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FINANCIAL REPORT

for the financial year ended
31 December 2019

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	<u>(9,034)</u>	<u>(1,497)</u>
Attributable to:-		
Owners of the Company	(8,697)	(1,497)
Non-controlling interests	<u>(337)</u>	<u>-</u>
	<u>(9,034)</u>	<u>(1,497)</u>

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2018 are as follows:-

	RM
<u>In respect of the financial year 31 December 2019</u>	
A preference dividend of 3.30 sen per RCPS	<u>990,000</u>

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary shares from the open market. The ordinary shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

As at 31 December 2019, the Company held as treasury shares a total of 3,092,000 of its 80,019,000 issued and fully paid-up ordinary shares. The treasury shares are held at carrying amount of RM1,842,807. The details on the treasury shares are disclosed in Note 19 to the financial statements.

DIRECTORS' REPORT *(Cont'd)*

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employee Share Option Scheme below.

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 12 May 2016. The ESOS is to be in force for a period of 5 years effective from 21 September 2016.

The details of the ESOS are disclosed in Note 20(c) to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, 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 allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the making of allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

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

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

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 44 to the financial statements. At the date of this report, there does not exist:-

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

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

DIRECTORS' REPORT *(Cont'd)*

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 of the Group and of the Company 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 of 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 and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Chan Choong Kong
Louis Lau Puong Kiet
Chew Hoy Ping
Sa'adon Bin Samadi
Tee Boon Hin

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Har Yeow Cheong
Ian Chan Tze Liang
Mok Wai Sum
Wong Yee Keh

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over unissued shares of the Company and its related corporations during the financial year are as follows:-

The Company	Number of Ordinary Shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
<i>Direct Interest</i>				
Louis Lau Puong Kiet	2,123,000	-	-	2,123,000
<i>Indirect Interests</i>				
Chan Choong Kong #	44,141,288	-	-	44,141,288
Louis Lau Puong Kiet ^	1,736,000	-	-	1,736,000

DIRECTORS' REPORT *(Cont'd)*

DIRECTORS' INTERESTS (Cont'd)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over unissued shares of the Company and its related corporations during the financial year are as follows (Cont'd):-

The Company	Number of RCPS			At 31.12.2019
	At 1.1.2019	Bought	Sold	
<i>Direct Interest</i>				
Chan Choong Kong	5,000,000	-	-	5,000,000
<i>Indirect Interest</i>				
Chan Choong Kong #	25,000,000	-	-	25,000,000

Deemed interested by virtue of his direct substantial shareholding in Pelita Niagamas Sdn. Bhd. and interest through his son's direct shareholding in the Company.

^ Deemed interested by virtue of his direct substantial shareholding in Townhouse Infinity Holdings Sdn. Bhd.

The Company	Number of Options under ESOS			At 31.12.2019
	At 1.1.2019	Granted	Exercised	
Chan Choong Kong	100,000	-	-	100,000
Louis Lau Puong Kiet	40,000	-	-	40,000

Holding Company	Number of Ordinary Shares			At 31.12.2019
	At 1.1.2019	Bought	Sold	
Pelita Niagamas Sdn. Bhd.				
Chan Choong Kong	999	1	-	1,000

By virtue of his substantial shareholding in the holding company, Chan Choong Kong is deemed to have interests in shares in the Company and its related corporations during the financial year to the extent of the holding company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares and options over unissued shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements, or the fixed salary of a full-time employee of the Company or related corporations) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 40(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements 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 other than the share options granted to certain directors pursuant to the ESOS of the Company.

DIRECTORS' REPORT *(Cont'd)*

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are disclosed in Note 39(a) to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

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

HOLDING COMPANY

The holding company is Pelita Niagamas Sdn. Bhd., a private company incorporated in Malaysia.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 34 to the financial statements.

Signed in accordance with a resolution of the directors dated 16 March 2020.

Chan Choong Kong

Louis Lau Puong Kiet

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **Chan Choong Kong** and **Louis Lau Puong Kiet**, being two of the directors of **Ge-Shen Corporation Berhad**, state that, in the opinion of the directors, the financial statements set out on pages 071 to 154 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 16 March 2020.

Chan Choong Kong

Louis Lau Puong Kiet

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Liew Hui Lee**, being the officer primarily responsible for the financial management of **Ge-Shen Corporation Berhad**, do solemnly and sincerely declare that the financial statements set out on pages 071 to 154 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 abovementioned
Liew Hui Lee
at Johor Bahru
in the State of Johor
on this 16 March 2020

Before me

Liew Hui Lee

Nur Amreeta Kaur Gubachen Singh
Commissioner for Oaths
No. J276

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GE-SHEN CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ge-Shen Corporation Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 071 to 154.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Goodwill Impairment Assessment Refer to Note 12 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
We focused on this area due to:- <ul style="list-style-type: none">The carrying value of RM31.195 million relating to goodwill on consolidation ("Goodwill") which arose from the acquisition of subsidiaries by the Group in previous financial years;The Group performs annual impairment review of Goodwill by estimating the recoverable amount of its cash-generating units ("CGU") relating to the Goodwill based on value in use ("VIU"). Estimating the VIU of the CGU includes estimating the future cash flows of the relevant CGU and discounting them at an appropriate rate; andDue to the significance of the Goodwill and the subjectivity involved in estimating the VIU, we considered this impairment review to be a Key Audit Matter.	Our procedures include obtaining the future cash flow estimates and the assumptions used by the management for the purpose of these estimates together with the calculations for deriving the VIU of the relevant CGU and:- <ul style="list-style-type: none">Evaluating the key assumptions applied such as revenue growth, gross profit margins, operating overheads and terminal value compared to those in the previous financial years; andAssessing whether the discount rate used to determine the present value of the future cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile comparable to those that the entity expects to derive.

INDEPENDENT AUDITORS' REPORT *(Cont'd)*

TO THE MEMBERS OF GE-SHEN CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT (Cont'd)

TO THE MEMBERS OF GE-SHEN CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary 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

Johor Bahru

16 March 2020

Wong Tak Mun
01793/09/2020 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	7	-	-	102,954	104,048
Investment in an associate	8	1,183	1,074	-	-
Property, plant and equipment	9	96,989	97,989	759	1,671
Prepaid lease payment	10	-	3,874	-	-
Right-of-use assets	11	29,645	-	1,296	-
Goodwill	12	31,195	31,195	-	-
		159,012	134,132	105,009	105,719
CURRENT ASSETS					
Inventories	13	29,820	22,023	-	-
Trade receivables	14	30,401	31,593	-	-
Other receivables, deposits and prepayments	15	3,161	5,380	354	115
Amount owing by subsidiaries	16	-	-	12,696	11,066
Current tax assets		2,386	2,676	38	16
Fixed deposits with licensed banks	17	3,371	3,032	-	-
Cash and bank balances		7,218	12,100	1,685	2,551
		76,357	76,804	14,773	13,748
TOTAL ASSETS		235,369	210,936	119,782	119,467

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

STATEMENTS OF FINANCIAL POSITION *(Cont'd)*

AS AT 31 DECEMBER 2019

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	18	45,643	45,643	45,643	45,643
Treasury shares	19	(1,843)	(1,843)	(1,843)	(1,843)
Reserves	20	49,567	58,084	50,504	51,755
Equity attributable to owners of the Company		93,367	101,884	94,304	95,555
Non-controlling interests		5,506	5,838	-	-
TOTAL EQUITY		98,873	107,722	94,304	95,555
NON-CURRENT LIABILITIES					
RCPS	21	-	1,195	-	1,195
Long-term borrowings	22	53,899	40,011	1,632	2,277
Deferred tax liabilities	23	2,573	3,555	37	58
		56,472	44,761	1,669	3,530
CURRENT LIABILITIES					
RCPS	21	277	-	277	-
Trade payables	24	24,748	19,375	-	-
Other payables and accruals	25	13,828	10,573	2,719	1,673
Amount owing to subsidiaries	26	-	-	13,601	14,106
Short-term borrowings	27	32,359	25,338	7,212	4,603
Bank overdrafts	31	8,812	3,167	-	-
		80,024	58,453	23,809	20,382
TOTAL LIABILITIES		136,496	103,214	25,478	23,912
TOTAL EQUITY AND LIABILITIES		235,369	210,936	119,782	119,467

