
Members :	Dato’ Seri Dr. Kiew Kwong Sen (Independent Non-Executive Director)
	Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani (Independent Non-Executive Director)

This composition meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad. Ms. Chuah Poay Ngee, the Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c)(i) of the MMLR.

Details of the Terms of Reference for Committee are available on the Company’s corporate website.

## Attendance at Meetings

The information on the attendance of each member at the Committee meetings held during the FYE 2021 is as follows:-

Member	No. of Meetings Held	No. of Meetings Attended
Chuah Poay Ngee	5	5
Dato’ Seri Dr. Kiew Kwong Sen	5	5
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	5	5

## Summary of Work Performed by the Audit Committee

The activities carried out by the Committee during the FYE 2021 in the discharge of its duties and responsibilities are as follows:-

### 1. Financial Reporting

- a. In overseeing the Company’s financial reporting, the Committee reviewed the quarterly financial statements for the 4<sup>th</sup> quarter of FYE 2021 and the annual audited financial statements of FYE 2021 at its meeting held on 24 February 2022 and 24 March 2022 respectively.

The quarterly financial statements for the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of FYE 2021, which were prepared in compliance with Malaysian Financial Reporting Standard (“MFRS”) 134, “Interim Financial Reporting”, issued by the Malaysian Accounting Standards Board (“MASB”) and the disclosure requirements as set out in Appendix 9B of the MMLR were reviewed at the Committee meetings on 22 April 2021, 22 July 2021 and 21 October 2021 respectively. On 24 February 2022, the Committee reviewed the quarterly financial statements for the 4<sup>th</sup> quarter of FYE 2021. The Committee’s recommendations were presented for approval at the subsequent Board meeting.

- b. To safeguard the integrity of information, the Chief Executive Officer and Chief Financial Officer of the Company, who are also the director/officer primarily responsible for the financial management of the Group had, on 22 April 2021, 22 July 2021, 21 October 2021 and 24 February 2022, given assurance to the Committee that:-
  - Appropriate accounting policies had been adopted and applied consistently
  - The going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements was appropriate
  - Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards (“MFRSs”)
  - Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs, International Financial Reporting Standards and MMLR
  - The Annual Financial Statements and Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for FYE 2021



# AUDIT COMMITTEE REPORT

## Summary of Work Performed by the Audit Committee (cont'd)

### 2. External Audit

The Committee has on 24 February 2021, 25 March 2021, 21 October 2021, 24 February 2022 and 24 March 2022 respectively met with the External Auditors without the presence of the Executive Members.

On 24 February 2021, the External Auditors tabled the Audit Review Memorandum FYE 2020 for the Committee's information and discussion, inter alia, two (2) accounting and audit issues, that is Slow Moving Inventories and Impairment of Receivables were highlighted to the Committee for its attention. There were no critical areas of concern raised by the External Auditors.

During the meeting held on 25 March 2021, the External Auditors tabled the draft audited financial statements FYE 2020 for discussion.

On 21 October 2021, the External Auditors tabled the Audit Plan prior to the commencement of audit of financial statements for FYE 2021, particularly outlined the audit approach, areas of audit emphasis, and the accounting standard update.

At the meeting held on 24 February 2022, the External Auditors tabled and the Committee reviewed the Audit Review Memorandum of the Group for FYE 2021. The External Auditors identified two (2) key audit matters, that is Valuation of Inventories and Impairment of Receivables. At the same meeting, copies of the External Auditors Performance and Independence Checklist in respect for the FYE 2021 were being distributed at the Meeting for review (the "Assessment"). The Committee concluded that based on the Assessment, amongst others as set out below, the External Auditors Performance for FYE 2021 was found adequate and thereby recommended the re-appointment of Messrs. Crowe Malaysia PLT ("CM") as the External Auditors of the Group to the Board for approval by its shareholders:-

- After having satisfied with its audit independence and the performance of CM throughout its course of audit FYE 2021
- Highly satisfied that the quality processes/performance of External Auditors
- Able to give adequate technical support when audit issue arises
- Adequate experience and resources of CM and audit engagements

### 3. Internal Audit Function

The Group has engaged the services of an independent professional accounting and consulting firm, BDO Governance Advisory Sdn. Bhd. ("BDO") to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control. BDO reports directly to the Committee on its activities. Its principal role is to provide independent assurance on the adequacy and effectiveness of governance, risk management and internal control processes. The annual cost for the Group's internal audit function is RM24,000 (for 2 Audit areas/cycles namely, Conversion & Production and Inventory Management). The Committee is of the opinion that the amount spent in FYE 2021 is adequate to provide an effective internal audit function.

On 25 March 2021, the Internal Auditors presented the Internal Audit Plan FYE 2021 for the Committee's review. The Internal Auditors reported its findings together with recommendation and management action plan to the Committee for review on 22 July 2021 and 21 October 2021 respectively. Besides, the Committee also followed up from time to time the updates and corrective actions by the Management on audited areas reported in the prior quarters.

During the FYE 2021, Internal Auditors have conducted review on internal control for the following areas:-

No.	Audit Areas	Reporting Date
1	Conversion and Production	22 July 2021
2	Inventory Management	21 October 2021

### 4. Employees' Share Option Scheme ("ESOS") Allocation

On 24 February 2022, the Committee reviewed and verified the allocation of options pursuant to the ESOS for FYE 2021 and satisfied that it is in compliance with the criteria set out in the By-Laws and provision of the ESOS Scheme.

The Audit Committee reviewed the Statement on Risk Management and Internal Control in respect of FYE 2021 on 24 March 2022 for publication in the Annual Report 2021. Information pertaining to the Company's internal controls is shown in the Statement on Risk Management and Internal Control set out on page 71 to 75 of this Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad

The Board of Directors (“the Board”) of ViTrox Corporation Berhad (“the Company”) is pleased to present this Statement on Risk Management and Internal Control (“this Statement”), which has been prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers issued by Bursa Malaysia Securities Berhad.

## Internal Control Objectives

The Board recognises the importance of maintaining a sound system of internal control to achieve the following objectives:-

- Safeguard the shareholders’ investment and assets of the Group
- Identify and manage risks affecting the business of the Group
- Ensure compliance with regulatory requirements
- Ensure the effectiveness and efficiency of operations to achieve business objectives of the Group
- Ensure the integrity and reliability of financial information

## Board Responsibility

The Board has established appropriate control structure and process for identifying, evaluating, monitoring and managing risks that may affect the achievement of business objectives. The control structure and process, which have been instituted throughout the Group, are updated and reviewed from time to time to suit changes in business environment. This on-going process has been in place for whole financial year under review and up to date of approval of this Statement for inclusion in the annual report.

The role of the Board amongst others, is to ensure:-

- Organisational structure of each business unit clearly defines operational and financial responsibilities
- Key responsibilities are clearly defined and properly segregated
- Authority level is properly defined
- Key management personnel including Executive Directors meet regularly to address key business risks and operational issues
- Operational procedures are governed by Standard Operating Manuals which are reviewed and updated regularly
- Effective financial reporting system is in place to ensure timely generation of financial information for management’s review

The Board is ultimately responsible to ensure that the Group maintains a sound system of internal control. However, the Board wishes to draw attention that the system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements, loss or fraud.

The Group’s system of risk management and internal control applies principally to the Company and its subsidiaries but do not apply to the associate.

The Audit Committee (“AC”) is responsible for reviewing and monitoring the adequacy and effectiveness of Group’s internal controls. The review and monitoring of the adequacy and effectiveness of the system of internal control are carried out through the internal audit function. In this respect, the Group has outsourced the internal audit function to an external independent professional consulting firm. Audit issues and actions taken by Management to address the issues tabled by Internal Audit (“IA”) were deliberated during the AC meetings. Minutes of the AC meetings which recorded these deliberations were presented to the Board.

The Risk Management Committee (“RMC”) provides oversight on risk management matters relating to the activities of the Group, to ensure prudent risk management over ViTrox’s business and operations. At its scheduled meetings in 2021, the RMC had reviewed, appraised and assessed the efficacy of the controls and progress of action plans taken to mitigate, monitor and manage the overall risk exposure of the Group. The RMC also reviewed proposals for new products, monitored the progress and status of risk management activities, as well as raised issues of concern and provided feedback for Management’s action.

Internal control and risk-related matters which warranted the attention of the Board were recommended by the RMC and reviewed by AC before presenting to the Board for its deliberation and approval and matters or decisions made within the AC’s and RMC’s purview were escalated to the Board for its information.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad

## Key Internal Control Processes

The Group Internal Control System comprises the following key processes:-

### 1. Authority and Responsibility

- a. Certain responsibilities are delegated to Board Committees through clearly defined Terms of Reference ("TOR").
- b. The Authority Manual is reviewed and updated periodically to reflect the authority and authorisation limits of Management in all aspects of the Group's major business operations and regulatory functions.
- c. The Management Governance Framework, comprising committees for the governance function i.e. Risk Management Working Group ("RMWG") and five (5) committees for the operations function i.e. Top Management, Master Mind Team, V-Care Management Team, Anti-Bribery Compliance Committee and Environmental, Social and Governance Steering Committee have clearly defined role and responsibility to enable good business and regulatory governance.

### 2. Planning, Monitoring and Reporting

- a. An annual planning and budgetary exercise is undertaken requiring all divisions to prepare business plans and budgets for the forthcoming year. These are deliberated on and approved by the Management before its implementation.
- b. The Board is updated on the Group's performance at the scheduled meetings on quarterly basis. The Group's business plan and actual versus budget performance for the year are reviewed and deliberated by the Board on a quarterly basis.
- c. There is a regular and comprehensive flow of information to the Board and Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategy, business and regulatory plans.
- d. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are required to provide reasonable assurance to the Board that Group's risk management and internal control system are operating adequately and effectively in all aspects, based on the risk management and internal control system of the Group.

The Executive Directors are also responsible of the appropriate accounting policies have been adopted and applied consistently, the going concern basis applied in the Annual Financial Statements and Condensed Consolidated Financial Statements of the Group is appropriate, and that prudent judgements and reasonable estimates have been made in accordance with the requirements set out in the Malaysian Financial Reporting Standards ("MFRSs") and the International Financial Reporting Standards ("IFRSs") and that the Annual Financial Statements and the quarterly Condensed Consolidated Financial Statements of the Group give a true and fair view of the financial position and financial performance of the Group and do not contain any material misstatement.

### 3. Policies and Procedures

Policies and procedures of business processes are documented and set out in a series of Standard Operating Manual and implemented throughout the Group. These policies and procedures are subject to regular reviews, updates and continuous improvements to reflect the changing risks and operational needs.

All the documented policies and procedures can be accessed via the Company's intranet for easy access by employees.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad

## Key Internal Control Processes (cont'd)

### 4. Audits

- a. The Board has outsourced the internal audit function to BDO Governance Advisory Sdn. Bhd. (“BDO”), an independent professional firm of consultants.

Internal audit is carried out to assess the adequacy and integrity of the internal control system of the Group based on the internal audit plan reviewed and approved by the AC. Based on the audits, the internal auditors will advise management on areas of improvement and subsequently, initiate follow-up actions to determine the extent of implementation of their recommendations.

The internal audit plan was circulated to the members of the AC prior to the execution of the assignment. Findings arising from the internal audit exercise were reported and discussed at the AC meeting. During the year under review, the internal auditors have not reported any significant weaknesses in the system of internal controls of the Group.

- b. The internal auditors is required to conduct assessments of the internal control system pertaining to the processes of the relevant business/functional units which have a bearing on the financial information of the Group, to ensure the reliability and integrity of such information. At least two (2) audit areas to be covered in a year. For the financial year ended (“FYE”) 2021, the covered audit areas are Conversion & Production and Inventory Management.
- c. The External Auditors’ annual plan and audit review memorandum is tabled annually to the AC for deliberation and approval.

### 5. Risk Management

The Board has established an organisation structure with clearly defined line of responsibility, authority limits and accountability aligned to business and operation requirements which supports the maintenance of a strong and robust control environment.

The Group is continuously committed in setting standards whilst maintaining an effective risk management framework to ensure the Group’s objective are achieved and stakeholders’ interest are protected. The Board acknowledges its responsibility to adopt best practices in risk management and internal control as part of the Group’s business culture.

RMC is the first line of defence and accountable for all risks assigned under their respective areas of responsibility. This group of personnel is also responsible for the continuous development of the risk management capabilities of employees and ensures that risk management is embedded in all key processes and activities. The RMC reviews the risk management reports it receives from the RMWG and assesses risks at the Group level.

RMWG is formed at each business/functional unit and it reports to the RMC. The functions of the RMWG are to identify risks, quantify the risk impact and formulating risk mitigation strategies.

The AC will monitor the effectiveness of the risk management and internal control system during FYE 2021 and discussed at the AC Meeting.

The Group has established a structured process for identification, assessment, communication, monitoring and periodical review of risks. The analysis and evaluation of the risks are guided by approved risk criteria. The Group also has risk management tools to support the risk management process and reporting.

In FYE 2021, the RMC has continuously monitored the top five (5) operational risks and top five (5) non-operational risks respectively. All the operational and non-operational risks were continuously monitored by internal operation enhancement.

Being a certified ISO 9001:2015 organisation, the Group endeavours to continuously reviewing and enhancing the above processes and procedures in accordance with global best practices and standards to ensure that the risk management framework remains relevant and applicable in the evolving market environment.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad

## Key Internal Control Processes (cont'd)

### 5. Risk Management (cont'd)

Towards the end of FYE 2021, all existing significant risks have been reviewed together with any relevant inherent and emerging risks to assess their impact on the Group for the upcoming year. Except for those risks which have been gradually mitigated through the internal process/operation enhancement, the Group recognises that the remaining significant risks will remain relevant for the financial year ending 2022.

### 6. Compliance Management

The Group's compliance management covers compliance to all legal obligations imposed on ViTrox, in particular laws, regulations, rules and major identified guidelines or legal requirements. It also covers risk-based compliance to internal policies and procedures, code of ethics and business conduct.

In FYE 2021, there were no major non-compliance issues encountered.

### 7. Performance Management

Key Performance Indicators (“KPIs”), which are based on the Corporate and Divisional Hoshin Plan and Individual KPIs and Behavioural Competencies are used to track and measure employees' performance.

Ongoing employee and customer satisfaction surveys are conducted to gain feedback on the effectiveness and efficiency of stakeholder engagements for continuous improvement.

