

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
CHEMBOND WATER TECHNOLOGIES (MALAYSIA) SDN. BHD.**
(201601005784 (1176710-X))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Chembond Water Technologies (Malaysia) Sdn. Bhd.**, which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 11 to 39.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matter

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

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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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, 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 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the 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.

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Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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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.



A. D. CHUN & CO.
AF: 0099
Chartered Accountants

Date: **06 MAY 2021**

Kuala Lumpur



CHUN CHIA KAI
03149/06/2021(J)
Chartered Accountant

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 RM	2020 RM
Assets			
Non-current assets			
Property, plant and equipment	5	2,863	-
Deferred tax assets	6	7,265	13,353
Total non-current assets		<u>10,128</u>	<u>13,353</u>
Current assets			
Inventories	7	180,531	-
Trade and other receivables	8	173,957	350,351
Cash equivalents	9	224,943	102,977
Total current assets		<u>579,431</u>	<u>453,328</u>
Total assets		<u><u>589,559</u></u>	<u><u>466,681</u></u>
Equity and liabilities			
Capital and reserves			
Contributed share capital	10	200,000	200,000
Retained profits	11	216,029	155,914
Total equity		<u>416,029</u>	<u>355,914</u>
Current liabilities			
Trade and other payables	12	156,025	81,415
Provision for taxation		17,505	29,352
Total liabilities		<u>173,530</u>	<u>110,767</u>
Total equity and liabilities		<u><u>589,559</u></u>	<u><u>466,681</u></u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	2021 RM	2020 RM
Continuing operations			
Revenue	13	780,686	946,820
Cost of sales		<u>(495,874)</u>	<u>(489,831)</u>
Gross profit		284,812	456,989
Other operating income		18,600	70
Administration expenses		(194,020)	(311,147)
Selling and distribution expenses		(6,486)	(10,057)
Other operating expenses		<u>(15,342)</u>	<u>(14,373)</u>
Profit before taxation	14	87,564	121,482
Income tax expense	15	<u>(27,449)</u>	<u>(36,816)</u>
Profit for the financial year		<u>60,115</u>	<u>84,666</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	<i>Attributable to Owners of the Company</i>		
	Contributed share capital RM	Retained profits RM	Total RM
As at 1 April 2019	200,000	71,248	271,248
Total comprehensive income for the financial year	-	84,666	84,666
As at 31 March 2020/1 April 2020	200,000	155,914	355,914
Total comprehensive income for the financial year	-	60,115	60,115
As at 31 March 2021	200,000	216,029	416,029

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	2021 RM	2020 RM
Cash flows from operating activities			
Profit before taxation		87,564	121,482
<i>Adjustment for:</i>			
Depreciation of property, plant and equipment		8,053	4,014
Interest income		-	(70)
Operating profit before working capital changes		95,617	125,426
Increase in inventories		(180,531)	-
Decrease/(Increase) in receivables		176,394	(241,416)
Increase in payables		74,610	45,393
Cash generated from/(used in) operations		166,090	(70,597)
Taxation paid		(33,208)	(21,457)
Interest received		-	70
Net cash generated from/(used in) operating activities		132,882	(91,984)
Cash flows from investing activities			
Purchase of property, plant and equipment		(10,916)	-
Net cash used in investing activities		(10,916)	-
Net increase/(decrease) in cash and cash equivalents		121,966	(91,484)
Cash and cash equivalents brought forward		102,977	194,961
Cash and cash equivalents carried forward	9	224,943	102,977

The accompanying notes are an integral part of these financial statements