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
REVENUE	32	158,987	202,346	5,195	11,786
OTHER INCOME		858	1,769	6	555
SHARE OF PROFIT OF EQUITY ACCOUNTED ASSOCIATE		92	158	-	-
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		1,364	259	-	-
RAW MATERIALS AND CONSUMABLES USED		(76,862)	(97,722)	-	-
EMPLOYEE BENEFITS	33	(46,535)	(50,521)	(3,198)	(2,593)
DEPRECIATION AND AMORTISATION		(10,599)	(9,460)	(480)	(318)
OTHER OPERATING EXPENSES		(32,281)	(35,070)	(2,428)	(2,956)
FINANCE COSTS		(4,923)	(4,226)	(634)	(481)
(LOSS)/PROFIT BEFORE TAXATION	34	(9,899)	7,533	(1,539)	5,993
TAX INCOME/(EXPENSE)	35	865	(3,018)	42	(31)
(LOSS)/PROFIT AFTER TAXATION		(9,034)	4,515	(1,497)	5,962
OTHER COMPREHENSIVE EXPENSE					
<u>Items that Will be Reclassified Subsequently to Profit or Loss</u>					
Foreign currency translation differences		(68)	(149)	-	-
Share of other comprehensive income of equity accounted associate		17	17	-	-
		(51)	(132)	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(9,085)	4,383	(1,497)	5,962

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		(8,697)	4,501	(1,497)	5,962
Non-controlling interests		(337)	14	-	-
		(9,034)	4,515	(1,497)	5,962
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(8,748)	4,369	(1,497)	5,962
Non-controlling interests		(337)	14	-	-
		(9,085)	4,383	(1,497)	5,962
(LOSS)/EARNING PER SHARE (SEN)					
Basic	36	(12.59)	4.56		
Diluted	36	(8.07)	4.34		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Non-Distributable				Distributable		Total Equity RM'000		
	Share Capital (Note 18) RM'000	Treasury Shares (Note 19) RM'000	Foreign Exchange Translation Reserve (Note 20(a)) RM'000	RCPS (Note 20(b)) RM'000	Employee Share Option Reserve (Note 20(c)) RM'000	Retained Profits RM'000		Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000
The Group									
Balance at 1.1.2019	45,643	(1,843)	2,038	13,738	2,204	40,104	101,884	5,838	107,722
Initial application of MFRS 16	-	-	-	-	-	(10)	(10)	-	(10)
Balance at 1.1.2019 (restated)	45,643	(1,843)	2,038	13,738	2,204	40,094	101,874	5,838	107,712
Loss after taxation for the financial year	-	-	-	-	-	(8,697)	(8,697)	(337)	(9,034)
Other comprehensive income for the financial year	-	-	(68)	-	-	-	(68)	-	(68)
- Foreign currency translation differences	-	-	(68)	-	-	-	(68)	-	(68)
- Share of other comprehensive income of an equity accounted associate	-	-	12	-	-	-	12	5	17
Total comprehensive expenses for the financial year	-	-	(56)	-	-	(8,697)	(8,753)	(332)	(9,085)
Contributions by and distributions to owners of the Company:									
- Share options to employees	-	-	-	-	246	-	246	-	246
Balance at 31.12.2019	45,643	(1,843)	1,982	13,738	2,450	31,397	93,367	5,506	98,873

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

STATEMENTS OF CHANGES IN EQUITY *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Non-Distributable			Distributable			Total Equity RM'000		
	Share Capital (Note 18) RM'000	Treasury Shares (Note 19) RM'000	Foreign Exchange Translation Reserve (Note 20(a)) RM'000	RCPS (Note 20(b)) RM'000	Employee Share Option Reserve (Note 20(c)) RM'000	Retained Profits RM'000		Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000
The Group									
Balance at 1.1.2018	45,643	(1,843)	2,175	13,738	1,464	35,603	96,780	5,819	102,599
Profit after taxation for the financial year	-	-	-	-	-	4,501	4,501	14	4,515
Other comprehensive income for the financial year	-	-	(149)	-	-	-	(149)	-	(149)
- Foreign currency translation differences	-	-	(149)	-	-	-	(149)	-	(149)
- Share of other comprehensive income of an equity accounted associate	-	-	12	-	-	-	12	5	17
Total comprehensive income for the financial year	-	-	(137)	-	-	4,501	4,364	19	4,383
Contributions by and distributions to owners of the Company:									
- Share options to employees	-	-	-	-	740	-	740	-	740
Balance at 31.12.2018	45,643	(1,843)	2,038	13,738	2,204	40,104	101,884	5,838	107,722

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

STATEMENTS OF CHANGES IN EQUITY *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The Company	Share Capital (Note 18) RM'000	Treasury Shares (Note 19) RM'000	RCPS (Note 20(b)) RM'000	Employee Share Option Reserve (Note 20(c)) RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1.1.2018	45,643	(1,843)	13,738	1,464	29,851	88,853
Profit after taxation/Total comprehensive income for the financial year	-	-	-	-	5,962	5,962
Contributions by and distribution to owners of the Company: - Share options to employees	-	-	-	740	-	740
Balance at 31.12.2018/1.1.2019	45,643	(1,843)	13,738	2,204	35,813	95,555
Loss after taxation/Total comprehensive expenses for the financial year	-	-	-	-	(1,497)	(1,497)
Contributions by and distribution to owners of the Company: - Share options to employees	-	-	-	246	-	246
Balance at 31.12.2019	45,643	(1,843)	13,738	2,450	34,316	94,304

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	The Group		The Company		
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(9,899)	7,533	(1,539)	5,993
Adjustments for:-					
Amortisation of prepaid lease payment		-	114	-	-
Bad debts written off		-	-	46	-
Depreciation of property, plant and equipment		7,379	9,346	134	318
Depreciation of right-of-use assets		3,220	-	346	-
Impairment loss on investment in a subsidiary		-	-	1,310	2,055
Interest expense on lease liabilities		826	-	68	-
Other interest expense		4,097	4,226	566	481
Inventories written down		459	609	-	-
Loss/(Gain) on foreign exchange - unrealised		124	(1,064)	92	(550)
Property, plant and equipment written off		-	408	-	8
Share options to employees		246	740	30	91
Gain on disposal of property, plant and equipment		(82)	(6)	-	-
Gain on disposal of right-of-use assets		(91)	-	-	-
Interest income		(98)	(101)	(5)	(5)
Reversal of inventories previously written down		-	(93)	-	-
Share of net profit of equity accounted associate		(92)	(158)	-	-
Operating profit before working capital changes		6,089	21,554	1,048	8,391
(Increase)/Decrease in inventories		(8,256)	2,582	-	-
Decrease/(Increase) in trade and other receivables		3,530	20,019	(16)	(22)
Decrease/(Increase) in amount owing by subsidiaries		-	-	915	(730)
Increase/(Decrease) in trade and other payables		7,368	(14,894)	59	(376)
CASH FROM OPERATIONS		8,731	29,261	2,006	7,263
Income tax paid		(2,269)	(5,426)	(1)	-
Income tax refunded		2,445	158	-	158
NET CASH FROM OPERATING ACTIVITIES		8,907	23,993	2,005	7,421