### 8. Employees' Competency

Proper guidelines within the Group regarding employment and dismissal, formal training programmes as well as other relevant procedures are in place to ensure that employees are competent and adequately guided in carrying out their responsibilities.

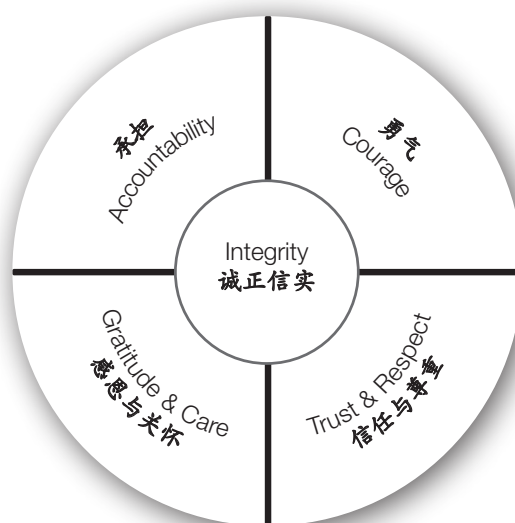
### 9. Conduct of Employees

ViTrox's corporate culture is originated on the following core values which are continuously inculcated in employees on their conducts to ViTrox and its stakeholders:-

ViTrox's core values, 'I.A.C.T.G.- The Power of 5', represents the fundamental principles of ViTrox's shared values that guide us to think, talk and do the right things every day in the pursuit of both individual and company greatness. 'I.A.C.T.G.' is the acronym for 'Integrity,' 'Accountability,' 'Courage,' 'Trust & Respect,' and 'Gratitude & Care'.

ViTrox has a Whistleblower Policy and Procedures (“WPP”) to provide an avenue for employees or any external party to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner. An employee who makes a report of improper conduct in good faith shall not be subject to unfair dismissal, victimisation, demotion, suspension, intimidation or harassment, discrimination, any action causing injury, loss or damage or any other retaliatory actions by the Group. The AC has the overall responsibility in overseeing the implementation of the WPP for ViTrox Group.

Segregation of duties is practised whereby conflicting tasks are assigned to different employees to reduce the scope for error and fraud.



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad

## Key Internal Control Processes (cont'd)

### 10. Supplier Code of Conduct

The Board expects all ViTrox Group’s suppliers to observe high ethical business standard of honesty and integrity and to apply these values to all aspects of their business and professional practices.

A Supplier Code of Conduct is established in which the Group’s minimum expectations on the suppliers vis-à-vis legal compliance and ethical business practices are stipulated.

The Code applies to all suppliers, vendors, contractors and any other persons doing business with the Group.

### 11. Anti-Bribery and Corruption Policy

Anti-Bribery and Corruption Policy is to provide procedures for the prevention, deterrence and detection of fraud, bribery and all other corrupt business practices which can lead to serious reputational damage to the Group. The Policy is applicable to the Board, Management, and all employees of the Group including the company’s suppliers, contractors, subcontractors, agents or intermediary, and any other person associated with or acting on behalf of the Group. The Group is committed to conduct its business ethically with zero-tolerance approach against all forms of bribery and corruption and the Group takes a strong stance against such acts.

### 12. Insurance

Sufficient insurance coverage and physical safeguards on major assets are in place to ensure the Group’s assets are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken by Management to review the coverage of the assets as recorded in the current fixed asset register and their respective carrying amount and “replacement values”, that is the prevailing market price for the same or similar item, where applicable.

## Review of this Statement

Pursuant to Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement for inclusion in the 2021 Annual Report. As set out in their terms of engagement, the limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

Based on review by External Auditors, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of the Listed Issuers to be set out, nor is this Statement factually inaccurate.

The internal auditors has also reviewed this Statement and reported to the AC that, while it has addressed certain individual lapses in internal control during the course of its internal audit assignments for the year, it has not identified any circumstances which suggest any fundamental deficiencies in the Group’s risk management and internal control system.

## Conclusion

The Board is of the view that the system of internal control and risk management in place for the year under review, and up to the date of approval of this Statement, is sound and sufficient to safeguard the Group’s assets, as well as the shareholders’ investments, and the interests of customers, regulators, employees and other stakeholders.

The Board has also received reasonable assurance from the CEO and the CFO that the Group’s risk management and internal control system are operating adequately and effectively in all aspects, based on the risk management and internal control system of the Group.



## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad

The Directors are required to prepare financial statements that give a true and fair view of the state of affairs, including the cash flows and results, of the Group and of the Company as at the end of each financial year.

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
- That the financial statements have been prepared on a going concern basis

The Directors are responsible for ensuring that the Company and subsidiaries 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.

This statement was made in accordance with a resolution of Board of Directors dated 24 March 2022.

## ADDITIONAL COMPLIANCE INFORMATION

### Utilisation of Proceeds

During the financial year, there were no proceeds raised by the Company from any corporate proposals.

### Audit and Non-audit Fees

During the financial year ended ("FYE") 31 December 2021, the amount of audit and non-audit fees paid/payable by the Company and its subsidiaries to the Company's Auditors, or a firm or corporation affiliated to the Auditors' firm for services rendered to the Company and its subsidiaries were as follows:-

Category	Audit Fees (RM'000)	Non-Audit Fees (RM'000)*
Company	55.0	42.0
Subsidiaries	113.5	116.8
Total	168.5	158.8

\* Non-audit fees consist of review of Statement on Risk Management and Internal Control and tax fees.

### Employees' Share Scheme

#### • Employees' Share Option Scheme ("ESOS")

The shareholders of the Company had via its Extraordinary General Meeting held on 27 February 2014, amongst others, approved the establishment of an ESOS of up to 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS Scheme. The implementation of the ESOS is effective from 4 March 2014.

During FYE 2021, the total number of ESOS granted, exercised, forfeited and outstanding are set out below:-

	Number of ESOS				Balance at 31 December 2021
	Balance at 1 January 2021	Granted	Exercised	Forfeited	
Directors	-	-	-	-	-
Employees	375,000	537,000	(211,000)	(16,500)	684,500
Total	375,000	537,000	(211,000)	(16,500)	684,500

Pursuant to the Company's ESOS, not more than 70% of the options available under the scheme shall be allotted, in aggregate, to Directors and senior management.

Since the commencement of the scheme, 41.6% of the options under the scheme have been granted to Directors and senior management.

During the financial year, no options have been granted to Directors and 8.2% of the options have been granted to senior management.

There was no ESOS granted to, exercised by the Non-Executive Directors pursuant to the ESOS in respect of the FYE 2021.

#### • Employees' Share Grant Scheme ("SGS")

The shareholders of the Company had via its Extraordinary General Meeting held on 23 December 2021, amongst others, approved the establishment of an SGS of up to 5% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the scheme. The SGS is pending implementation as at the date of the Annual Report.

### Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 31 December 2021 or entered into since the end of the previous financial year.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2021. All values shown in this report are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

## Principal activities

The principal activities of the Company are those of investment holding and development of 3D and line scan vision inspection system. The principal activities and other details of the subsidiaries are disclosed in Note 7 to the financial statements.

## Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:-		
- Owners of the Company	169,664	11,013
- Non-controlling interests	(266)	0
	<u>169,398</u>	<u>11,013</u>

## Dividends

The Company paid the following dividends since the end of the previous financial year:-

	RM'000
In respect of financial year ended 31 December 2020:-	
- Interim tax exempt dividend of 1.75 sen per share, paid in January 2021	8,261
- Final tax exempt dividend of 3.95 sen per share, paid in July 2021	18,651
In respect of financial year ended 31 December 2021:-	
- Interim tax exempt dividend of 2.50 sen per share, paid in January 2022	11,807
	<u>38,719</u>

The directors have proposed a final tax exempt dividend of 3.33 sen per share\* in respect of the financial year ended 31 December 2021, subject to the shareholders' approval at the forthcoming annual general meeting.

\* Based on the total number of shares in issue after the completion of the 1-for-1 bonus issue in January 2022 as disclosed in Note 36 to the financial statements

## Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

## Issue of shares or debentures

During the financial year, the Company issued 211,000 ordinary shares at RM2.79 per share for cash pursuant to the Employees' Share Option Scheme ("ESOS").

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

# DIRECTORS' REPORT

## Share options

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 27 February 2014, approved the Company's ESOS. The ESOS became effective on 4 March 2014.

The principal features of the ESOS are disclosed in Note 19 to the financial statements.

The movements in the number of options during the financial year are as follows:-

Date of offer	Date of expiration	Exercise price RM	Number of options over ordinary shares				Balance at 31.12.2021
			Balance at 1.1.2021	Granted	Exercised	Forfeited	
20.10.2014	1.3.2024	1.01	10,000	0	0	0	10,000
16.5.2017	1.3.2024	2.79	365,000	0	(211,000)	0	154,000
23.2.2021	1.3.2024	15.67	0	537,000	0	(16,500)	520,500
			375,000	537,000	(211,000)	(16,500)	684,500

## Bad and doubtful debts

Before the financial statements were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

## Current assets

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements misleading.

## Valuation methods

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

# DIRECTORS' REPORT

## Contingent and other liabilities

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

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

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, in the opinion of the directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

## Change of circumstances

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 which would render any amount stated in the financial statements misleading.

## Items of an unusual nature

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

## Directors

The directors in office since the beginning of the financial year are:-

### Directors of the Company

Dato' Seri Dr. Kiew Kwong Sen  
 Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani  
 Chu Jenn Weng  
 Siaw Kok Tong  
 Yeoh Shih Hoong  
 Chuah Poay Ngee  
 Mary Yeo Chew Yen

### Directors of subsidiaries (other than directors of the Company)

Vincent Ong Boon Keong  
 Dr. Wong Teck Foo (Appointed on 9.4.2021)



# DIRECTORS' REPORT

## Directors' interests

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

Name of director	Number of ordinary shares					
	Direct interest				Indirect/Deemed interest	
	Balance at 1.1.2021	Bought	Sold/ Transferred	Balance at 31.12.2021	Balance at 1.1.2021	Balance at 31.12.2021
Dato' Seri Dr. Kiew Kwong Sen	6,579,700	0	(50,000)	6,529,700	*4,415,498	*4,436,198
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	1,579,300	0	(41,800)	1,537,500	0	0
Chu Jenn Weng	126,978,334	0	0	126,978,334	*1,228,198	*1,228,198
Siaw Kok Tong	90,123,028	0	(172,700)	89,950,328	0	0
Yeoh Shih Hoong	44,386,464	0	(61,000)	44,325,464	**4,362,096	**4,362,096
Chuah Poay Ngee	390,000	40,000	(46,000)	384,000	*100	*1,100
Mary Yeo Chew Yen	37,000	0	0	37,000	*19,000	*21,000

\* Deemed interest in shares held by family member (who is not director of the Company) pursuant to Section 59 of the Companies Act 2016

\*\* Indirect interest in 4,000,000 shares registered in the name of nominee, and deemed interest in 362,096 shares held by family member (who is not director of the Company) pursuant to Section 59 of the Companies Act 2016

By virtue of his interests in shares in the Company, Chu Jenn Weng is deemed to have interests in shares in the subsidiaries to the extent of the Company's interests, pursuant to Section 8 of the Companies Act 2016.

## Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 23 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement, apart from the Company's ESOS, whose object is 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.

## Indemnity and insurance for directors and officers

There was no indemnity given to or liability insurance effected for any director or officer of the Group or the Company during the financial year.

# DIRECTORS' REPORT

## **Auditors**

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 25 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

**Signed in accordance with a resolution of the directors dated 24 March 2022**

**Chu Jenn Weng**

**Siaw Kok Tong**

## STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 89 to 135 give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

**Signed in accordance with a resolution of the directors dated 24 March 2022**

**Chu Jenn Weng**

**Siaw Kok Tong**

## STATUTORY DECLARATION

I, Chu Jenn Weng, being the director primarily responsible for the financial management of ViTrox Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 89 to 135 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the  
abovenamed Chu Jenn Weng at George Town  
in the State of Penang on this 24 March 2022

**Chu Jenn Weng**

Before me

**Shamini A/P M Shanmugam**

No. P157

Commissioner for Oaths



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF VITROX CORPORATION BERHAD

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of ViTrox Corporation Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 89 to 135.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2021, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group and the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<p><u>Valuation of inventories (Refer to Notes 3 and 10 to the financial statements)</u></p> <p>The Group carries significant inventories. Management periodically reviews the inventories for potential write-downs by considering their aging profile, estimation of market price fluctuations and net realisable value. These reviews involve judgements and estimation uncertainty in forming expectations about future consumptions, sales and demands.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>Obtaining an understanding of:- <ul style="list-style-type: none"> <li>the Group's inventory management process;</li> <li>how the Group identifies and assesses inventory write-downs; and</li> <li>how the Group makes the accounting estimates for inventory write-downs.</li> </ul> </li> <li>Reviewing the ageing analysis of inventories and testing the reliability thereof.</li> <li>Examining the perpetual records for inventory movements and to identify slow moving aged items.</li> <li>Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories.</li> <li>Reviewing the net realisable value of major inventories.</li> <li>Evaluating the reasonableness and adequacy of the resulting inventory write-downs recognised.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF VITROX CORPORATION BERHAD

### Report on the audit of the financial statements (cont'd)

#### Key audit matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p><u>Impairment of receivables (Refer to Notes 3 and 11 to the financial statements)</u></p> <p>The Group carries significant receivables and is subject to major credit risk exposure. The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of:- <ul style="list-style-type: none"> <li>• the Group's control over the receivable collection process;</li> <li>• how the Group identifies and assesses the impairment of receivables; and</li> <li>• how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>• Reviewing the ageing analysis and past due status of receivables and testing the reliability thereof.</li> <li>• Reviewing the subsequent cash collections for major receivables and overdue amounts.</li> <li>• Making inquiries of management regarding the action plans to recover overdue amounts.</li> <li>• Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix.</li> <li>• Evaluating the reasonableness and adequacy of the resulting loss allowance recognised.</li> </ul>

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

#### Information other than the financial statements and auditors' report thereon

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

Our opinion on the financial statements of the Group and 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 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 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 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 the Company that are free from material misstatement, whether due to fraud or error.