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

STATEMENTS OF CASH FLOWS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FOR INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(2,378)	(9,325)
Deposit paid for purchase of property, plant and equipment		(224)	-	(224)	-
Increase in pledged fixed deposits with licensed banks		(307)	(90)	-	-
Increase in fixed deposits with maturity period of more than 3 months		(25)	(22)	-	-
Interest received		98	101	5	5
Proceeds from disposal of property, plant and equipment		103	545	-	-
Proceeds from disposal of right-of-use assets		164	-	-	-
Purchase of property, plant and equipment	37(a)	(8,956)	(10,907)	(103)	(94)
Purchase of right-of-use assets	37(b)	(147)	-	-	-
Recharge for share options granted to employees of subsidiaries		-	-	-	30
NET CASH FOR INVESTING ACTIVITIES		(9,294)	(10,373)	(2,700)	(9,384)

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

STATEMENTS OF CASH FLOWS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	The Group		The Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
(Repayment to)/Advances from subsidiaries		-	-	(505)	2,969
Dividends paid to RCPS holders		-	(495)	-	(495)
Drawdown of term loans	37(c)	5,604	6,597	-	-
Interest paid	37(c)	(4,851)	(4,088)	(562)	(343)
Net drawdown of revolving credit	37(c)	2,322	1,823	2,580	3,342
Net drawdown/(repayment) of bankers' acceptance	37(c)	223	(1,528)	-	-
Net drawdown/(repayment) of multi currency trade loan	37(c)	2,572	(692)	-	-
Repayment of hire purchase obligations	37(c)	-	(4,484)	-	(264)
Repayment of lease liabilities	37(c)	(4,984)	-	(384)	-
Repayment of loan from associate	37(c)	-	(56)	-	-
Repayment of term loans	37(c)	(11,177)	(9,948)	(977)	(897)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(10,291)	(12,871)	152	4,312
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(10,678)	749	(543)	2,349
EFFECT OF FOREIGN EXCHANGE TRANSLATION		151	(352)	(323)	13
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		8,933	8,536	2,551	189
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(e)	(1,594)	8,933	1,685	2,551

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office: Level 7, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

Principal place of business: Unit No. 13-05 & 13-07
Menara MBR
No. 1, Jalan Syed Putra Utara
58000 Kuala Lumpur

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 16 March 2020.

2. HOLDING COMPANY

The holding company is Pelita Niagamas Sdn. Bhd., a private company incorporated in Malaysia.

3. ULTIMATE CONTROLLING PARTY

The ultimate controlling party of the Group is Mr. Chan Choong Kong who is the controlling shareholder of the holding company.

4. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

5. BASIS OF PREPARATION

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

5.1 During the current financial year, the Group and the Company have adopted the following new applicable accounting standards and/or interpretation (including the consequential amendments, if any):-

MFRSs and/or IC Interpretation (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Annual Improvements to MFRS Standards 2015 – 2017 Cycles

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

5. BASIS OF PREPARATION (Cont'd)

- 5.1 During the current financial year, the Group and the Company have adopted the following new applicable accounting standards and/or interpretation (including the consequential amendments, if any) (Cont'd):-

The adoption of the above accounting standards and/or interpretation (including the consequential amendments, if any) did not have any material impact on the Group's and the Company's financial statements except as follows:-

MFRS 16: Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 46 to the financial statements.

- 5.2 The Group and the Company have not applied in advance the following applicable accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standards (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

6. SIGNIFICANT ACCOUNTING POLICIES

- 6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(c) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(e) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements.

6.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.2 BASIS OF CONSOLIDATION (Cont'd)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

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. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

6.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.3 GOODWILL (Cont'd)

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

6.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

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

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.5 FINANCIAL INSTRUMENTS (Cont'd)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.5 FINANCIAL INSTRUMENTS (Cont'd)

(c) Equity Instruments (Cont'd)

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Redeemable Convertible Preference Shares ("RCPS")

The RCPS are regarded as compound financial instruments, consisting of a liability component and an equity component.

The proceeds from the issuance of the RCPS are first allocated to the liability component, determined based on the fair value of a similar liability that does not have a conversion feature or similar associated equity component. The residual amount is allocated as the equity component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component is measured at amortised cost using the effective interest method. The equity component is not remeasured subsequent to the initial recognition.

Interest and losses and gains relating to the financial liability are recognised in profit or loss. On conversion, the financial liability is reclassified to equity; no gain or loss is recognised on conversion.

When the preference shares are not redeemed from proceeds of an issuance of new shares, a sum equal to the amount redeemed shall be transferred from retained profits to share capital.

(e) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries including the capitalisation of inter-company loans at inception date and the share options granted to employees of the subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

6.7 INVESTMENT IN AN ASSOCIATE

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 December 2019. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

6.8 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.8 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Not applicable (2018 - Over the remaining lease period)
Buildings	2% - 2.56%
Motor vehicles	20%
Equipment, furniture and fittings	10% - 20%
Plant and machinery	10%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

6.9 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment and prepaid lease payment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.9 LEASES (Cont'd)

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied Until 31 December 2018

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment.

(b) Operating Leases

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group and of the Company.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

The lump sum upfront lease payment made in respect of leasehold land which in substance is an operating lease is classified as prepaid lease payment. The prepaid lease payment is stated at cost less accumulated amortisation. The amortisation is charged to profit or loss in equal instalments over the lease period.

6.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Raw material cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

6.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances and fixed deposits with licensed banks with maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.12 IMPAIRMENT

(a) Impairment of Financial Assets

The Group shall recognise a loss allowance for expected credit losses on financial assets that are measured at amortised cost or at fair value through other comprehensive income.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on Malaysia's average cumulative default rate and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

6.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

6.15 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.15 INCOME TAXES (Cont'd)

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

6.16 CONTINGENT LIABILITIES

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

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

6.17 OPERATING SEGMENTS

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

6.18 EARNINGS PER ORDINARY SHARE

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible preference shares and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.19 BORROWING COSTS

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

6.20 FAIR VALUE MEASUREMENTS

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

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

6.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

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

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

6. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

6.22 OTHER OPERATING INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(c) Management Fee

Management fee is recognised on an accrual basis.

(d) Lease Income

Lease income is accounted for on a straight-line method over the lease term.

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NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost		
At 1 January	109,772	102,326
Add: capitalisation of debts owing by a subsidiary	-	6,827
Add: share options granted to employees of subsidiaries	216	619
At 31 December	109,988	109,772
Accumulated impairment losses:-		
At 1 January	(5,724)	(3,669)
Add: impairment during the financial year (Note 34)	(1,310)	(2,055)
At 31 December	(7,034)	(5,724)
	102,954	104,048

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	
<i>Subsidiaries of the Company</i>				
Ge-Shen Plastic (M) Sdn. Bhd.	Malaysia	100	100	Manufacture and trading all of kinds of plastic moulded products and any type of components, tools and die, any related products and assembly services
Ezec Technology (M) Sdn. Bhd.	Malaysia	100	100	Dormant
GS Lapis Labs Sdn. Bhd.	Malaysia	100	100	Dormant
Ge-Shen (Vietnam) Co., Ltd. ^	Vietnam	100	100	Manufacture of plastic moulded products and components
Polyplas Sdn. Bhd.	Malaysia	100	100	Manufacture and trading all of kinds of plastic moulded products and any type of components, tools and die, any related products and assembly services

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

The details of the subsidiaries are as follows (Cont'd):-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	

Subsidiaries of the Company (Cont'd)

Demand Options Sdn. Bhd.	Malaysia	70	70	Metal stamping, tool and die fabrication, prototyping and production by laser technology, assembly, spray painting and secondary process
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Subsidiary of Polyplas Sdn. Bhd.

Polyplas Medical Sdn. Bhd.	Malaysia	100	100	Dormant
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^ This subsidiary was audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	2019 %	2018 %	The Group	
			2019 RM'000	2018 RM'000
Demand Options Sdn. Bhd.	30	30	<u>5,506</u>	<u>5,838</u>

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NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (b) The summarised financial information (before intra-group elimination) for a subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Demand Options Sdn. Bhd.	
	2019	2018
	RM'000	RM'000
<u>At 31 December</u>		
Non-current assets	32,079	21,925
Current assets	23,542	21,687
Non-current liabilities	(18,132)	(11,357)
Current liabilities	(19,224)	(12,828)
	<hr/>	<hr/>
Net assets	18,265	19,427
	<hr/>	<hr/>
<u>Financial Year Ended 31 December</u>		
Revenue	46,263	46,561
Loss after taxation	(1,213)	(110)
Total comprehensive expenses	(1,213)	(110)
	<hr/>	<hr/>
Total comprehensive expenses attributable to non-controlling interests	(364)	(33)
	<hr/>	<hr/>
Net cash flows from operating activities	866	5,137
Net cash flows for investing activities	(2,255)	(912)
Net cash flows for financing activities	(1,092)	(2,466)
	<hr/>	<hr/>

8. INVESTMENT IN AN ASSOCIATE

	The Group	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	867	867
Share of post acquisition profits, net of tax	234	142
Share of post acquisition other comprehensive income		
- foreign currency translation differences	82	65
	<hr/>	<hr/>
	1,183	1,074
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

8. INVESTMENT IN AN ASSOCIATE (Cont'd)

The details of the associate are as follows:-

Name of Associate	Principal Place of Business	Effective Equity Interest		Principal Activity
		2019 %	2018 %	

Associate of Demand Options Sdn. Bhd.:

DOSB Technology Pte. Ltd. ^	Singapore	28	28	Manufacture of metal precision components
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^ Not required to be audited under the laws of the country of incorporation.

- (a) The Group recognised its share of results in DOSB Technology Pte. Ltd. based on the unaudited financial statements for the financial year ended 31 December 2019 (2018 – 31 December 2018).
- (b) Summarised financial information has not been presented as the associate is not material to the Group.

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT

The Group	1.1.2019		As Restated RM'000	As RM'000	Additions (Note 37(a)) RM'000	Disposals RM'000	Exchange Differences RM'000	Depreciation Charges (Note 34) RM'000	Reclassification RM'000	At 31.12.2019 RM'000
	As Previously Reported RM'000	Initial Application of MFRS 16 RM'000								
2019										
<i>Carrying Amount</i>										
Freehold land	15,786	-	15,786	7,828	-	-	-	-	-	23,614
Leasehold land	5,676	(5,676)	-	-	-	-	-	-	-	-
Buildings	31,016	-	31,016	6,379	-	(97)	(901)	45	36,442	
Motor vehicles	1,276	(1,165)	111	-	-	(1)	(38)	-	72	
Equipment, furniture and fittings	7,433	(961)	6,472	1,834	(1)	(6)	(1,409)	659	7,549	
Plant and machinery	36,665	(11,355)	25,310	8,872	(20)	(127)	(5,031)	-	29,004	
Assets under construction	137	-	137	878	-	(3)	-	(704)	308	
	97,989	(19,157)	78,832	25,791	(21)	(234)	(7,379)	-	96,989	

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group	At 1.1.2018 RM'000	Additions (Note 37(a)) RM'000	Disposals RM'000	Written Off (Note 34) RM'000	Exchange Differences RM'000	Depreciation Charges (Note 34) RM'000	Reclassification RM'000	At 31.12.2018 RM'000
2018								
<i>Carrying Amount</i>								
Freehold land	14,036	1,750	-	-	-	-	-	15,786
Leasehold land	2,890	2,814	-	-	-	(28)	-	5,676
Buildings	23,423	2,149	-	-	212	(758)	5,990	31,016
Motor vehicles	1,336	562	(139)	-	2	(485)	-	1,276
Equipment, furniture and fittings	7,652	1,337	(1)	(122)	15	(1,448)	-	7,433
Plant and machinery	35,168	8,540	(399)	(286)	269	(6,627)	-	36,665
Assets under construction	6,025	137	-	-	(35)	-	(5,990)	137
	90,530	17,289	(539)	(408)	463	(9,346)	-	97,989

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2019			
Freehold land	23,614	-	23,614
Buildings	40,927	(4,485)	36,442
Motor vehicles	2,909	(2,837)	72
Equipment, furniture and fittings	21,889	(14,340)	7,549
Plant and machinery	113,869	(84,865)	29,004
Assets under construction	308	-	308
	<u>203,516</u>	<u>(106,527)</u>	<u>96,989</u>
2018			
Freehold land	15,786	-	15,786
Leasehold land	5,814	(138)	5,676
Buildings	34,606	(3,590)	31,016
Motor vehicles	4,973	(3,697)	1,276
Equipment, furniture and fittings	20,769	(13,336)	7,433
Plant and machinery	120,069	(83,404)	36,665
Assets under construction	137	-	137
	<u>202,154</u>	<u>(104,165)</u>	<u>97,989</u>

The Company	1.1.2019		As Restated RM'000	Additions (Note 37(a)) RM'000	Depreciation Charges (Note 34) RM'000	At 31.12.2019 RM'000
	As Previously Reported RM'000	Initial Application of MFRS 16 RM'000				
2019						
<i>Carrying Amount</i>						
Motor vehicle	114	(114)	-	-	-	-
Equipment, furniture and fittings	1,439	(767)	672	-	(118)	554
Plant and machinery	118	-	118	19	(16)	121
Asset under construction	-	-	-	84	-	84
	<u>1,671</u>	<u>(881)</u>	<u>790</u>	<u>103</u>	<u>(134)</u>	<u>759</u>

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The Company	At 1.1.2018 RM'000	Additions (Note 37(a)) RM'000	Written Off (Note 34) RM'000	Depreciation Charges (Note 34) RM'000	At 31.12.2018 RM'000
2018					
<i>Carrying Amount</i>					
Motor vehicle	-	127	-	(13)	114
Equipment, furniture and fittings	1,346	390	(8)	(289)	1,439
Plant and machinery	134	-	-	(16)	118
	1,480	517	(8)	(318)	1,671

The Company	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2019			
Equipment, furniture and fittings	954	(400)	554
Plant and machinery	178	(57)	121
Asset under construction	84	-	84
	1,216	(457)	759
2018			
Motor vehicle	127	(13)	114
Equipment, furniture and fittings	2,029	(590)	1,439
Plant and machinery	159	(41)	118
	2,315	(644)	1,671

- (a) In the previous financial year, included in the carrying amount of the property, plant and equipment of the Group and of the Company were the following assets acquired under hire purchase terms:-

	The Group 2018 RM'000	The Company 2018 RM'000
Motor vehicles	1,165	114
Equipment, furniture and fittings	961	767
Plant and machinery	11,355	-
	13,481	881

These leased assets had been pledged as security for the hire purchase payables of the Group and of the Company as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (b) The following assets at carrying amount have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 27, 30 and 31 to the financial statements:-

	The Group	
	2019 RM'000	2018 RM'000
Freehold land	23,516	15,786
Leasehold land	-	5,676
Buildings	36,238	31,016
Plant and machinery	1,820	2,154
	61,574	54,632

10. PREPAID LEASE PAYMENT

The Group	← 1.1.2019 →		As Restated RM'000	Exchange Differences RM'000	Amortisation Charges (Note 34) RM'000	At 31.12.2019 RM'000
	As Previously Reported RM'000	Initial Application of MFRS 16 RM'000				

2019

Carrying Amount

Leasehold land	3,874	(3,874)	-	-	-	-
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The Group	At 1.1.2018 RM'000	Exchange Differences RM'000	Amortisation Charges (Note 34) RM'000	At 31.12.2018 RM'000
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2018

Carrying Amount

Leasehold land	3,918	70	(114)	3,874
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- (a) The prepaid lease payment has been represented as right-of-use assets as shown in Note 11 to the financial statement following the application of MFRS 16 by the Group using the modified retrospective approach.
- (b) In the previous financial year, the leasehold land had been pledged to a licensed bank as security for banking facilities granted to a subsidiary as disclosed in Note 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. RIGHT-OF-USE ASSETS