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

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF VITROX CORPORATION BERHAD

### Report on the audit of the financial statements (cont'd)

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

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

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

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



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF VITROX CORPORATION BERHAD

### Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

### 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.

#### **Crowe Malaysia PLT**

201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Date: 24 March 2022

Penang

#### **Chan Kheng Hoe**

02979/03/2022 J  
Chartered Accountant

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	109,414	96,473
Investment properties	5	40,600	40,600
Right-of-use assets	6	81,776	34,084
Investment in associate	8	21,674	7,584
Investments in club memberships, at cost		91	91
Deferred tax assets	9	1,018	8
		<b>254,573</b>	178,840
<b>Current assets</b>			
Inventories	10	194,058	136,114
Receivables	11	231,635	177,923
Derivatives	12	0	785
Prepayments		9,447	5,100
Current tax assets		1,397	3,087
Cash and cash equivalents	13	255,941	258,118
		<b>692,478</b>	581,127
<b>Current liabilities</b>			
Derivatives	12	48	0
Payables	14	167,985	131,328
Dividend payable		11,807	8,261
Loans and borrowings	15	7,401	7,122
Lease liabilities	16	107	103
Contract liabilities	17	14,521	6,909
Current tax liabilities		2,987	420
		<b>204,856</b>	154,143
<b>Net current assets</b>		<b>487,622</b>	426,984
<b>Non-current liabilities</b>			
Deferred tax liabilities	9	2,653	2,387
Loans and borrowings	15	27,522	33,513
Lease liabilities	16	92	116
Deferred income on government grants	18	586	801
		<b>30,853</b>	36,817
<b>Net assets</b>		<b>711,342</b>	569,007
<b>Equity</b>			
Share capital	19	55,455	54,649
Revaluation surplus		14,160	14,160
Capital reserve		520	520
Share option reserve		1,587	51
Currency translation reserve		1,109	62
Retained profits		638,772	499,566
Equity attributable to owners of the Company		<b>711,603</b>	569,008
Non-controlling interests	20	(261)	(1)
<b>Total equity</b>		<b>711,342</b>	569,007

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Revenue	21	<b>680,124</b>	470,379
Interest income		<b>3,396</b>	4,148
Other income		<b>9,977</b>	2,891
Changes in work-in-progress and finished goods		<b>43,224</b>	4,207
Depreciation	22	<b>(6,531)</b>	(7,568)
Employee benefits expense	23	<b>(119,807)</b>	(80,400)
Impairment losses on financial assets	24	<b>(133)</b>	(345)
Raw materials consumed		<b>(300,045)</b>	(184,126)
Finance costs		<b>(644)</b>	(1,152)
Other expenses		<b>(129,886)</b>	(96,522)
Share of associate's loss		<b>(1,485)</b>	(1,203)
Profit before tax	25	<b>178,190</b>	110,309
Tax expense	26	<b>(8,792)</b>	(4,689)
Profit for the financial year		<b>169,398</b>	105,620
Other comprehensive income for the financial year:-			
- Currency translation differences for foreign operations (representing item that may be reclassified subsequently to profit or loss)		<b>1,047</b>	572
Comprehensive income for the financial year		<b>170,445</b>	106,192
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		<b>169,664</b>	105,621
- Non-controlling interests	20	<b>(266)</b>	(1)
		<b>169,398</b>	105,620
Comprehensive income for the financial year attributable to:-			
- Owners of the Company		<b>170,711</b>	106,193
- Non-controlling interests		<b>(266)</b>	(1)
		<b>170,445</b>	106,192
Earnings per share:-	27		
- Basic (sen)		<b>17.97</b>	11.20
- Diluted (sen)		<b>17.96</b>	11.18

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Non-distributable				Distributable				
	Share capital RM'000	Revaluation surplus RM'000	Capital reserve* RM'000	Share option reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2020	52,018	14,160	520	803	(510)	415,397	482,388	0	482,388
Share-based payments	0	0	0	72	0	0	72	0	72
Issue of shares pursuant to Employees' Share Option Scheme	2,631	0	0	(824)	0	0	1,807	0	1,807
Dividends (Note 28)	0	0	0	0	0	(21,452)	(21,452)	0	(21,452)
Total transactions with owners	2,631	0	0	(752)	0	(21,452)	(19,573)	0	(19,573)
Profit/(Loss) for the financial year	0	0	0	0	0	105,621	105,621	(1)	105,620
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	0	0	0	572	0	572	0	572
Comprehensive income for the financial year	0	0	0	0	572	105,621	106,193	(1)	106,192
Balance at 31 December 2020	54,649	14,160	520	51	62	499,566	569,008	(1)	569,007

\* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Non-distributable					Distributable			
	Share capital RM'000	Revaluation surplus RM'000	Capital reserve* RM'000	Share option reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2021	54,649	14,160	520	51	62	499,566	569,008	(1)	569,007
Share-based payments									
Issue of shares pursuant to Employees' Share Option Scheme	806	0	0	(217)	0	0	589	0	589
Issue of shares to non-controlling interests	0	0	0	0	0	0	0	6	6
Dividends (Note 28)	0	0	0	0	0	(30,458)	(30,458)	0	(30,458)
Total transactions with owners	806	0	0	1,536	0	(30,458)	(28,116)	6	(28,110)
Profit/(Loss) for the financial year	0	0	0	0	0	169,664	169,664	(266)	169,398
Currency translation differences for foreign operations (representing other comprehensive income for the financial year)	0	0	0	0	1,047	0	1,047	0	1,047
Comprehensive income for the financial year	0	0	0	0	1,047	169,664	170,711	(266)	170,445
Balance at 31 December 2021	55,455	14,160	520	1,587	1,109	638,772	711,603	(261)	711,342

\* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of the People's Republic of China.

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		178,190	110,309
Adjustments for:-			
Amortisation of deferred income		(215)	(745)
Depreciation		6,531	7,568
Fair value losses/(gains) on financial instruments		48	(785)
Gain on dilution of interest in associate		(641)	0
Gain on disposal of property, plant and equipment		(433)	(759)
Impairment losses on financial assets		133	345
Interest expense		644	1,152
Interest income		(3,396)	(4,148)
Inventories written down		15,637	10,817
Property, plant and equipment written off		4	37
Reversal of inventories written down		(10,817)	(7,784)
Share of associate's loss		1,485	1,203
Share-based payments		1,753	72
Unrealised loss on foreign exchange		2,344	3,663
Operating profit before working capital changes		191,267	120,945
Changes in:-			
Inventories		(62,764)	(27,652)
Receivables		(54,046)	(56,828)
Derivatives		785	439
Prepayments		(4,347)	(651)
Payables		36,812	64,311
Contract liabilities		7,612	1,685
Cash generated from operations		115,319	102,249
Tax paid		(5,279)	(4,453)
Net cash from operating activities		110,040	97,796
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment		(18,760)	(4,292)
Acquisition of right-of-use assets	29	(48,331)	0
Additional investment in associate		(15,000)	(4,724)
Interest received		3,396	4,148
Proceeds from disposal of property, plant and equipment		446	776
Proceeds from disposal of shares in associate		66	0
Net cash used in investing activities		(78,183)	(4,092)

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		2021	2020
	Note	RM'000	RM'000
<b>Cash flows from financing activities</b>			
Dividends paid		(26,912)	(20,256)
Interest paid		(652)	(1,234)
Issue of shares		589	1,807
Issue of shares to non-controlling interests		6	0
Payment of lease liabilities	29	(112)	(98)
Repayment of term loans	29	(7,361)	(7,361)
Net cash used in financing activities		(34,442)	(27,142)
Currency translation differences		408	(28)
Net (decrease)/increase in cash and cash equivalents		(2,177)	66,534
Cash and cash equivalents brought forward		258,118	191,584
Cash and cash equivalents carried forward	13	255,941	258,118

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

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	4	0	0
Investments in subsidiaries	7	29,084	11,766
Investment in associate	8	24,558	9,624
		<b>53,642</b>	21,390
<b>Current assets</b>			
Receivables	11	1,326	5,553
Prepayments		42	63
Current tax assets		8	9
Cash and cash equivalents	13	46,879	82,930
		<b>48,255</b>	88,555
<b>Current liabilities</b>			
Payables	14	11,471	5,962
Dividend payable		11,807	8,261
		<b>23,278</b>	14,223
<b>Net current assets</b>		<b>24,977</b>	74,332
<b>Net assets</b>		<b>78,619</b>	95,722
<b>Equity</b>			
Share capital	19	55,455	54,649
Share option reserve		1,587	51
Retained profits		21,577	41,022
<b>Total equity</b>		<b>78,619</b>	95,722

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

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	<b>Note</b>	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Revenue	21	<b>37,596</b>	49,671
Interest income		<b>917</b>	1,461
Other income		<b>532</b>	17
Employee benefits expense	23	<b>(26,025)</b>	(21,249)
Other expenses		<b>(1,999)</b>	(871)
Profit before tax	25	<b>11,021</b>	29,029
Tax expense	26	<b>(8)</b>	(5)
Profit for the financial year		<b>11,013</b>	29,024
Other comprehensive income for the financial year		<b>0</b>	0
Comprehensive income for the financial year		<b>11,013</b>	29,024

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

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		<b>Non- distributable</b>	<b>Distributable</b>	
	<b>Share capital</b>	<b>Share option</b>	<b>Retained</b>	<b>Total</b>
	<b>RM'000</b>	<b>reserve</b>	<b>profits</b>	<b>equity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Balance at 1 January 2020	52,018	803	33,450	86,271
Share-based payments	0	72	0	72
Issue of shares pursuant to Employees' Share Option Scheme	2,631	(824)	0	1,807
Dividends (Note 28)	0	0	(21,452)	(21,452)
Total transactions with owners	2,631	(752)	(21,452)	(19,573)
Profit (representing comprehensive income) for the financial year	0	0	29,024	29,024
Balance at 31 December 2020	54,649	51	41,022	95,722
Share-based payments	0	1,753	0	1,753
Issue of shares pursuant to Employees' Share Option Scheme	806	(217)	0	589
Dividends (Note 28)	0	0	(30,458)	(30,458)
Total transactions with owners	806	1,536	(30,458)	(28,116)
Profit (representing comprehensive income) for the financial year	0	0	11,013	11,013
Balance at 31 December 2021	<b>55,455</b>	<b>1,587</b>	<b>21,577</b>	<b>78,619</b>

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



# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax		11,021	29,029
Adjustments for:-			
Dividend income		(15,825)	(30,000)
Interest income		(917)	(1,461)
Share-based payments		549	28
Operating loss before working capital changes		(5,172)	(2,404)
Changes in:-			
Receivables		4,227	15,277
Prepayments		21	34
Payables		5,509	2,834
Cash generated from operations		4,585	15,741
Tax paid		(7)	(14)
Net cash from operating activities		4,578	15,727
<b>Cash flows from investing activities</b>			
Additional investment in associate		(15,000)	(4,724)
Dividends received		15,825	30,000
Interest received		917	1,461
Proceeds from disposal of shares in associate		66	0
Subscription for shares in subsidiaries		(16,114)	(500)
Net cash (used in)/from investing activities		(14,306)	26,237
<b>Cash flows from financing activities</b>			
Dividends paid		(26,912)	(20,256)
Issue of shares		589	1,807
Net cash used in financing activities		(26,323)	(18,449)
Net (decrease)/increase in cash and cash equivalents		(36,051)	23,515
Cash and cash equivalents brought forward		82,930	59,415
Cash and cash equivalents carried forward	13	46,879	82,930

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 1. General information

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

The principal activities of the Company are those of investment holding and development of 3D and line scan vision inspection system. The principal activities of the subsidiaries are disclosed in Note 7.

The registered office of the Company is located at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Bayan Lepas, Penang, Malaysia and its principal place of business is located at 746, Persiaran Cassia Selatan 3, Batu Kawan Industrial Park, 14110 Bandar Cassia, Penang, Malaysia.

The consolidated financial statements set out on pages 89 to 94 together with the notes thereto cover the Company and its subsidiaries ("Group") and the Group's interest in an associate. The separate financial statements of the Company set out on pages 95 to 98 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

The financial statements were authorised for issue in accordance with a resolution of the directors dated 24 March 2022.

### 2. Significant accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

For the financial year under review, the Group and the Company have applied the Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2* which are effective for annual periods beginning on or after 1 January 2021. They have also early applied the Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* which is effective for annual periods beginning on or after 1 April 2021.

The initial application of the above amendments did not have any significant impacts on the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Significant accounting policies (cont'd)

#### 2.1 Basis of preparation of financial statements (cont'd)

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

<b>MFRS (issued as at the end of the reporting period)</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

#### 2.2 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets acquired are not a business, the transaction or other event is accounted for as an asset acquisition.

Business combinations are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Significant accounting policies (cont'd)

#### 2.2 Business combinations (cont'd)

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
  - (i) the acquisition-date fair value of the consideration transferred;
  - (ii) the amount of any non-controlling interests; and
  - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.11. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

#### 2.3 Basis of consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

#### 2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.11.

Capital work-in-progress is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2%
Furniture, fittings and equipment	20% - 33%
Motor vehicles	25%
Renovation and electrical installation	25%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Significant accounting policies (cont'd)

#### 2.5 Investment properties

Investment property is property held (by the owner or the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both. Investment property is stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

When an owner-occupied property becomes an investment property to be stated at fair value, the Group applies the accounting policies as disclosed in Note 2.4 (for owned property) or Note 2.6 (for leased property) up to the date of change in use. Any difference at that date between the carrying amount of the property in accordance with Note 2.4 or Note 2.6 and its fair value is treated in the same way as a revaluation adjustment.

#### 2.6 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

##### **Lessor accounting**

When the Group acts as a lessor, it classifies each lease as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, whereas an operating lease does not.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term. The Group has not entered into any finance lease.

##### **Lessee accounting**

##### Initial recognition and measurement

When the Group acts as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group has elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Significant accounting policies (cont'd)

#### 2.6 Leases (cont'd)

##### Lessee accounting (cont'd)

###### Subsequent measurement

A right-of-use asset that meets the definition of investment property is subsequently measured using the fair value model as disclosed in Note 2.5. Other right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.11.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term.

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

As a practical expedient, the Group has elected not to assess whether a rent concession occurring as a direct consequence of the covid-19 pandemic is a lease modification. Accordingly, any change in lease payments resulting from such rent concession is accounted for as a variable lease payment in profit or loss.

#### 2.7 Research and development expenditure

Research expenditure is recognised in profit or loss when incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group or the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is recognised in profit or loss when incurred.