The Group	1.1.2019		As Restated RM'000	As Restated RM'000	Additions (Note 37(b)) RM'000	Disposals RM'000	Exchange Differences RM'000	Depreciation Charges (Note 34) RM'000	At 31.12.2019 RM'000
	As Previously Reported RM'000	Initial Application of MFRS 16 RM'000							
2019									
<i>Carrying Amount</i>									
Leasehold land	-	9,550	9,550	-	-	(41)	(145)	9,364	
Office spaces and warehouse cum factory building	-	1,284	1,284	761	-	-	(603)	1,442	
Motor vehicles	-	1,165	1,165	-	(73)	-	(332)	760	
Equipment, furniture and fittings	-	961	961	-	-	-	(269)	692	
Plant and machinery	-	11,355	11,355	7,903	-	-	(1,871)	17,387	
	-	24,315	24,315	8,664	(73)	(41)	(3,220)	29,645	

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. RIGHT-OF-USE ASSETS (Cont'd)

The Company	← 1.1.2019 →		As Restated RM'000	Additions (Note 37(b)) RM'000	Depreciation Charges (Note 34) RM'000	At 31.12.2019 RM'000
	As Previously Reported RM'000	Initial Application of MFRS 16 RM'000				
2019						
<i>Carrying Amount</i>						
Office spaces	-	-	-	761	(106)	655
Motor vehicles	-	114	114	-	(25)	89
Equipment, furniture fittings	-	767	767	-	(215)	552
	-	881	881	761	(346)	1,296

	The Group 2019 RM'000	The Company 2019 RM'000
Analysed by:-		
Cost	36,926	1,963
Accumulated depreciation	(7,281)	(667)
	29,645	1,296

The comparative information is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

(a) The Group leases leasehold land, office spaces and warehouse cum factory building, motor vehicles, equipment, furniture and fittings and plant and machinery of which the leasing activities are summarised below:-

- (i) Leasehold land The Group has entered into 3 non-cancellable operating lease agreements for the use of land. The leases are for a period of 35, 38 and 60 years respectively, with no renewal or purchase option included in the agreements.

- (ii) Office spaces and warehouse cum factory building The Group has leased an office and a warehouse cum factory building for 3 years, with an option to renew the lease after that date.

- (iii) Motor vehicles, equipment, furniture and fittings, plant and machinery The Group and the Company have leased certain motor vehicles, equipment, furniture and fittings, plant and machinery under hire purchase arrangements with lease terms ranging from 1 to 7 years and 1 to 5 years respectively. The leases of the Group and of the Company bear effective interest rates ranging from 4.51% to 7.34% and 4.65% to 7.34% respectively and are secured by the leased assets.

(b) The leasehold land has been pledged to licensed banks as security for banking facilities granted to subsidiaries of the Group as disclosed in Notes 27, 30 and 31 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. GOODWILL

	The Group	
	2019 RM'000	2018 RM'000
Cost:-		
At 1 January/31 December	<u>31,195</u>	<u>31,195</u>

12.1 The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2019 RM'000	2018 RM'000
Polyplas Sdn. Bhd.	28,726	28,726
Demand Options Sdn. Bhd.	<u>2,469</u>	<u>2,469</u>
	<u>31,195</u>	<u>31,195</u>

12.2 The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Revenue Growth Rate		Discount Rate	
	2019	2018	2019	2018
Polyplas Sdn. Bhd.	51.8%	6.0%	7.8%	9.0%
Demand Options Sdn. Bhd.	<u>9.6%</u>	<u>5.0%</u>	<u>7.8%</u>	<u>9.0%</u>

(a) Polyplas Sdn. Bhd.

- (i) Revenue growth rate Based on expected sales growth to customers.
- (ii) Discount rate (pre-tax) Reflects risks relating to the relevant cash-generating unit.

(b) Demand Options Sdn. Bhd.

- (i) Revenue growth rate Based on expected sales growth to customers.
- (ii) Discount rate (pre-tax) Reflects risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

12.3 The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flow projections are based on 5 years of financial budgets approved by management. Cash flows beyond the 5th year are extrapolated to 50 years using a terminal growth rate of 0%.

12.4 The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. INVENTORIES

	The Group	
	2019 RM'000	2018 RM'000
Raw materials	13,014	9,772
Work-in-progress	4,757	4,366
Finished goods	7,070	6,097
Toolings	3,333	1,190
Tools and supplies	549	598
Goods-in-transit	1,097	-
	<u>29,820</u>	<u>22,023</u>
Recognised in profit or loss:-		
Inventories recognised as cost of sales	138,052	167,582
Inventories written down (Note 34)	459	609
Reversal of inventories previously written down (Note 34)	-	(93)

The reversal of write-down in the previous financial year was in respect of the utilisation of raw material and work-in-progress inventories, and the sales of finished goods above their carrying amounts.

14. TRADE RECEIVABLES

	The Group	
	2019 RM'000	2018 RM'000
Trade receivables:		
- Third parties	30,401	31,515
- Associate	-	78
	<u>30,401</u>	<u>31,593</u>

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

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other receivables:-				
Third parties	216	330	2	-
Goods and services tax recoverable	528	1,960	1	1
	744	2,290	3	1
Deposits	1,258	2,338	274	50
Prepayments	1,159	752	77	64
	<u>3,161</u>	<u>5,380</u>	<u>354</u>	<u>115</u>

16. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2019 RM'000	2018 RM'000
Trade balances	764	1,360
Non-trade balances	22,897	21,074
	23,661	22,434
Allowance for impairment losses:		
- non-trade balances	(10,965)	(11,368)
	<u>12,696</u>	<u>11,066</u>

- (a) The trade balance is subject to the normal credit terms ranging from 30 to 60 (2018 – 30 to 60) days. The amounts owing are to be settled in cash.
- (b) The non-trade balance represents unsecured interest-free advances and payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 0% to 3.80% (2018 – 0% to 4.05%) per annum. The fixed deposits maturity periods ranging from 91 to 365 (2018 – 90 to 365) days.

Included in fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM2,736,024 (2018 – RM2,421,594) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

18. SHARE CAPITAL

	The Group/The Company			
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
Number of Shares				

Issued and Fully Paid-Up

(a) Ordinary Shares

At 1 January/31 December	80,019	80,019	45,643	45,643
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(b) RCPS

At 1 January/31 December	30,000	30,000	300	300
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- (i) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.
- (ii) The RCPS are compound financial instruments and their details are disclosed in Note 21 to the financial statements. The RCPS have no par value.

19. TREASURY SHARES

During the financial year, the Company did not repurchase any of its issued ordinary share from the open market. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from shareholders' equity.

Of the total 80,019,000 (2018 – 80,019,000) issued and fully paid-up ordinary shares at the end of reporting period, 3,092,000 (2018 – 3,092,000) ordinary shares are held as treasury shares by the Company. None (2018 – none) of the treasury shares were resold or cancelled during the financial year. Such treasury shares are held at carrying value of RM1,842,807 (2018 – RM1,842,807).

20. RESERVES

(a) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary and the Group's share of an associate's foreign currency translation differences whose functional currencies are different from the Group's presentation currency.

(b) RCPS – Equity Component

This represents the residual amount of RCPS after deducting the fair value of the liability component and is presented net of deferred tax liability.

(c) Employee Share Option Reserve

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 12 May 2016. The ESOS is to be in force for a period of 5 years effective from 21 September 2016.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

20. RESERVES (Cont'd)

(c) Employee Share Option Reserve (Cont'd)

The main features of the ESOS are as follows:-

- (a) Eligible persons are employees and/or directors of the Group, save for companies which are acquired, and becomes a subsidiary of the Company upon such acquisition during the duration of the ESOS, who have been confirmed in the employment of the Group and have served for at least 2 years before the date of the offer.
- (b) The maximum number of new ordinary shares of the Company, which may be available under the scheme (excluding treasury shares), shall not exceed in aggregate 10%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.
- (c) The option price shall be determined by the ESOS Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%.
- (d) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.
- (e) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

On 23 February 2017, the Company offered a total of 3,060,000 share options at an option price of RM1.80 per ordinary share to the Eligible Person of the Group in accordance with the By-Laws of the ESOS out of which 2,720,000 share options were accepted by the Eligible Persons.

The option prices and the details in the movement of the options granted are as follows:-

Date of Offer	Exercise Price	← Number of Options over Ordinary Shares →			
		At 1.1.2019	Granted and Accepted	Exercised	At 31.12.2019
23 February 2017	RM1.80	2,701	-	-	2,701

Date of Offer	Exercise Price	← Number of Options over Ordinary Shares →			
		At 1.1.2018	Granted and Accepted	Exercised	At 31.12.2018
23 February 2017	RM1.80	2,701	-	-	2,701

These options expire on 20 September 2021 and are exercisable if the employee remains in service in the Group.

There were no options granted in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

21. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS”)

	The Group/The Company	
	2019 ‘000	2018 ‘000
At 1 January	1,195	2,047
Accreted interest recognised in profit or loss (Note 37(c))	72	138
Dividend paid or payables (Note 37(c))	(990)	(990)
At 31 December	277	1,195

During the financial year ended 31 December 2015, the Company issued 30,000,000 RCPS at RM0.60 per RCPS.

The salient features of RCPS are as follows:-

- (a) Each RCPS shall be entitled to convert into 1 ordinary share at the option of RCPS holder at any time from the date of issuance, up to and including 1 month prior to the date of occurring on the 5th anniversary of the date of issuance of the RCPS; or automatically converted into ordinary shares on the date occurring on the 5th anniversary of the date of issuance of the RCPS.
- (b) Redeemable by notice in writing at any time from and including the 3rd anniversary of the date of issuance of the RCPS up to the date occurring on 5th anniversary of the date of issuance of the RCPS. The Issuer shall give not less than 30 days’ notice to the RCPS holders prior to the redemption date. Redemption (in whole or by part), shall be in cash at a redemption price equivalent to the Issue price plus accrued dividends.
- (c) The holders of the RCPS shall be entitled to dividend at the rate of 5.5% per annum. Dividends on the RCPS shall be cumulative (whether or not declared by the Company). Dividends are payable semi-annually on/or before 30 June and 31 December.
- (d) The RCPS holders do not carry the right to vote at any general meeting of the ordinary shareholders, save and except in the following events:-
 - (i) when the dividend or part of the dividend on the RCPS is in arrears for more than 6 months;
 - (ii) on a proposal to reduce the Company’s share capital;
 - (iii) on a proposal for the disposal of the Company’s assets or property, business and undertaking;
 - (iv) on a proposal that affects rights attached to the RCPS;
 - (v) on a proposal to wind up the Company; and
 - (vi) during the winding up of the Company.

Upon occurrence of the above events, the RCPS holders shall be entitled to vote at any class meeting of holders of the RCPS in relation to any proposal by the issuer to vary or abrogate the rights of the RCPS as stated in the Articles of Association.

22. LONG-TERM BORROWINGS

	The Group		The Company	
	2019 RM’000	2018 RM’000	2019 RM’000	2018 RM’000
Lease liabilities (Note 28)	10,179	-	720	-
Hire purchase payables (Note 29)	-	6,357	-	303
Term loans (Note 30)	43,720	33,654	912	1,974
	53,899	40,011	1,632	2,277

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. DEFERRED TAX LIABILITIES

The Group	1.1.2019			Recognised in Profit or Loss (Note 35) RM'000	At 31.12.2019 RM'000
	As Previously Reported RM'000	Initial Application of MFRS 16 RM'000	As Restated RM'000		
2019					
<i>Deferred Tax Liabilities</i>					
Property, plant and equipment	3,731	36	3,767	(335)	3,432
RCPS	20	-	20	(18)	2
Right-of-use assets	-	150	150	159	309
Unrealised foreign exchange gain	127	-	127	(97)	30
	3,878	186	4,064	(291)	3,773
<i>Deferred Tax Assets</i>					
Provisions	(171)	-	(171)	(36)	(207)
Lease liabilities	-	(311)	(311)	(46)	(357)
Unrealised foreign exchange loss	(19)	-	(19)	(36)	(55)
Unutilised tax losses	-	-	-	(581)	(581)
Other	(133)	122	(11)	11	-
	(323)	(189)	(512)	(688)	(1,200)
	3,555	(3)	3,552	(979)	2,573

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NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. DEFERRED TAX LIABILITIES (Cont'd)

The Group	At 1.1.2018 RM'000	Recognised in Profit or Loss (Note 35) RM'000	At 31.12.2018 RM'000
2018			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	4,138	(407)	3,731
RCPS	53	(33)	20
Unrealised foreign exchange gain	-	127	127
	4,191	(313)	3,878
<i>Deferred Tax Assets</i>			
Provisions	(72)	(99)	(171)
Unrealised foreign exchange loss	(556)	537	(19)
Other	(66)	(67)	(133)
	(694)	371	(323)
	3,497	58	3,555

The Company	At 1.1.2019 RM'000	Recognised in Profit or Loss (Note 35) RM'000	At 31.12.2019 RM'000
2019			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	38	-	38
Right-of-use assets	-	157	157
RCPS	20	(17)	3
	58	140	198
<i>Deferred Tax Asset</i>			
Lease liabilities	-	(161)	(161)
	58	(21)	37

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

23. DEFERRED TAX LIABILITIES (Cont'd)

The Company	At 1.1.2018 RM'000	Recognised in Profit or Loss (Note 35) RM'000	At 31.12.2018 RM'000
2018			
<i>Deferred Tax Liabilities</i>			
Property, plant and equipment	-	38	38
RCPS	53	(33)	20
	<hr/>	<hr/>	<hr/>
	53	5	58

At the end of the reporting period, the Group has unused tax losses, unutilised reinvestment allowances and unabsorbed capital allowances (stated at gross) of approximately RM10,700,000 (2018 – RM12,025,000), RM370,000 (2018 – RM370,000) and RM3,672,000 (2018 – RM3,672,000) that are available for offset against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

Included in the unused tax losses amounting to approximately RM8,789,000 (2018 – RM10,074,000) will be expired in 5 years subsequent to the year in which the losses incurred under that country tax legislation where a subsidiary was located.

The unused tax losses and reinvestment allowances of subsidiaries in Malaysia are allowed to be carried forward for a maximum period of 7 consecutive years of assessment. The unabsorbed capital allowances do not expire under the current tax legislation and can be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2018 – 15 to 90) days.

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NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

25. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other payables:				
- Third parties	3,211	2,692	321	106
- Related parties	-	9	-	-
- Associate	179	22	-	-
	3,390	2,723	321	106
Deposits from customers	3,143	1,362	-	-
Accrued expenses	3,219	3,007	36	35
Provisions	348	574	-	-
RCPS dividend payables	1,980	990	1,980	990
Payroll liabilities	1,748	1,917	382	542
	13,828	10,573	2,719	1,673

(a) The amount owing to related parties represented payments made on behalf by directors of a subsidiary. The amount owing was settled during the financial year.

(b) The amount owing to associate is unsecured, interest-free advances and is to be settled in cash.

26. AMOUNT OWING TO SUBSIDIARIES

The non-trade balance owing to subsidiaries represents unsecured, interest-free advances and payments made on behalf. The amount owing is repayable on demand and is to be settled in cash.