#### 2.8 Investments in subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.11.

#### 2.9 Investment in associate

An associate is an entity over which an investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investment in associate is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the investment is assessed for any objective evidence of impairment. If any such evidence exists, the carrying amount of the investment is tested for impairment in accordance with Note 2.11.

In the separate financial statements of the Company, investment in associate is stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.11.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Significant accounting policies (cont'd)

#### 2.10 Investments in club memberships

Investments in club memberships are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.11.

#### 2.11 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than investment properties stated at fair value, deferred tax assets and inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss. An impairment loss on goodwill is not reversed.

#### 2.12 Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

#### 2.13 Contract assets and contract liabilities

A contract is presented in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the entity's performance and the customer's payment. A contract asset is an entity's right to consideration in exchange for goods or services transferred to a customer when that right is conditioned on something other than the passage of time. The asset is subject to impairment assessment on the same basis as trade receivables as disclosed in Note 2.14. A contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

#### 2.14 Financial assets

Financial assets of the Group and the Company consist of receivables, derivatives and cash and cash equivalents.

##### Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.19). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Significant accounting policies (cont'd)

#### 2.14 Financial assets (cont'd)

##### Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.

##### (i) Amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

##### (ii) Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is to both collect contractual cash flows and sell financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group and the Company do not have any financial assets classified under this category.

##### (iii) Fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. All derivatives are classified under this category. Any gain or loss is recognised in profit or loss.

##### Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

##### Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Significant accounting policies (cont'd)

#### 2.15 Financial liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings, derivatives and financial guarantee contracts.

##### Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

##### Subsequent measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Derivatives are subsequently measured at fair value through profit or loss. Any gain or loss is recognised in profit or loss.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

##### Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

#### 2.16 Foreign currency transactions and translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate, whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Significant accounting policies (cont'd)

#### 2.17 Share capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.

#### 2.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:-

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

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

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

#### Non-financial assets

The fair values of land and buildings are measured using the market comparison approach. Under this approach, the fair values are derived from observable market data such as prices per square foot for comparable properties in similar locations (i.e. Level 2).

#### Financial assets and financial liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of forward exchange contracts are measured using present value technique by discounting the differences between contractual forward prices and observable current market forward prices using risk-free interest rate (i.e. Level 2).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Significant accounting policies (cont'd)

#### 2.19 Revenue from contracts with customers

The Group and the Company recognise revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.
- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

#### Sale of goods

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

#### Rendering of services

The Group and the Company determine that the transfer of control of promised services generally coincides with their performance as the customer simultaneously receives and consumes the benefits of the performance as the Group or the Company performs. Accordingly, revenue from the rendering of services is recognised over time when the services are performed. The Group and the Company measure the progress towards complete satisfaction of the performance obligation using an output method, i.e. time elapsed.

#### 2.20 Other income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

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

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

#### 2.21 Government grants

Government grants are recognised when there is reasonable assurance that the Group or the Company will comply with the conditions attaching to the grants and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group or the Company recognises as expenses the related costs for which the grants are intended to compensate. Grants related to assets are presented in the statement of financial position as deferred income which is amortised on a straight-line basis over the estimated useful lives of the assets. Grants related to income are presented under "other income" in the statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. Significant accounting policies (cont'd)

#### 2.22 Employee benefits

##### Short-term employee benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

##### Defined contribution plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). The Group's foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

##### Share-based payments

The Employees' Share Option Scheme ("ESOS") of the Company grants the Group's eligible employees options to subscribe for shares in the Company at pre-determined subscription prices. These equity compensation benefits are treated as equity-settled share-based payment transactions and recognised in profit or loss with a corresponding increase in equity over the vesting period as share option reserve. The total amount to be recognised is determined by reference to the fair value of the share options at grant date and the estimated number of share options expected to vest on vesting date.

#### 2.23 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 2.24 Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax represents the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### 2.25 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

#### 3. Judgements and estimation uncertainty

##### **Judgements made in applying accounting policies**

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

##### **Sources of estimation uncertainty**

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

##### Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 10).

##### Impairment of receivables

The Group and the Company recognise loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 11).

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 4. Property, plant and equipment

#### Group

	Buildings RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Renovation and electrical installation RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>						
Balance at 1 January 2020	88,038	37,517	525	458	3,731	130,269
Additions	0	2,675	0	12	1,605	4,292
Disposals/Write-offs	0	(781)	(155)	0	(3)	(939)
Currency translation differences	0	2	0	0	0	2
Reclassifications	677	223	0	0	(900)	0
Balance at 31 December 2020	88,715	39,636	370	470	4,433	133,624
Additions	0	4,998	0	815	12,947	18,760
Disposals/Write-offs	0	(3,534)	0	0	0	(3,534)
Currency translation differences	0	2	0	0	0	2
Reclassifications	0	13	0	1,873	(1,886)	0
Balance at 31 December 2021	<b>88,715</b>	<b>41,115</b>	<b>370</b>	<b>3,158</b>	<b>15,494</b>	<b>148,852</b>
<b>Accumulated depreciation</b>						
Balance at 1 January 2020	2,563	28,143	328	147	0	31,181
Depreciation	1,774	4,889	90	95	0	6,848
Disposals/Write-offs	0	(746)	(139)	0	0	(885)
Currency translation differences	0	7	0	0	0	7
Balance at 31 December 2020	4,337	32,293	279	242	0	37,151
Depreciation	1,774	3,716	67	243	0	5,800
Disposals/Write-offs	0	(3,517)	0	0	0	(3,517)
Currency translation differences	0	4	0	0	0	4
Balance at 31 December 2021	<b>6,111</b>	<b>32,496</b>	<b>346</b>	<b>485</b>	<b>0</b>	<b>39,438</b>
<b>Carrying amount</b>						
Balance at 1 January 2020	85,475	9,374	197	311	3,731	99,088
Balance at 31 December 2020	84,378	7,343	91	228	4,433	96,473
Balance at 31 December 2021	<b>82,604</b>	<b>8,619</b>	<b>24</b>	<b>2,673</b>	<b>15,494</b>	<b>109,414</b>

The buildings have been pledged as security for credit facilities granted to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 4. Property, plant and equipment (cont'd)

#### Company

	Furniture, fittings and equipment RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>			
Balance at 1 January 2020 / 31 December 2020 / 31 December 2021	3,082	86	3,168
<b>Accumulated depreciation</b>			
Balance at 1 January 2020 / 31 December 2020 / 31 December 2021	3,082	86	3,168
<b>Carrying amount</b>			
Balance at 1 January 2020 / 31 December 2020 / 31 December 2021	0	0	0

### 5. Investment properties

#### Group

	Leasehold land RM'000	Buildings RM'000	Shoplots RM'000	Total RM'000
<b>Fair value</b>				
Balance at 1 January 2020 / 31 December 2020 / 31 December 2021	17,000	23,000	600	40,600

The fair values of investment properties were measured based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2).

The Group leases the investment properties to third parties for 2 to 3 years. The undiscounted lease payments to be received are as follows:-

	2021 RM'000	2020 RM'000
Within 1 year	4,919	0
1 to 2 years	4,919	0
2 to 3 years	3,280	0
	<b>13,118</b>	<b>0</b>

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 6. Right-of-use assets

#### Group

	Leasehold land RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Balance at 1 January 2020	34,494	137	173	34,804
Depreciation	(619)	(48)	(53)	(720)
Balance at 31 December 2020	33,875	89	120	34,084
Additions	48,329	0	94	48,423
Depreciation	(619)	(48)	(64)	(731)
Balance at 31 December 2021	<b>81,585</b>	<b>41</b>	<b>150</b>	<b>81,776</b>

The Group acquired the right to use the leasehold land as its principal place of business for 60 years. It also leases some motor vehicles and office equipment from third parties for 3 to 5 years.

Certain leasehold land with carrying amount of RM33,256,000 (2020 : RM33,875,000) has been pledged as security for credit facilities granted to the Group.

### 7. Investments in subsidiaries

#### Company

	2021 RM'000	2020 RM'000
Unquoted shares, at cost:-		
- Ordinary shares	<b>11,156</b>	10,042
- Redeemable convertible preference shares	<b>15,000</b>	0
	<b>26,156</b>	10,042
Contributions under ESOS	<b>3,428</b>	2,224
Impairment loss	<b>(500)</b>	(500)
	<b>29,084</b>	11,766



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 7. Investments in subsidiaries (cont'd)

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2021	2020	
ViTrox Technologies Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Design, development and production of automated vision inspection system and digital automated vision inspection equipment and modules
ViE Technologies Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Design, development and production of printed circuit board assemblies for microprocessor applications
ViTrox International Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Investment holding
ViTrox Academy Sdn. Bhd.	Malaysia	<b>100%</b>	100%	Provision of quality, professional and affordable education and training, and undertaking of innovative research and development
ViTrox Agritech Sdn. Bhd.	Malaysia	<b>70%</b>	70%	Design, development and production of precision agricultural equipment, agricultural produce and materials

#### Subsidiaries of ViTrox International Sdn. Bhd.

ViTrox Technologies (Suzhou) Co., Ltd.*	China	<b>100%</b>	100%	As sales and support office
ViTrox Technologies GmbH*	Germany	<b>100%</b>	100%	As sales and support office
ViTrox Americas Inc.*	United States of America	<b>100%</b>	0%	As sales and support office

\* Not audited by Crowe Malaysia PLT

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 8. Investment in associate

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost:-				
- Ordinary shares	6,558	6,624	6,558	6,624
- Redeemable convertible preference shares	18,000	3,000	18,000	3,000
	24,558	9,624	24,558	9,624
Share of post-acquisition changes in net assets	(2,884)	(2,040)	0	0
	21,674	7,584	24,558	9,624

The details of the associate and its subsidiary are as follows:-

Name of associate	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2021	2020	
Penang Automation Cluster Sdn. Bhd. ("PAC")	Malaysia	36%	40%	Investment holding, manufacture of high precision metal fabrication components, modules and systems, and provision of technology, engineering and metrology shared services

#### Subsidiary of PAC

PAC Meditech Sdn. Bhd.	Malaysia	*70%	*70%	Manufacture of surgical masks and other medical related products
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\* Being effective ownership interest held by PAC

The summarised financial information of the associate is as follows:-

	2021	2020
	RM'000	RM'000
Non-current assets	64,815	40,396
Current assets	7,465	8,605
Current liabilities	(23,002)	(30,852)
Non-current liabilities	(3,066)	(915)
Net assets	46,212	17,234
Non-controlling interests	(406)	(277)
Net assets attributable to owners of the associate	45,806	16,957
Revenue	13,431	5,115
Loss (representing comprehensive income)	(4,022)	(3,286)

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 8. Investment in associate (cont'd)

The reconciliation of the above summarised financial information to the carrying amount of the investment in associate is as follows:-

	2021 RM'000	Group 2020 RM'000
Net assets attributable to owners of the associate	45,806	16,957
Preference share capital	(36,000)	(6,000)
	9,806	10,957
Effective ownership interest	36%	40%
Share of net assets	3,495	4,383
Preference shares held by the Company	18,000	3,000
Goodwill	179	201
Carrying amount	21,674	7,584

### 9. Deferred tax assets and deferred tax liabilities

#### Group

	2021 RM'000	2020 RM'000
Balance at 1 January	(2,379)	(2,484)
Deferred tax income/(expense) relating to origination and reversal of temporary differences	642	(197)
Deferred tax income relating to change in tax rate	165	0
Deferred tax liabilities (under)/over provided in prior year	(63)	302
Balance at 31 December	(1,635)	(2,379)
Disclosed as:-		
- Deferred tax assets	1,018	8
- Deferred tax liabilities	(2,653)	(2,387)
	(1,635)	(2,379)
In respect of (taxable)/deductible temporary differences of:-		
- Property, plant and equipment	(843)	(646)
- Investment properties	(1,866)	(1,748)
- Inventories	62	3
- Financial instruments	1,012	12
	(1,635)	(2,379)

As at 31 December 2021, no deferred tax assets have been recognised for the following amounts:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deductible temporary differences of:-				
- Property, plant and equipment	1	23	1	23
- Financial instruments	11,202	5,561	10,971	5,557
Unused capital allowances	67	3	0	0
Unused tax losses expiring in year of assessment:-				
- 2028	30,855	32,816	30,855	32,816
- 2029	122	122	122	122
- 2030	35	35	0	0
- 2031	347	0	0	0
Taxable temporary differences of property, plant and equipment	(10)	(1)	0	0
	42,619	38,559	41,949	38,518

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 10. Inventories

#### Group

	2021 RM'000	2020 RM'000
Raw materials	72,631	57,911
Work-in-progress	82,677	42,003
Finished goods	38,750	36,200
	<b>194,058</b>	<b>136,114</b>

### 11. Receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables:-				
- Subsidiary	0	0	1,325	5,552
- Unrelated parties	233,413	179,380	0	0
	<b>233,413</b>	<b>179,380</b>	<b>1,325</b>	<b>5,552</b>
- Loss allowance	(2,114)	(1,981)	0	0
	<b>231,299</b>	<b>177,399</b>	<b>1,325</b>	<b>5,552</b>
Other receivables	336	524	1	1
	<b>231,635</b>	<b>177,923</b>	<b>1,326</b>	<b>5,553</b>

#### Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2021, there were 2 (2020 : 1) major groups of customers that individually accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major groups amounted to RM57,634,000 (2020 : RM24,050,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	39,762	45,565	1,325	5,552
China	93,378	59,267	0	0
Mexico	25,522	14,695	0	0
Taiwan	18,069	27,511	0	0
United States of America	36,615	13,520	0	0
Others	20,067	18,822	0	0
	<b>233,413</b>	<b>179,380</b>	<b>1,325</b>	<b>5,552</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 11. Receivables (cont'd)

#### Trade receivables (cont'd)

The credit terms of trade receivables range from 30 to 365 days. The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Not past due	187,662	136,544	1,325	5,552
1 to 30 days past due	21,475	22,045	0	0
31 to 60 days past due	9,751	4,232	0	0
61 to 90 days past due	6,025	8,585	0	0
More than 90 days past due	8,500	7,974	0	0
	<b>233,413</b>	<b>179,380</b>	<b>1,325</b>	<b>5,552</b>

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates). The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the diversity of customer base.