27. SHORT-TERM BORROWINGS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Lease liabilities (Note 28)	4,407	-	255	-
Bankers' acceptance	8,242	8,019	-	-
Revolving credit	7,535	5,230	5,935	3,371
Multi currency trade loan	2,908	336	-	-
Hire purchase payables (Note 29)	-	3,614	-	295
Term loans (Note 30)	9,267	8,139	1,022	937
	32,359	25,338	7,212	4,603

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. SHORT-TERM BORROWINGS (Cont'd)

- (a) Bankers' acceptance is drawn for a period of up to 120 (2018 – 120) days and bear interest ranging from 3.81% to 4.70% (2018 – 3.99% to 4.86%) per annum and are secured by:-
 - (i) legal charges over certain landed properties of the Group as disclosed in Note 9 to the financial statements; and
 - (ii) corporate guarantee from the Company.
- (b) No significant covenant is imposed to the Group for bankers' acceptance at the end of the financial year.
- (c) Revolving credit is drawn for a period of up to 92 (2018 – 92) days which is renewable on maturity and bear interest ranging from 4.84% to 6.33% (2018 – 5.42% to 6.40%) per annum and is secured by corporate guarantee from the Company.
- (d) The significant covenants of the revolving credit are as follows:-
 - (i) Group's adjusted leverage ratio shall not exceed 2.5 times;
 - (ii) debt to equity ratio of the subsidiary that has received the loan shall not exceed 1.25 times; and
 - (iii) dividend payment made by the subsidiary that has received the loan shall not exceed profit after tax for the relevant financial period.
- (e) Multi currency trade loan at the end of the reporting period bore floating interest rate of 4.87% to 5.10% (2018 – 5.35%) per annum. Multi currency trade loan is drawn for a period of up to 57 (2018 – 41) days and is secured by:-
 - (i) legal charges over certain landed properties of the Group as disclosed in Notes 9 and 11 to the financial statements;
 - (ii) pledge of fixed deposits of the Group as disclosed in Note 17 to the financial statements; and
 - (iii) corporate guarantee from the Company.
- (f) A significant covenant imposed of the multi currency trade loan is the gearing ratio of the subsidiary that has received the loan shall not exceed 1.5 times.

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NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

28. LEASE LIABILITIES

	The Group 2019 RM'000	The Company 2019 RM'000
At 1 January		
- As previously reported	-	-
- Initial application of MFRS 16	<u>11,268</u>	<u>598</u>
- As restated	11,268	598
Acquisition of new lease	8,302	761
Interest expense recognised in profit or loss (Note 34)	826	68
Repayment of principal	(4,984)	(384)
Repayment of interest expense	<u>(826)</u>	<u>(68)</u>
At 31 December	<u>14,586</u>	<u>975</u>
Analysed by:-		
Current liabilities (Note 27)	4,407	255
Non-current liabilities (Note 22)	<u>10,179</u>	<u>720</u>
	<u>14,586</u>	<u>975</u>

The comparative information is not presented as the Group and the Company have applied MFRS 16 using the modified retrospective approach.

29. HIRE PURCHASE PAYABLES (SECURED)

	The Group 2018 RM'000	The Company 2018 RM'000
Minimum hire purchase payments:		
- not later than 1 year	4,095	325
- later than 1 year and not later than 5 years	6,788	299
- later than 5 years	<u>104</u>	<u>30</u>
	10,987	654
Less: Future finance charges	<u>(1,016)</u>	<u>(56)</u>
Present value of hire purchase payables	<u>9,971</u>	<u>598</u>
Analysed by:-		
Current liabilities (Note 27)	3,614	295
Non-current liabilities (Note 22)	<u>6,357</u>	<u>303</u>
	<u>9,971</u>	<u>598</u>

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. HIRE PURCHASE PAYABLES (SECURED) (Cont'd)

- (a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 28 to the financial statement following the application of MFRS 16 by the Group using the modified retrospective approach.
- (b) In the previous financial year, the hire purchase payables of the Group and of the Company were secured by the Group's and the Company's equipment, furniture and fittings, motor vehicles and plant and machinery under hire purchase as disclosed in Note 9 to the financial statements. The hire purchase arrangements of the Group and of the Company were expiring from 1 to 7 years and 1 to 7 years, respectively.
- (c) In the previous financial year, the hire purchase payables of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 4.51% to 7.34% and 4.65% to 7.34%, respectively. The interest rates were fixed at the inception of the hire purchase arrangements.

30. TERM LOANS (SECURED)

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current liabilities (Note 27)	9,267	8,139	1,022	937
Non-current liabilities (Note 22)	43,720	33,654	912	1,974
	52,987	41,793	1,934	2,911

- (a) The term loans are secured by:-
- legal charges over certain landed properties and plant and machinery of the Group as disclosed in Notes 9, 10 and 11 to the financial statements;
 - 70% of shares of Demand Options Sdn. Bhd. vide Memorandum of Deposit of Shares; and
 - corporate guarantee from the Company.
- (b) The above floating rate term loans of the Group and of the Company bore effective interest rates ranging from 3.91% to 8.70% (2018 – 4.52% to 8.95%) and 7.92% (2018 – 8.17%) respectively, per annum.
- (c) Term loans of RM5,460,837 (2018 – RM7,360,822) imposes certain covenants on the Company and the subsidiaries that have received the loans. One of the significant covenant is the Group's gearing ratio shall not exceed 1.5 times.
- (d) Term loans of RM7,805,856 (2018 – RM6,659,953) imposes certain covenants on the subsidiary that has received the loans. One of the significant covenant is the subsidiary's gearing ratio shall not exceed 1.5 times.
- (e) Term loans of RM3,741,156 (2018 – RM4,167,484) imposes certain covenants on the subsidiary that has received the loans. One of the significant covenant is the subsidiary's gearing ratio shall not exceed 2 times.
- (f) Term loan of RM444,168 (2018 – RM936,659) imposes certain covenants on the subsidiary that has received the loan. One of the significant covenant is the dividend payment made by the subsidiary shall not exceed 50% of profit after tax of the subsidiary for the relevant financial period.
- (g) Term loan of RM5,648,811 (2018 – RM Nil) imposes certain covenants on the subsidiary that has received the loan. One of the significant covenant is the debt service cover ratio of the subsidiary shall not less than 1.5 times at all times.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31. BANK OVERDRAFTS (SECURED)

- (a) The bank overdrafts of the Group are secured in the same manner as the short-term borrowings as disclosed in Note 27 to the financial statements.
- (b) The bank overdrafts of the Group at the end of the reporting period bore floating interest rates ranging from 7.22% to 8.47% (2018 – 7.47% to 7.96%) per annum.

32. REVENUE

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sale of goods	158,987	202,346	-	-
Management fee income	-	-	3,885	3,836
Dividend income	-	-	1,310	7,950
	<u>158,987</u>	<u>202,346</u>	<u>5,195</u>	<u>11,786</u>

Sales of goods are recognised at a point in time.

33. EMPLOYEE BENEFITS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits	44,245	48,366	2,926	2,400
Contributions to defined contribution plans	<u>2,290</u>	<u>2,155</u>	<u>272</u>	<u>193</u>
	<u>46,535</u>	<u>50,521</u>	<u>3,198</u>	<u>2,593</u>

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(Loss)/Profit before taxation is arrived:				
<i>After Charging</i>				
Auditors' remuneration:				
- audit fees:				
- current year	195	198	35	35
- (over)/underprovision in the previous financial year	(7)	5	-	-
- non-audit fee				
- auditors of the Company	5	6	5	6
Bad debts written off	-	-	46	-
Depreciation:				
- property, plant and equipment (Note 9)	7,379	9,346	134	318
- prepaid lease payment (Note 10)	-	114	-	-
- right-of-use assets (Note 11)	3,220	-	346	-
Impairment loss on investment in a subsidiary (Note 7)	-	-	1,310	2,055
Inventories written down (Note 13)	459	609	-	-
Interest expense on lease liabilities (Note 28)	826	-	68	-
Lease expenses:				
- short-term leases	1,150	-	25	-
- low-value assets	3	-	-	-
- rental of premises	-	2,135	-	153
Loss on disposal of property, plant and equipment	-	83	-	-
Loss on foreign exchange:				
- realised	433	597	-	2
- unrealised	252	77	92	-
Property, plant and equipment written off (Note 9)	-	408	-	8
Total interest expenses on financial liabilities measured at amortised cost	4,097	4,226	566	481