#### Group

	Not past due	1 to 30 days past due	31 to 60 days past due	61 to 90 days past due	More than 90 days past due	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2021</b>						
Gross carrying amount	187,662	21,475	9,751	6,025	8,500	233,413
Average credit loss rate	0.54%	0.63%	1.26%	1.91%	8.47%	0.91%
Loss allowance	1,020	136	123	115	720	2,114
<b>2020</b>						
Gross carrying amount	136,544	22,045	4,232	8,585	7,974	179,380
Average credit loss rate	0.71%	0.92%	1.96%	2.77%	6.17%	1.10%
Loss allowance	965	203	83	238	492	1,981

The average credit loss rates were based on the payment profile of revenue over a period of 36 (2020 : 36) months and the corresponding historical credit losses experienced during the period. The rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 11. Receivables (cont'd)

#### Trade receivables (cont'd)

The changes in the loss allowance are as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Balance at 1 January	1,981	1,636
Impairment losses	133	345
Balance at 31 December	2,114	1,981

### 12. Derivatives

#### Group

	2021	2020
	RM'000	RM'000
Forward exchange contracts - at fair value		
- Current assets	0	785
- Current liabilities	(48)	0

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2021, the Group had contracts with financial institutions due within 1 year to buy RM134,791,000 (2020 : RM84,358,000) and sell USD32,032,000 (2020 : USD20,600,000) at contractual forward rates.

The fair values of forward exchange contracts were quoted by the financial institutions, which normally measured the fair values using present value technique by discounting the differences between contractual forward prices and observable current market forward prices using risk-free interest rate (i.e. Level 2).

### 13. Cash and cash equivalents

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Highly liquid investments in money market funds	164,042	173,850	46,296	77,314
Term deposits	13,590	13,212	0	0
Cash and bank balances	78,309	71,056	583	5,616
	255,941	258,118	46,879	82,930

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

The effective interest rates of term deposits as at 31 December 2021 ranged from 2.10% to 2.15% (2020 : 2.05% to 3.60%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 14. Payables

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Trade payables:-				
- Associate	1,868	404	0	0
- Unrelated parties	65,268	70,853	0	0
	67,136	71,257	0	0
Other payables	100,849	60,071	11,471	5,962
	167,985	131,328	11,471	5,962

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

The credit terms of trade and other payables range from 14 to 120 days.

### 15. Loans and borrowings

	2021	2020
	RM'000	RM'000
Term loans	34,923	40,635
Disclosed as:-		
- Current liabilities	7,401	7,122
- Non-current liabilities	27,522	33,513
	34,923	40,635

Term loans are secured against certain property, plant and equipment (Note 4) and right-of-use assets (Note 6). The effective interest rate as at 31 December 2021 was 1.65% (2020 : 1.65%) per annum.

Term loans are repayable over 8 to 10 years. The repayment analysis is as follows:-

	2021	2020
	RM'000	RM'000
Gross loan instalments:-		
- Within 1 year	7,883	7,693
- 1 to 5 years	28,076	29,598
- After 5 years	364	5,307
Total contractual undiscounted cash flows	36,323	42,598
Future finance charges	(1,400)	(1,963)
Present value of term loans	34,923	40,635

The fair values of term loans were measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2). The fair values measured were considered to be reasonably close to the carrying amounts reported as the observable current market interest rates also approximated to the effective interest rate of term loans.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 16. Lease liabilities

#### Group

	2021 RM'000	2020 RM'000
Gross lease liabilities:-		
- Within 1 year	114	112
- 1 to 5 years	98	119
Total contractual undiscounted cash flows	212	231
Future finance charges	(13)	(12)
Present value of lease liabilities	199	219
Disclosed as:-		
- Current liabilities	107	103
- Non-current liabilities	92	116
	199	219

The incremental borrowing rate applied to lease liabilities as at 31 December 2021 was 5.00% (2020 : 5.00%) per annum.

### 17. Contract liabilities

#### Group

	2021 RM'000	2020 RM'000
Balance at 1 January	6,909	5,224
Revenue recognised from opening contract liabilities	(6,320)	(5,188)
Excess of consideration over revenue recognised	13,932	6,873
Balance at 31 December	14,521	6,909

As disclosed in Note 2.19, the Group generally satisfies its performance obligations at a point in time upon delivery of goods or over time when services are performed. Any consideration received or due in advance before a performance obligation is satisfied is presented as contract liability.

### 18. Deferred income on government grants

#### Group

	2021 RM'000	2020 RM'000
Balance at 1 January	801	1,546
Amortisation	(215)	(745)
Balance at 31 December	586	801

The Group received grants from the local government for certain research and development projects. The grants covered 50% to 100% of the project costs subject to the limits approved by the local government.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 19. Share capital

	No. of ordinary shares with no par value '000	RM'000
<b>Issued and fully paid</b>		
Balance at 1 January 2020	471,004	52,018
Issue of shares pursuant to ESOS	1,052	2,631
Balance at 31 December 2020	472,056	54,649
Issue of shares pursuant to ESOS	211	806
Balance at 31 December 2021	<b>472,267</b>	<b>55,455</b>

The shareholders of the Company, by a resolution passed at the extraordinary general meeting held on 27 February 2014, approved the Company's ESOS. The ESOS became effective on 4 March 2014.

The principal features of the ESOS are as follows:-

- (i) At any point of time when the offer is made, the maximum number of shares to be issued under the ESOS shall not exceed 10% of the total issued and fully paid-up share capital of the Company during the duration of the ESOS.
- (ii) Any employee (including executive directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and has been confirmed and completed at least 1 year of service within the Group on a full time basis.
- (iii) All non-executive directors who have been appointed to the Board for more than 1 year shall be eligible to participate in the ESOS in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad and subject to the Articles of Association of the Company.
- (iv) The ESOS shall be valid for a duration of 10 years from the effective date.
- (v) The option price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10%.
- (vi) The options granted are exercisable on a time proportion basis over the duration of the ESOS. The employee's entitlement to the options is vested as soon as they become exercisable.
- (vii) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the then existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 19. Share capital (cont'd)

The movements in the number of options during the financial year are as follows:-

	No. of options over ordinary shares ('000)	Weighted average exercise price RM	Weighted average share price RM	Range of exercise prices RM	Weighted average remaining contractual life
Outstanding at 1 January 2020	1,427	1.99			
Exercised	(1,052)	1.72	9.99		
Outstanding at 31 December 2020	375	2.74		1.01 - 2.79	3.2 years
Exercisable at 31 December 2020	375	2.74			
Outstanding at 1 January 2021	375	2.74			
Granted	537	15.67			
Exercised	(211)	2.79	12.50		
Forfeited	(16)	15.67			
Outstanding at 31 December 2021	685	12.56		1.01 - 15.67	2.2 years
Exercisable at 31 December 2021	164	2.68			

The fair values of share options granted since the effective date of the ESOS were measured using the Black Scholes Model with the following inputs:-

	Option 1*	Option 2*	Option 3*	Option 4
Grant date	15.5.2014	20.10.2014	16.5.2017	23.2.2021
Fair value at grant date	RM0.97	RM1.42	RM2.06	RM4.86
Weighted average share price	RM1.81	RM2.24	RM6.20	RM17.41
Exercise price	RM1.63	RM2.02	RM5.58	RM15.67
Expected volatility	38.18%	42.90%	23.12%	32.52%
Option life	9.8 years	9.4 years	6.7 years	3.0 years
Expected dividends	0.87%	0.65%	1.12%	0.35%
Risk-free interest rate	4.45%	4.15%	3.85%	2.18%

\* The share options were valued before the 1-for-1 bonus issue in 2017 after which their fair values and exercise prices were adjusted by half.

The expected volatility reflects the assumption that historical volatility is indicative of future trends but may not necessarily be the actual outcome. No other features of the share options granted were incorporated into the measurement of fair value.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 20. Non-controlling interests ("NCI")

#### Group

	Accumulated NCI		Loss allocated to NCI	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
ViTrox Agritech Sdn. Bhd.	(261)	(1)	(266)	(1)

The details of the subsidiary that has NCI are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by NCI		Principal activity
		2021	2020	
ViTrox Agritech Sdn. Bhd.	Malaysia	30%	30%	Design, development and production of precision agricultural equipment, agricultural produce and materials

The summarised financial information about the assets, liabilities, profit or loss and cash flows of the above subsidiary has not been disclosed as its NCI are not material to the Group.

### 21. Revenue

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:-				
- Sale of vision inspection solutions	639,250	431,316	0	0
- Rendering of related technical support services	40,874	39,063	21,771	19,671
	680,124	470,379	21,771	19,671
Other source of revenue:-				
- Dividend income	0	0	15,825	30,000
	680,124	470,379	37,596	49,671

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 21. Revenue (cont'd)

#### Disaggregation of revenue from contracts with customers

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Geographical areas:-				
- Malaysia	167,657	115,802	21,771	19,671
- China	225,515	115,695	0	0
- Mexico	51,452	28,931	0	0
- Taiwan	91,591	113,731	0	0
- United States of America	86,998	47,917	0	0
- Others	56,911	48,303	0	0
	<b>680,124</b>	<b>470,379</b>	<b>21,771</b>	<b>19,671</b>
Timing of revenue recognition:-				
- At a point in time	639,250	431,316	0	0
- Over time	40,874	39,063	21,771	19,671
	<b>680,124</b>	<b>470,379</b>	<b>21,771</b>	<b>19,671</b>

### 22. Depreciation

#### Group

	2021	2020
	RM'000	RM'000
Property, plant and equipment	5,800	6,848
Right-of-use assets	731	720
	<b>6,531</b>	<b>7,568</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 23. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Directors of the Company:-				
- Fees	158	182	158	182
- Other short-term employee benefits	1,026	939	383	346
- Defined contribution plans	273	267	112	112
	1,457	1,388	653	640
Directors of subsidiaries:-				
- Fees	29	0	0	0
- Other short-term employee benefits	89	0	0	0
- Defined contribution plans	14	0	0	0
	132	0	0	0
Other employees:-				
- Short-term employee benefits	106,030	71,309	22,544	18,613
- Defined contribution plans	10,435	7,631	2,279	1,968
- Share-based payments	1,753	72	549	28
	118,218	79,012	25,372	20,609
	119,807	80,400	26,025	21,249

### 24. Impairment losses on financial assets

Group	2021	2020
	RM'000	RM'000
Trade receivables from contracts with customers	133	345

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 25. Profit before tax

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging:-				
Auditors' remuneration:-				
- Current year	169	122	55	40
- Prior year	39	0	15	0
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss	1,658	0	0	0
Fee expense for financial instruments not measured at fair value through profit or loss	149	131	0	0
Interest expense for financial liabilities not measured at fair value through profit or loss	633	1,139	0	0
Interest expense for lease liabilities	11	13	0	0
Inventories written down	15,637	10,817	0	0
Lease expense relating to short-term leases	355	278	0	0
Loss on foreign exchange:-				
- Realised	0	0	1	0
- Unrealised	2,344	3,663	0	0
Property, plant and equipment written off	4	37	0	0
Research and development expenditure	58,040	49,510	22,467	20,243
and crediting:-				
Amortisation of deferred income	215	745	0	0
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss	0	1,241	0	0
Gain on dilution of interest in associate	641	0	0	0
Gain on disposal of property, plant and equipment	433	759	0	0
Government grants under Wage Subsidy Programme	1,335	194	531	5
Interest income for financial assets measured at amortised cost	3,396	4,148	917	1,461
Operating lease income from investment properties	1,640	0	0	0
Realised gain on foreign exchange	6,077	342	0	1
Reversal of inventories written down	10,817	7,784	0	0

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 26. Tax expense

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Tax on results for the year:-				
- Current tax	9,720	4,805	8	11
- Deferred tax	(807)	197	0	0
	<b>8,913</b>	5,002	<b>8</b>	11
Tax (over)/under provided in prior year:-				
- Current tax	(184)	(11)	0	(6)
- Deferred tax	63	(302)	0	0
	<b>8,792</b>	4,689	<b>8</b>	5

The numerical reconciliation between the applicable tax rate, which is the statutory income tax rate, and the average effective tax rate on results for the year is as follows:-

	Group		Company	
	2021	2020	2021	2020
	%	%	%	%
Applicable tax rate	24.00	24.00	24.00	24.00
Non-deductible expenses	2.11	1.96	4.98	0.41
Non-taxable income	(0.34)	(0.86)	(36.38)	(25.98)
Pioneer income exempted	(24.54)	(25.27)	0.00	0.00
Effect of differential tax rates	3.22	4.28	0.00	0.00
Increase in unrecognised deferred tax assets	0.55	0.42	7.47	1.61
Average effective tax rate	<b>5.00</b>	4.53	<b>0.07</b>	0.04

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 27. Earnings per share

#### Group

The earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year as follows:-

	2021	2020 (Restated)
Profit for the financial year attributable to owners of the Company (RM'000)	<b>169,664</b>	105,621
Number of shares in issue as at 1 January ('000)	<b>472,056</b>	471,004
Effect of shares issued pursuant to ESOS ('000)	<b>137</b>	533
Effect of bonus issue* ('000)	<b>472,193</b>	471,537
Weighted average number of shares for computing basic earnings per share ('000)	<b>944,386</b>	943,074
Number of shares under ESOS deemed to have been issued for no consideration ('000)	<b>418</b>	1,428
Weighted average number of shares for computing diluted earnings per share ('000)	<b>944,804</b>	944,502
Basic earnings per share (sen)	<b>17.97</b>	11.20
Diluted earnings per share (sen)	<b>17.96</b>	11.18

\* The calculation of earnings per share for the current and previous financial years has been adjusted retrospectively to reflect the changes in the number of shares as a result of the 1-for-1 bonus issue in January 2022 as disclosed in Note 36.

### 28. Dividends

#### Group and Company

	2021 RM'000	2020 RM'000
In respect of financial year ended 31 December 2019:-		
- Final tax exempt dividend of 2.80 sen per share	<b>0</b>	13,191
In respect of financial year ended 31 December 2020:-		
- Interim tax exempt dividend of 1.75 sen per share	<b>0</b>	8,261
- Final tax exempt dividend of 3.95 sen per share	<b>18,651</b>	0
In respect of financial year ended 31 December 2021:-		
- Interim tax exempt dividend of 2.50 sen per share	<b>11,807</b>	0
	<b>30,458</b>	21,452

The directors have proposed a final tax exempt dividend of 3.33 sen per share\* in respect of the financial year ended 31 December 2021, subject to the shareholders' approval at the forthcoming annual general meeting.

\* Based on the total number of shares in issue after the completion of the 1-for-1 bonus issue in January 2022 as disclosed in Note 36



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 29. Notes to consolidated statement of cash flows

#### Group

#### Acquisition of right-of-use assets

	2021 RM'000	2020 RM'000
Cost of right-of-use assets acquired	48,423	0
Acquisition by means of leases	(92)	0
Net cash disbursed	48,331	0

#### Lease liabilities

	2021 RM'000	2020 RM'000
Balance at 1 January	219	317
Acquisition of right-of-use assets	92	0
Payments	(112)	(98)
Balance at 31 December (Note 16)	199	219

The total cash outflow for leases is as follows:-

	2021 RM'000	2020 RM'000
<b>Operating activities</b>		
Lease expense recognised in profit or loss (Note 25)	355	278
<b>Investing activities</b>		
Acquisition of right-of-use assets	48,331	0
<b>Financing activities</b>		
Interest portion of lease liabilities (Note 25)	11	13
Principal portion of lease liabilities	112	98
	48,809	389

#### Term loans

	2021 RM'000	2020 RM'000
Balance at 1 January	40,635	48,724
Repayments	(7,361)	(7,361)
Currency translation differences	1,657	(646)
Other changes	(8)	(82)
Balance at 31 December (Note 15)	34,923	40,635

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 30. Related party disclosures

Transactions with related parties during the financial year are as follows:-

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Key management personnel compensation:-				
- Short-term employee benefits	1,302	1,121	541	528
- Defined contribution plans	287	267	112	112
	1,589	1,388	653	640
Contributions to subsidiaries under ESOS	0	0	1,204	44
Donation to ViTrox Foundation*	1,000	0	1,000	0
Dividends declared from subsidiaries	0	0	15,825	30,000
Purchase of goods from associate and its subsidiary	7,440	1,082	0	0
Receiving of services from subsidiary	0	0	9	3
Rendering of services to associate	5	3	0	0
Rendering of services to subsidiary	0	0	21,771	19,671
Subscription for shares in associate	15,000	3,974	15,000	3,974
Subscription for shares in subsidiaries	0	0	16,114	500

\* ViTrox Foundation is a company limited by guarantee which was incorporated in April 2021 for charitable and educational purposes. Certain directors of the Company serve as trustees for the management of the affairs of ViTrox Foundation.

### 31. Segment reporting

#### Group

#### Operating segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the sale of vision inspection solutions and the rendering of related technical support services.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 31. Segment reporting (cont'd)

#### Geographical information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers, whereas segment assets are based on the geographical location of assets.

	External revenue		Non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	167,657	115,802	231,519	170,957
China	225,515	115,695	362	291
Mexico	51,452	28,931	0	0
Taiwan	91,591	113,731	0	0
United States of America	86,998	47,917	0	0
Others	56,911	48,303	0	0
	<b>680,124</b>	<b>470,379</b>	<b>231,881</b>	<b>171,248</b>

#### Major customers

For the financial year ended 31 December 2021, there was 1 (2020 : 1) major group of customers that contributed 10% or more of the Group's total revenue and the total revenue generated from this major group amounted to RM77,788,000 (2020 : RM63,805,000).

### 32. Contractual commitments

#### Group

	2021 RM'000	2020 RM'000
Acquisition of property, plant and equipment	5,852	10,667

### 33. Financial guarantee contracts

#### Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to a subsidiary up to a total limit of RM59,195,000 (2020 : RM64,907,000). The total utilisation of these credit facilities as at 31 December 2021 amounted to RM42,668,000 (2020 : RM49,732,000). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be called at any time in the event of default by the subsidiary.

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.15. After considering that the probability of the subsidiary defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 34. Financial risk management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk and interest rate risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

#### Credit risk

The Group's exposure to credit risk arises mainly from receivables, derivative contracts and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to a subsidiary. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 33.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 11. As the Group only deals with reputable financial institutions, the credit risk associated with derivative contracts and deposits placed with them is low.

#### Liquidity risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

#### Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currency within the Group is Ringgit Malaysia ("RM"), whereas the major foreign currency transacted is US Dollar ("USD"). The gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

	<b>Group</b>	
	<b>Denominated in USD</b>	
	<b>2021</b>	2020
	<b>RM'000</b>	RM'000
Receivables	<b>185,564</b>	125,574
Cash and cash equivalents	<b>33,762</b>	37,513
Payables	<b>(46,138)</b>	(40,211)
Loans and borrowings	<b>(34,923)</b>	(40,635)
	<b>138,265</b>	82,241



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 34. Financial risk management (cont'd)

#### Currency risk (cont'd)

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	<b>Group</b>	
	<b>Increase/(Decrease) in profit</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Appreciation of USD against RM by 1% (2020 : 3%)	<b>1,451</b>	2,663
Depreciation of USD against RM by 1% (2020 : 3%)	<b>(1,451)</b>	(2,663)

#### Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits, loans and borrowings and lease liabilities.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:-

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Fixed rate instruments</b>		
Financial assets	<b>13,590</b>	13,212
Financial liabilities	<b>199</b>	219
<b>Floating rate instruments</b>		
Financial liabilities	<b>34,923</b>	40,635

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 34. Financial risk management (cont'd)

#### Interest rate risk (cont'd)

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity). For floating rate financial instruments measured at amortised cost, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in interest rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	<b>Group</b>	
	<b>Increase/(Decrease) in profit</b>	
	<b>2021</b>	2020
	<b>RM'000</b>	RM'000
Increase in interest rates by 0* (2020 : 40) basis point(s)	<b>0</b>	(159)
Decrease in interest rates by 0* (2020 : 40) basis point(s)	<b>0</b>	159

\* Using standard deviation to measure interest rate volatility for the past 12 months, the Group did not foresee any reasonably possible change in interest rate at the end of the reporting period.

### 35. Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divided by total equity as follows:-

	<b>Group</b>	
	<b>2021</b>	2020
	<b>RM'000</b>	RM'000
Loans and borrowings	<b>34,923</b>	40,635
Lease liabilities	<b>199</b>	219
Total interest-bearing debts	<b>35,122</b>	40,854
Total equity	<b>711,342</b>	569,007
Total capital	<b>746,464</b>	609,861
Debt-to-equity ratio	<b>5%</b>	7%

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

### 36. Significant event after the reporting period

In January 2022, the Company issued 472,283,000 bonus shares on the basis of 1 bonus share for every 1 existing ordinary share held.

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## LIST OF PROPERTIES

No.	Name of Registered Owner / Postal Address / Title Identification	Approximate Age of Building / Tenure	Description / Existing Use	Land Area / Built-up Area (Sq. Metre)	Carrying Amount as at 31 December 2021 RM'000	Year of Valuation / Acquisition
1.	<b>ViTrox Technologies Sdn. Bhd.</b> HSD 21704, Lot No. PT 5286, Mukim 12, Daerah Barat Daya, Pulau Pinang.	15 years / 60 years lease expiring on 26 December 2066	Factory for investment purposes	12,153 / 13,124	40,000	31 December 2021 (Date of Valuation)
	<u>Bearing Postal Address</u> No. 85A, Lintang Bayan Lepas 11, Bayan Lepas Industrial Park, Phase IV, 11900 Bayan Lepas, Penang.					
2.	<b>ViTrox Technologies Sdn. Bhd.</b> HSD 47985, Lot No. PT 5920, Mukim 13, Seberang Perai Selatan, Pulau Pinang.	4 years / 60 years lease expiring on 25 October 2075	ViTrox Campus 2.0	89,999 / 42,303	115,861	9 December 2014 (Date of Acquisition)
	<u>Bearing Postal Address</u> No. 746, Persiaran Cassia Selatan 3, Taman Perindustrian Batu Kawan, 14110 Bandar Cassia, Penang.					
3.	<b>ViTrox Technologies Sdn. Bhd.</b> Plot 323b and Plot 323c, Batu Kawan Industrial Park.	- / 60 years lease upon issuance of title	Vacant land	85,135 / -	48,329	31 May 2021 (Date of Acquisition)
4.	<b>ViTrox Technologies Sdn. Bhd.</b> PN 4040, Lot No. 14440, Mukim 12, Barat Daya, Pulau Pinang.	17 years / 99 years lease expiring on 6 January 2103	Shoplot for investment purposes	- / 96	300	31 December 2021 (Date of Valuation)
	<u>Bearing Postal Address</u> Level No. 04, Unit No. 20, Kristal Point II, Lebuh Bukit Kecil 6, 11900 Bayan Lepas, Penang.					
5.	<b>ViTrox Technologies Sdn. Bhd.</b> PN 4040, Lot No. 14440, Mukim 12, Barat Daya, Pulau Pinang.	17 years / 99 years lease expiring on 6 January 2103	Shoplot for investment purposes	- / 96	300	31 December 2021 (Date of Valuation)
	<u>Bearing Postal Address</u> Level No. 04, Unit No. 21, Kristal Point II, Lebuh Bukit Kecil 6, 11900 Bayan Lepas, Penang.					



# STATISTICS OF SHAREHOLDINGS

as at 31 MARCH 2022

## SHARE CAPITAL

Total number of issued shares	: 944,565,600
Class of Shares	: Ordinary Shares
Voting Rights	: One (1) voting right for one (1) Ordinary Share

## DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Holders	No. of Shares	%
1 – 99	47	655	0.00
100 – 1,000	2,193	1,231,462	0.13
1,001 – 10,000	1,812	6,556,082	0.70
10,001 – 100,000	642	22,046,224	2.33
100,001 – 47,228,279	294	396,333,193	41.96
47,228,280 and above	3	518,397,984	54.88
<b>Total</b>	<b>4,991</b>	<b>944,565,600</b>	<b>100.00</b>

## THIRTY LARGEST SECURITIES HOLDERS

No.	Name	Shareholdings	%
1	Chu Jenn Weng	250,000,000	26.47
2	Siaw Kok Tong	179,747,056	19.03
3	Yeoh Shih Hoong	88,650,928	9.39
4	Tan Booi Charn	28,983,000	3.07
5	CIMB Group Nominees (Tempatan) Sdn Bhd Qualifier: Exempt An For DBS Bank Ltd (SFS-PB)	18,200,000	1.93
6	Kumpulan Wang Persaraan (Diperbadankan)	16,394,400	1.74
7	Kiew Kwong Sen	13,059,400	1.38
8	Cheong Siew Chyuan	11,877,000	1.26
9	Affin Hwang Nominees (Asing) Sdn Bhd Qualifier: DBS Vickers Secs (S) Pte Ltd For Voyager Assets Limited	10,923,196	1.16
10	Wong Ting Lik	9,398,376	0.99
11	Chua Siew Kim	8,872,396	0.94
12	Citigroup Nominees (Asing) Sdn Bhd Qualifier: CBNY For Norges Bank (FI 17)	8,440,476	0.89
13	HSBC Nominees (Tempatan) Sdn Bhd Qualifier: Exempt An For Credit Suisse (HK BR-TST-TEMP)	8,000,000	0.85
14	Tan Hong Soon	8,000,000	0.85
15	Amanahraya Trustees Berhad Qualifier: Public Islamic Select Treasures Fund	7,364,400	0.78
16	Citigroup Nominees (Tempatan) Sdn Bhd Qualifier: Employees Provident Fund Board	6,713,400	0.71
17	Lim Yee @ Lim Wei Yee	5,791,800	0.61
18	Cartaban Nominees (Tempatan) Sdn Bhd Qualifier: PAMB For Prulink Equity Fund	5,581,600	0.59
19	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Qualifier: Deutsche Trustees Malaysia Berhad For Eastspring Investmentssmall-Cap Fund	5,073,800	0.54
20	Wee Kah Khim	4,952,400	0.52

# STATISTICS OF SHAREHOLDINGS

as at 31 MARCH 2022

## THIRTY LARGEST SECURITIES HOLDERS (cont'd)

No.	Name	Shareholdings	%
21	HSBC Nominees (Asing) Sdn Bhd Qualifier: JPMCB NA For Vanguard Emerging Markets Stock Index Fund	4,940,008	0.52
22	HSBC Nominees (Asing) Sdn Bhd Qualifier: TNTC For Barings Asean Frontiers Fund	4,756,400	0.50
23	Amanahraya Trustees Berhad Qualifier: Public Islamic Dividend Fund	4,473,600	0.47
24	HSBC Nominees (Asing) Sdn Bhd Qualifier: JPMCB NA For Vanguard Total International Stock Index Fund	4,380,800	0.46
25	Wong Yoke Fong @ Wong Nyok Fing	4,129,000	0.44
26	Su Sow Boay	4,124,754	0.44
27	Cartaban Nominees (Asing) Sdn Bhd Qualifier: Exempt An For State Street Bank & Trust Company (WEST CLT OD67)	4,115,200	0.44
28	HSBC Nominees (Asing) Sdn Bhd Qualifier: JPMCB NA For Pacific Assets Trust PLC	3,986,200	0.42
29	CIMSEC Nominees (Tempatan) Sdn Bhd Qualifier: CIMB For Chu Jenn Weng (PB)	3,956,668	0.42
30	Citigroup Nominees (Asing) Sdn Bhd Qualifier: Exempt An For Citibank New York (Norges Bank 14)	3,699,302	0.39

## SUBSTANTIAL SHAREHOLDERS

Name	Direct Shareholding	%	Indirect Shareholding	%
Chu Jenn Weng	253,956,668	26.89	-	-
Siaw Kok Tong	179,900,656	19.05	-	-
Yeoh Shih Hoong	88,650,928	9.39	8,000,000 <sup>^</sup>	0.85

## DIRECTORS' SHAREHOLDING

Name	Direct Shareholding	%	Indirect Shareholding	%
Chu Jenn Weng	253,956,668	26.89	2,456,396*	0.26
Siaw Kok Tong	179,900,656	19.05	-	-
Yeoh Shih Hoong	88,650,928	9.39	8,000,000 <sup>^</sup>	0.85
			724,192*	0.08
Dato' Seri Dr. Kiew Kwong Sen	13,059,400	1.38	8,872,396*	0.94
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	3,075,000	0.33	-	-
Chuah Poay Ngee	782,000	0.08	2,200*	Negligible
Mary Yeo Chew Yen	74,000	0.01	42,000*	Negligible

\* Deemed interest by virtue of shares held by family member (who is not director of the Company) under Section 59 of the Companies Act 2016.

<sup>^</sup> Registered in the name of HSBC Nominees (Tempatan) Sdn Bhd – Exempt an For Credit Suisse (HK BR-TST-TEMP), is the custodian bank of Credit Suisse Hong Kong Private Banking, of which Yeoh Shih Hoong 4,000,000 shares are currently safe-kept in.

# SHARE BUY-BACK STATEMENT

## 1. Disclaimer Statement

This Share Buy-back Statement ("Statement") is important and if you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement prior its issuance, and hence, takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of this Statement.

## 2. Rationale for the Proposed Renewal of Authority to ViTrox Corporation Berhad ("ViTrox" or "the Company") to Purchase its Own Ordinary Shares ("Shares") of up to 10% of its Total Number of Issued Shares at any Given Point in Time ("Proposed Renewal of Share Buy-Back Mandate")

The Proposed Renewal of Share Buy-Back Mandate, if implemented, will enable the Company to utilise its financial resources not immediately required for use, to purchase its own Shares. The Proposed Renewal of Share Buy-Back Mandate may enhance the EPS which may have a positive impact on the market price of the Shares. Other potential benefits of the Proposed Renewal of Share Buy-Back Mandate to the Company and its shareholder are as follows:-

- a. To allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors' confidence;
- b. To allow the Company flexibility in achieving the desired capital structure, in terms of the debt and equity composition, and the size of equity; and
- c. The Purchased Shares may be held as treasury shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain if the Purchased Shares are resold at price(s) higher than their purchase price(s).

As at 31 March 2022, the total number of issued shares of ViTrox was 944,565,600 Ordinary Shares and no treasury share was held by the Company.

Assuming the Employees' Share Option Scheme ("ESOS") of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares), which was approved by the shareholders of ViTrox at the Extraordinary General Meeting held on 27 February 2014, will be exercised in full, the maximum number of ViTrox Shares which may be purchased by the Company will be ten percent (10%) of the enlarged total number of issued shares of the Company, i.e. 103,428,546 ViTrox Shares. Please refer Section 7(a) of this Statement for further details.

## 3. Retained Profits

Based on the audited financial statements of ViTrox as at 31 December 2021, the retained profits of the Company stood at RM21.6 million. The maximum fund to be allocated by the Company for the purpose of Proposed Renewal of Share Buy-Back Mandate shall not exceed the retained profits of the Company.

## 4. Funding for the Proposed Renewal of Share Buy-Back Mandate

The Proposed Renewal of Share Buy-Back Mandate will be funded from internally generated funds. The Company has adequate resources to undertake the Proposed Renewal of Share Buy-Back Mandate as the Company has net cash and cash equivalent balance of approximately of RM46.9 million based on the audited financial statements of ViTrox as at 31 December 2021. The fund utilised by the Company for the Proposed Renewal of Share Buy-Back Mandate will reduce the resources available to ViTrox for its operations by a corresponding amount for shares bought back.

# SHARE BUY-BACK STATEMENT

## 5. Interests of Directors' and Major Shareholders' and Persons Connected with them

Save for the inadvertent increase in the percentage shareholdings and/or voting rights of the shareholders in the Company as a consequence of the Proposed Renewal of Share Buy-Back Mandate, none of the Directors and Major Shareholders of ViTrox nor persons connected with them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Mandate and, if any, the resale of treasury shares. Based on the Register of Directors and Register of Substantial Shareholders of ViTrox as at 31 March 2022 and assuming that ViTrox implements the Proposed Renewal of Share Buy-Back Mandate in full, the effects of the Proposed Renewal of Share Buy-Back Mandate on the shareholdings of the Directors, Substantial Shareholders and Person Connected with them of ViTrox are as follows:-

	As at 31 March 2022 <sup>(a)</sup>				After full exercise of ESOS and Proposed Renewal of Share Buy-Back Mandate <sup>(b)</sup>			
	Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %	Direct No. of Shares	Direct %	Indirect No. of Shares	Indirect %
<b>Directors and Substantial Shareholders</b>								
Chu Jenn Weng <sup>1</sup>	253,956,668	26.89	-	-	253,956,668	27.28	-	-
Siaw Kok Tong	179,900,656	19.05	-	-	179,900,656	19.33	-	-
Yeoh Shih Hoong <sup>2</sup>	88,650,928	9.39	8,000,000 <sup>5</sup>	0.85	88,650,928	9.52	8,000,000 <sup>5</sup>	0.86
<b>Directors</b>								
Dato' Seri Dr. Kiew Kwong Sen <sup>3</sup>	13,059,400	1.38	-	-	13,059,400	1.40	-	-
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani	3,075,000	0.33	-	-	3,075,000	0.33	-	-
Chuah Poay Ngee	782,000	0.08	-	-	782,000	0.08	-	-
Mary Yeo Chew Yen <sup>4</sup>	74,000	0.01	-	-	134,000 <sup>7</sup>	0.01	-	-
<b>Person Connected to Director/Substantial Shareholder</b>								
Su Pek Fuen <sup>1</sup>	2,456,396	0.26	-	-	2,456,396	0.26	-	-
Kam Su-Ning <sup>2</sup>	724,192	0.08	-	-	724,192	0.08	-	-
Chua Siew Kim <sup>3</sup>	8,872,396	0.94	-	-	8,872,396	0.95	-	-
Lo Chih Ming <sup>4</sup>	42,000	Negligible	-	-	42,000	0.01	-	-
HSBC Nominees (Tempatan) Sdn Bhd – Exempt an For Credit Suisse (HK BR-TST-TEMP) <sup>5</sup>	8,000,000	0.85	-	-	8,000,000	0.86	-	-
Nicole Choo Yi Hui <sup>6</sup>	2,200	Negligible	-	-	2,200	Negligible	-	-

Notes:-

<sup>(a)</sup> Based on the total number of issued shares of 944,565,600 Ordinary Shares.

<sup>(b)</sup> Based on the total number of issued shares of 930,856,914 Ordinary Shares after the full exercise of ESOS and Proposed Renewal of Share Buy-Back Mandate is carried out in full and all the shares purchased are held as treasury shares.

<sup>1,2,3,4</sup> Being spouse to the Director/Substantial Shareholder.

<sup>5</sup> HSBC Nominees (Tempatan) Sdn Bhd – Exempt an For Credit Suisse (HK BR-TST-TEMP), is the custodian bank of Credit Suisse Hong Kong Private Banking, of which Yeoh Shih Hoong 8,000,000 shares are currently safe-kept in.

<sup>6</sup> Daughter of Chuah Poay Ngee.

<sup>7</sup> Assuming full exercise of her 60,000 options granted on 14 March 2022.

## SHARE BUY-BACK STATEMENT

### 6. Potential Advantages and Disadvantages of the Proposed Renewal of Share Buy-Back Mandate

#### 6.1 Potential Advantages of the Proposed Renewal of Share Buy-Back Mandate

The Potential Advantages of the Proposed Renewal of Share Buy-Back Mandate are set out in Section 2 of this Statement.

#### 6.2 Potential Disadvantages of the Proposed Renewal of Share Buy-Back Mandate

- a. The Proposed Renewal of Share Buy-Back Mandate, if implemented, will reduce the financial resources of the Group and may result in the Group foregoing interest income and/or better investment opportunities that may emerge in the future; and
- b. As the Proposed Renewal of Share Buy-Back Mandate can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

Nevertheless, the Proposed Renewal of Share Buy-Back Mandate is not expected to have any potential material disadvantage to the shareholders of the Company as well as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company.

### 7. Material Financial Effects of the Proposed Renewal of Share Buy-Back Mandate

The material financial effects of the Proposed Renewal of Share Buy-Back Mandate on the share capital, consolidated Net Tangible Assets ("NTA"), working capital, earnings, dividends and the substantial shareholders' shareholdings in ViTrox (assuming that the Company purchases up to a maximum of 103,428,546 ViTrox Shares representing approximately ten percent (10%) of the enlarged total number of issued shares with the full exercised of ESOS) are set out below:-

#### a. Share Capital

The effect of the Proposed Renewal of Share Buy-Back Mandate on the share capital of the Company as at 31 March 2022 are illustrated as follows:-

	No. of Shares
Issued and fully paid-up share capital as at 31 March 2022	944,565,600
Shares to be issued pursuant to the ESOS (assuming full exercise of the ESOS of up to 10% of the issued and paid-up share capital and net of 4,736,700 shares already issued pursuant to the ESOS as at 31 March 2022)	89,719,860
Enlarged issued and paid-up share capital	1,034,285,460
Assumed the Shares purchased and cancelled	(103,428,546)
Resultant issued and paid-up capital	930,856,914

Notes:-

*No treasury share was held.*

If the Shares so purchased are retained as treasury shares, the total number of issued shares of the Company will not be reduced but the rights attaching to the treasury shares as to voting, dividends and participation in other distributions or otherwise will be suspended. While these Shares remain as treasury shares, the Companies Act 2016 prohibits the taking into account of such Shares in calculating the number of percentage of Shares for a purpose whatsoever including substantial shareholdings, takeovers, notices, requisitioning of meetings, quorum for meetings and the result of votes on resolutions.



## SHARE BUY-BACK STATEMENT

### 7. Material Financial Effects of the Proposed Renewal of Share Buy-Back Mandate (cont'd)

#### b. Earnings

The effects of the Proposed Renewal of Share Buy-Back Mandate on the earnings of the Group will depend on, inter alia, the purchase prices of the Shares, the number of Shares purchased, the effective funding cost to ViTrox to finance the purchase of Shares or any loss in interest income to the Group and the proposed treatment of the Purchased Shares.

Assuming the Purchased Shares are to be retained as treasury shares or cancelled subsequently, the number of Shares applied in the computation of the EPS will be reduced, and accordingly, all other things being equal, the Proposed Renewal of Share Buy-Back Mandate will have a positive impact on the EPS of the Group.

In the event the Purchased Shares are resold subsequently, depending on the price at which the said Shares are resold, the Proposed Renewal of Share Buy-Back Mandate may have a positive effect on the EPS of the Group if there is a gain on the disposal and vice versa.

#### c. NTA

The effect of the Proposed Renewal of Share Buy-Back Mandate on the consolidated NTA of the Group would depend on the purchase prices of the Shares, the number of Shares purchased and the effective funding cost to the Group to finance the purchase of Shares or any loss in interest income to the Group.

The Proposed Renewal of Share Buy-Back Mandate will reduce the consolidated NTA per Share of the Group if the purchase price exceeds the consolidated NTA per Share at the time of the purchase, and vice versa.

In the event the treasury shares are resold on Bursa Securities, the consolidated NTA per Share will increase if the Company realizes a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the consolidated NTA per Share will decrease by the cost of the treasury shares.

#### d. Working Capital

The Proposed Renewal of Share Buy-Back Mandate is likely to reduce the working capital and cash flow of the Group, the quantum of which will depend on the purchase prices of the Shares, the number of Shares purchased and any associated costs incurred in making the purchase.

For the Purchased Shares which are kept as treasury shares, upon their resale, the working capital and the cash flow of the Group will increase upon the receipt of the proceeds of the resale. The quantum of the increase in the working capital and cash flow will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

#### e. Substantial Shareholders

Shares bought back by the Company under the Proposed Renewal of Share Buy-Back Mandate that are retained as treasury shares will result in a proportionate increase in the percentage shareholdings of the Substantial Shareholders in the Company. Please refer to Section 5 of this Statement for further details.

#### f. Dividends

Assuming the Proposed Renewal of Share Buy-Back Mandate is implemented in full, dividends would be paid on the remaining total number of issued shares of ViTrox (excluding the Shares already purchased). The Proposed Renewal of Share Buy-Back Mandate may have an impact on the Company's dividend policy for the financial year ending 31 December 2022 as it would reduce the cash available which may otherwise be used for dividend payments. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

Any dividends to be declared by ViTrox in the future would depend on, inter-alia, the profitability and cashflow position of the Group.

## SHARE BUY-BACK STATEMENT

### 8. Implications of the Proposed Renewal of Share Buy-Back Mandate relating to the Rules on Take-overs, Merger and Compulsory Acquisitions (“the Rules”)

As it is not intended for the Proposed Renewal of Share Buy-Back Mandate to trigger the obligation to undertake a mandatory offer under the Rules by any of the Company’s shareholders and/or parties acting in concert with them, the Board of Directors (“Board”) will ensure that such number of Shares purchased, retained as treasury shares, cancelled or distributed pursuant to the Proposed Renewal of Share Buy-Back Mandate would not result in triggering any mandatory offer obligation on the part of its shareholders and/or parties acting in concert with them.

In this connection, the Board will be mindful of the Rules when making any purchase of the Shares pursuant to the Proposed Renewal of Share Buy-Back Mandate.

### 9. Purchases, Resold, Transfer and Cancellation made by the Company of its Own Shares in the Preceding 12 Months

There was no treasury share held and the Company had not purchased, resold, transferred or cancelled any shares in the preceding 12 months.

### 10. Public Shareholding Spread

As at 31 March 2022, the Record of Depositors of ViTrox showed that 380,014,564 Shares representing approximately 40.23% of the total number of issued shares were held by the public shareholders. In this regard, the Board undertakes that the Proposed Renewal of Share Buy-Back Mandate will be conducted to the extent that the public shareholding spread of ViTrox shall not fall below 25% of the issued and paid-up share capital of the Company (excluding treasury shares) at all times in accordance with the laws and regulations prevailing at the time of the purchase as stipulated in Paragraphs 8.02(1) and 12.14 of the Main Market Listing Requirements of Bursa Securities.

### 11. Proposed Intention of the Directors to Deal with the Shares so Purchased

The Proposed Renewal of Share Buy-Back Mandate, if exercised, the shares shall be dealt with in the following manner:-

- a. To cancel the shares so purchased; or
- b. To retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- c. To retain part of the shares so purchased as treasury shares and cancel the remainder.

### 12. Directors’ Statement

The Board, having taken into consideration the rationale for the Proposed Renewal of Share Buy-Back Mandate, is of the opinion that Proposed Renewal of Share Buy-Back Mandate is in the best interest of the Company.

### 13. Directors’ Recommendation

The Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Share Buy-Back Mandate to be tabled at the 18<sup>th</sup> AGM to give effect to the Proposed Renewal of Share Buy-Back Mandate.

# SHARE BUY-BACK STATEMENT

## 14. Historical Share Prices

The monthly highest and lowest market prices of ViTrox's Shares traded on Bursa Securities for the preceding twelve (12) months are as follows:-

	High RM	Low RM
<b>2021</b>		
April	8.34	7.50
May	8.07	7.10
June	7.85	7.10
July	9.95	7.27
August	10.39	9.25
September	10.60	9.25
October	10.33	9.64
November	10.48	9.66
December	11.15	9.58
<b>2022</b>		
January	10.00	7.62
February	8.36	7.29
March	8.46	5.90

Last transacted market price as at 12 April 2022 (being the latest practical date prior to the printing of this Statement) was RM7.58.

(Source: Bloomberg)

## 15. Responsibility Statement

This Statement has been seen and approved by the Directors and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

## 16. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of the Company at 57-G, Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang during normal office hours from Monday to Friday (except for public holidays) from the date of this Statement up to and including the date of the forthcoming AGM:-

- a. Constitution of ViTrox; and
- b. The audited consolidated financial statements of ViTrox for the past two (2) financial years ended 31 December 2020 and 2021 respectively.

## 17. Further Information

There is no other information concerning the Proposed Renewal of Share Buy-Back Mandate as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Share Buy-Back Mandate and the extent of the risks involved in doing so.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 18<sup>th</sup> Annual General Meeting ("18<sup>th</sup> AGM") of the Company will be held **on a virtual basis** at the Broadcast Venue: Auditorium of ViTrox Campus 2.0, 746, Persiaran Cassia Selatan 3, Batu Kawan Industrial Park, 14110 Bandar Cassia, Penang on Thursday, 19 May 2022 at 10.00 a.m. for the following purposes:-

## AGENDA

1. To receive the Audited Financial Statements for the year ended 31 December 2021 together with the reports of the Directors and Auditors thereon. *(Please refer to Note A)*
2. To declare a Final Dividend of 3.33 sen per share exempt from Income Tax for the year ended 31 December 2021. (Resolution 1)
3. To approve the payment of Directors' Fee of up to RM158,400 for the period from 1 June 2022 until the next Annual General Meeting ("AGM") of the Company. (Resolution 2)
4. To re-elect the following directors retiring under the respective provision of the Company's Constitution, and who being eligible, offered themselves for re-election:- *(Please refer to Note B)*
  - a) Siaw Kok Tong Paragraph 102 (Resolution 3)
  - b) Chuah Poay Ngee Paragraph 102 (Resolution 4)
5. To approve the benefits payable (excluding Directors' Fees) to the Non-Executive Directors up to an amount of RM141,000 from 1 June 2022 until the next AGM of the Company. (Resolution 5)
6. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 6)
7. AS SPECIAL BUSINESSES  
To consider and if thought fit, to pass the following resolutions:-

### ORDINARY RESOLUTIONS

- a) CONTINUE IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR(S)
  - i) "That authority be and is hereby given to Dato' Seri Dr. Kiew Kwong Sen to continue to serve as Independent Non-Executive Chairman of the Company." (Resolution 7)
  - ii) "That authority be and is hereby given to Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani to continue to serve as Independent Non-Executive Director of the Company." (Resolution 8)
  - iii) "That subject to the passing of Resolution 4, authority be and is hereby given to Chuah Poay Ngee to continue to serve as Independent Non-Executive Director of the Company." (Resolution 9)
- b) AUTHORITY TO ISSUE SHARES (Resolution 10)

"That pursuant to Companies Act 2016 and approvals from the Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant governmental/regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to issue and allot shares in the Company from time to time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Board of Directors may, in its absolute discretion, deem fit provided that the aggregate number of shares to be issued shall not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, and that the Board of Directors be empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities."

# NOTICE OF ANNUAL GENERAL MEETING

## c) RENEWAL OF AUTHORITY TO PURCHASE ITS OWN SHARES

(Resolution 11)

"That subject to the Companies Act 2016, provisions of the Company's Constitution and the requirements of the Bursa Securities and other relevant governmental and regulatory authorities where such authority shall be necessary, the Board of Directors be authorised to purchase its own shares through Bursa Securities, subject to the following:-

- i) The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares in the ordinary share capital of the Company at any point in time;
- ii) The maximum fund to be allocated by the Company for the purpose of purchasing the Company's shares shall not exceed the retained profits of the Company. As at the latest financial year ended 31 December 2021, the audited retained profits of the Company stood at RM21,576,824;
- iii) The authority conferred by this resolution will be effective immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next AGM of the Company, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed either unconditionally or subject to conditions or the expiration of the period within which the next AGM is required by law to be held or unless revoked or varied by ordinary resolution passed by the shareholders in a general meeting, whichever occurs first;
- iv) Upon completion of the purchase(s) of the shares by the Company, the shares shall be dealt with in the following manner:-
  - to cancel the shares so purchased; or
  - to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
  - to retain part of the shares so purchased as treasury shares and cancel the remainder.

The Directors of the Company be and are hereby authorised to take all such steps as are necessary and entering into all other agreements, arrangements and guarantees 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 from time to time to implement or to effect the purchase of its own shares in accordance with the Companies Act 2016, provisions of the Company's Constitution, the requirements of the Bursa Securities and any other regulatory authorities, and other relevant approvals."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

HOW WEE LING (MAICSA 7033850) / SSM PC No.: 202008000869  
OOI EAN HOON (MAICSA 7057078) / SSM PC No.: 202008000734  
Secretaries

Penang

Date : 20 April 2022



# NOTICE OF ANNUAL GENERAL MEETING

## Proxy

1. *No shareholders should be physically present at the Broadcast Venue as the 18<sup>th</sup> AGM of the Company will be conducted on a virtual basis through live streaming and online voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshsb.net.my>. Please refer to the Administrative Guide to members for the detailed steps on remote participation and electronic voting.*
2. *For the purpose of determining a member who shall be entitled to attend and vote at the 18<sup>th</sup> AGM, the Company shall be requesting the Record of Depositors as at 9 May 2022. Only a depositor whose name appears on the Record of Depositors as at 9 May 2022 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.*
3. *A member may appoint up to two (2) proxies in relation to the 18<sup>th</sup> AGM, provided that he specifies the proportion of his 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 under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.*
6. *The instrument appointing a proxy shall be deposited to SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my), not less than 48 hours before the time for holding the 18<sup>th</sup> AGM or any adjournment thereof i.e. by Tuesday, 17 May 2022 at 10.00 a.m. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshsb.net.my>.*

## **Explanatory Notes on Ordinary and Special Business:**

- A. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 and the Company's Constitution do not require a formal approval of the shareholders and hence, is not put forward for voting.
- B. The Board through the Nominating Committee had undertaken an annual assessment on the Directors. Mr. Siaw Kok Tong (Executive Director) and Ms. Chuah Poay Ngee (Independent Non-Executive Director) whom are seeking for re-election pursuant to Paragraph 102 of the Company's Constitution. Ms. Chuah has also provided her annual declaration/confirmation of independence.

The Board and the Nominating Committee are satisfied with their performance assessment i.e. meeting attendances, participated actively and contributed positively during deliberations or discussions at Board Meetings, competency and capability, understanding of their roles and responsibilities. Thus, the Board recommended that the approval of the shareholders be sought for the re-election of the said Directors at the 18<sup>th</sup> AGM. The information of the Directors' standing for re-election is set out in "Profile of Directors" of the Annual Report 2021.

- C. Dato' Seri Dr. Kiew Kwong Sen, Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani and Ms. Chuah Poay Ngee have served the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than twelve (12) years.

The Board had assessed the performance and independence of the aforesaid Directors and recommended that the approval of the shareholders be sought for the aforesaid Directors to continue to serve as the Independent Non-Executive Directors of the Company, based on the following justification:-

- i) had fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Securities;
- ii) had demonstrated throughout the terms of their office to be independent by exercising independent judgment when a matter is put before them for decision. Thus, they would be able to function as check and balance, provide broader view and brings an element of objectivity to the Board;
- iii) had participated actively and contributed positively during deliberations or discussions at Board Meetings.
- iv) had performed their duty diligently and in the best interest of the Company and provides a broader view, independent and balanced assessment of proposals from the Management.

# NOTICE OF ANNUAL GENERAL MEETING

## **Explanatory Notes on Ordinary and Special Business: (cont'd)**

- C. The proposed Resolutions 7, 8 and 9, if passed, enable Dato' Seri Dr. Kiew Kwong Sen, Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani and Ms. Chuah Poay Ngee to continue to act as Independent Non-Executive Directors of the Company. Otherwise, they will be re-designated as a Non-Independent Non-Executive Director and relinquish their position as an Independent Non-Executive Director of the Company upon the conclusion of the 18<sup>th</sup> AGM.
- D. The proposed Resolution No. 10, if passed, will grant a renewed general mandate ("Mandate 2022") and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM of the Company.

The Mandate 2022 will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the 17<sup>th</sup> AGM. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

- E. The proposed Resolution No. 11, if passed, will give the Directors of the Company authority to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority, unless revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next AGM.

## **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

### **1. Details of individuals who are standing for election as directors (excluding directors standing for a re-election)**

No individual is seeking election as a director at the 18<sup>th</sup> AGM of the Company.

### **2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

Details of the general mandate to issue securities in the Company pursuant to the Companies Act 2016 are set out in Explanatory Note (D) of the Notice of 18<sup>th</sup> AGM.

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that the Final Dividend of 3.33 sen per share exempt from Income Tax for the year ended 31 December 2021, if approved, will be paid on 15 July 2022 to depositors registered in the Records of Depositors on 30 June 2022:-

A Depositor shall qualify for entitlement to the Dividend in respect of:-

- a) securities transferred into the Depositor's Securities Account before 4.30 p.m. on 30 June 2022 in respect of transfers;
- b) securities deposited into the Depositor's Securities Account before 12.30 p.m. in respect of securities exempted from mandatory deposit; and
- c) securities bought on Bursa Malaysia Securities Berhad ("**Bursa Securities**") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board,

HOW WEE LING (MAICSA 7033850) / SSM PC No.: 202008000869  
OOI EAN HOON (MAICSA 7057078) / SSM PC No.: 202008000734  
Secretaries

Penang

Date : 20 April 2022

# PROXY FORM

No. of ordinary shares held		CDS Account No.	
Contact No.		Email Address	

\*I/We, \_\_\_\_\_ (NRIC/Passport No. \_\_\_\_\_)

of \_\_\_\_\_

being a Member of VITROX CORPORATION BERHAD hereby appoint (Please tick (✓) whichever is applicable):

☐ The following proxy(ies):-

Name	NRIC / Passport No.	Address	Proportions of my/our holdings to be represented (%)
(1)			
<b>AND * / OR FAILING HIM*,</b>			
(2)			
Total...			100.0%

In case of a vote by show of hands, Proxy 1\*/Proxy 2\* shall vote on our behalf.

**AND \* / OR FAILING HIM\*,**

☐ Chairman of the Meeting

as \*my/our proxy(ies), to vote for \*me/us on \*my/our behalf at the 18<sup>th</sup> Annual General Meeting ("18<sup>th</sup> AGM") of the Company to be held on a virtual basis at the Broadcast Venue: Auditorium of ViTrox Campus 2.0, 746, Persiaran Cassia Selatan 3, Batu Kawan Industrial Park, 14110 Bandar Cassia, Penang on Thursday, 19 May 2022 at 10.00 a.m. and at any adjournment thereof as indicated below:-

\* Strike out whichever is inapplicable

(Please indicate with an "X" in the spaces provided below on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)

Ordinary Resolutions		For	Against
1.	To declare a Final Dividend of 3.33 sen per share exempt from Income Tax for the year ended 31 December 2021.		
2.	To approve the payment of Directors' Fee of up to RM158,400 for the period from 1 June 2022 until the next Annual General Meeting ("AGM") of the Company.		
3.	To re-elect the following directors retiring under the respective provision of the Company's Constitution, and who being eligible, offered themselves for re-election:- Siaw Kok Tong Paragraph 102		
4.	Chuah Poay Ngee Paragraph 102		
5.	To approve the benefits payable (excluding Directors' Fees) to the Non-Executive Directors up to an amount of RM141,000 from 1 June 2022 until the next AGM of the Company.		
6.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
	<u>Special Business</u>		
7.	To authorise Dato' Seri Dr. Kiew Kwong Sen to continue to serve as Independent Non-Executive Chairman of the Company.		
8.	To authorise Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani to continue to serve as Independent Non-Executive Director of the Company.		
9.	To authorise Chuah Poay Ngee to continue to serve as Independent Non-Executive Director of the Company.		
10.	To approve the resolution pursuant to Authority to Issue Shares.		
11.	To approve the resolution pursuant to Renewal of Authority to Purchase its own Shares.		

Signed this on \_\_\_\_\_ day of \_\_\_\_\_, 2022.

Signature/Common Seal of Member: \_\_\_\_\_

## Proxy

- No shareholders should be physically present at the Broadcast Venue as the 18<sup>th</sup> AGM of the Company will be conducted on a virtual basis through live streaming and online voting using the remote participation and voting facilities hosted on Securities Services e-Portal at <https://sshsb.net.my/>. Please refer to the Administrative Guide to members for the detailed steps on remote participation and electronic voting.
- For the purpose of determining a member who shall be entitled to attend and vote at the 18<sup>th</sup> AGM, the Company shall be requesting the Record of Depositors as at 9 May 2022. Only a depositor whose name appears on the Record of Depositors as at 9 May 2022 shall be entitled to attend, speak and vote at the said meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.

- A member may appoint up to two (2) proxies in relation to the 18<sup>th</sup> AGM, provided that he specifies the proportion of his shareholdings to be represented by each proxy.
- 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.
- The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the corporation's seal or under the hand of two (2) authorised officers, one of whom shall be a director, or of its attorney duly authorised in writing.

- The instrument appointing a proxy shall be deposited to SS E Solutions Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted via fax at 03-2094 9940 and/or 03-2095 0292 or emailed to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my), not less than 48 hours before the time for holding the 18<sup>th</sup> AGM or any adjournment thereof i.e. by Tuesday, 17 May 2022 at 10.00 a.m. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://sshsb.net.my/>.



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**STAMP**

Share Registrar

**ViTrox Corporation Berhad**

Registration No. 200401011463 (649966-K)

Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights,  
50490 Kuala Lumpur, Wilayah Persekutuan.

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*1<sup>st</sup> fold along this line*



**ViTrox Corporation Berhad** 200401011463 (649966-K)

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