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. (LOSS)/PROFIT BEFORE TAXATION (Cont'd)

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(Loss)/Profit before taxation is arrived:				
<i>After Crediting</i>				
Bad debts recovered	139	-	-	-
Gain on disposal of property, plant and equipment	82	89	-	-
Gain on disposal of right-of-use assets	91	-	-	-
Gain on foreign exchange:				
- realised	5	155	1	-
- unrealised	128	1,141	-	550
Lease income	2	1	-	-
Reversal of inventories written down (Note 13)	-	93	-	-
Total interest income on financial assets measured at amortised cost	98	101	5	5

35. TAX (INCOME)/EXPENSE

Tax (income)/expenses recognised in profit or loss

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income tax:				
- current financial year	13	2,950	-	22
- under/(over)provision in the previous financial year	101	10	(21)	4
	114	2,960	(21)	26
Deferred tax (Note 23):				
- origination and reversal of temporary differences	(1,066)	294	(4)	38
- relating to RCPS	(17)	(33)	(17)	(33)
- additional provision for real property gains tax arising from increase in real property gains tax rate	147	-	-	-
- overprovision in the previous financial year	(43)	(203)	-	-
	(979)	58	(21)	5
	(865)	3,018	(42)	31

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35. TAX (INCOME)/EXPENSE (Cont'd)

Tax (income)/expenses recognised in profit or loss (Cont'd)

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

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(Loss)/Profit before taxation	(9,899)	7,533	(1,539)	5,993
Tax (income)/expense at the statutory tax rate of 24% (2018 - 24%)	(2,376)	1,808	(369)	1,438
Tax effects of:-				
Non-taxable income	(22)	-	(314)	(1,711)
Non-deductible expenses	809	384	633	516
Amortisation for deferred tax in relation to RCPS	(17)	(33)	(17)	(33)
Deferred tax assets not recognised during the financial year	281	524	128	-
Additional provision for real property gains tax arising from increase in real property gains tax rate	147	-	-	-
Utilisation of deferred tax assets previously not recognised	(82)	(183)	(82)	(183)
Effects of differential in tax rate of a subsidiary	337	711	-	-
Under/(Over)provision of income tax in the previous financial year	101	10	(21)	4
Overprovision of deferred tax in the previous financial year	(43)	(203)	-	-
Tax (income)/expense for the financial year	(865)	3,018	(42)	31

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018 – 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. (LOSS)/EARNING PER SHARE

	The Group	
	2019	2018
(Loss)/Profit after taxation - (RM'000)	(8,697)	4,501
Dividends on RCPS - (RM'000) (Note 21)	(990)	(990)
	(9,687)	3,511
(Loss)/Profit attributable to owners of the Company - RM'000		
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January - ('000)	80,019	80,019
Effect of treasury shares held - ('000)	(3,092)	(3,092)
	76,927	76,927
Weighted average number of ordinary shares at 31 December ('000)		
Basic (loss)/earning per share - (Sen)	(12.59)	4.56
(Loss)/Profit after taxation - (RM'000)	(8,697)	4,501
Interest expenses on RCPS - (RM'000) (Note 21)	72	138
	(8,625)	4,639
(Loss)/Profit attributable to owners of the Company for diluted (loss)/earning per share computation - (RM'000)		
Weighted average number of ordinary shares for basic earnings per share - ('000)	76,927	76,927
Weighted average number of shares deemed to be issued for no consideration:		
- RCPS - ('000)	30,000	30,000
- ESOS - ('000) *	-	-
	106,927	106,927
Weighted average number of ordinary shares for diluted (loss)/earning per share computation - ('000)		
Diluted (loss)/earning per share - (Sen)	(8.07)	4.34

* The potential conversion of ESOS are anti-dilutive as the exercise price is higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of ESOS has been ignored in the calculation of dilutive (loss)/earning per share.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cost of property, plant and equipment purchased (Note 9)	25,791	17,289	103	517
Less: Amount financed through hire purchase (Note (c) below)	-	(1,492)	-	(423)
Less: Amount financed through term loans (Note (c) below)	<u>(16,835)</u>	<u>(4,890)</u>	<u>-</u>	<u>-</u>
Cash disbursed for purchase of property, plant and equipment	<u>8,956</u>	<u>10,907</u>	<u>103</u>	<u>94</u>

(b) The cash disbursed for the purchase of right-of-use assets is as follows:-

	The Group	The Company
	2019 RM'000	2019 RM'000
Cost of right-of-use assets purchased (Note 11)	8,664	761
Less: Amount financed through new leases (Note (c) below)	(8,302)	(761)
Less: Other payable - in the process of obtaining a new lease	<u>(215)</u>	<u>-</u>
Cash disbursed for purchase of right-of-use assets	<u>147</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. CASH FLOW INFORMATION (Cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bankers' Acceptance	Bank Overdrafts	Bank Purchases	Hire	Lease Liabilities	RCPS	Revolving Credit	Currency Trade Loan	Multi	Term Loans	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019											
At 1 January, as previously reported	8,019	-	9,971	-	-	1,195	5,230	336	-	41,793	66,544
Effects on adoption of MFRS 16	-	-	(9,971)	11,268	-	-	-	-	-	-	1,297
At 1 January, as restated	8,019	-	-	11,268	-	1,195	5,230	336	-	41,793	67,841
<u>Changes in Financing Cash Flows</u>											
Proceeds from drawdown	25,631	*	-	-	-	-	11,068	20,526	-	5,604	62,829
Repayment of principal	(25,408)	*	-	(4,984)	-	-	(8,746)	(17,954)	-	(11,177)	(68,269)
Repayment of interests	(367)	(499)	-	(826)	-	-	(433)	(91)	-	(2,635)	(4,851)
	(144)	(499)	-	(5,810)	-	-	1,889	2,481	-	(8,208)	(10,291)
<u>Non-cash Changes</u>											
Acquisition of new lease (Note (b) above)	-	-	-	8,302	-	-	-	-	-	-	8,302
Foreign exchange adjustments	-	-	-	-	-	-	(17)	-	-	(68)	(85)
New term loans (Note (a) above)	-	-	-	-	-	-	-	-	-	16,835	16,835
Interest expense recognised in profit or loss	367	499	-	826	-	72	433	91	-	2,635	4,923
Dividend payables	-	-	-	-	-	(990)	-	-	-	-	(990)
	367	499	-	9,128	-	(918)	416	91	-	19,402	28,985
At 31 December	8,242	-	-	14,586	-	277	7,535	2,908	-	52,987	86,535

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. CASH FLOW INFORMATION (Cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Bankers' Acceptance RM'000	Bank Overdrafts RM'000	Hire Purchases RM'000	RCPS RM'000	Revolving Credit RM'000	Loan from Associate RM'000	Multi Currency Trade Loan RM'000	Term Loans RM'000	Total RM'000
2018									
At 1 January	9,547	-	8,536	2,047	3,378	56	1,028	40,226	64,818
<u>Changes in Financing Cash Flows</u>									
Proceeds from drawdown	23,993	*	-	-	10,371	-	1,287	6,597	42,248
Repayment of principal	(25,521)	*	(4,484)	-	(8,548)	(56)	(1,979)	(9,948)	(50,536)
Repayment of interests	(373)	(377)	(673)	-	(154)	(1)	(14)	(2,496)	(4,088)
	(1,901)	(377)	(5,157)	-	1,669	(57)	(706)	(5,847)	(12,376)
<u>Non-cash Changes</u>									
Foreign exchange adjustments	-	-	-	-	29	-	-	28	57
New hire purchase (Note (a) above)	-	-	1,492	-	-	-	-	-	1,492
New term loans (Note (a) above)	-	-	-	-	-	-	-	4,890	4,890
New hire purchase for assets purchased in year 2017	-	-	4,427	-	-	-	-	-	4,427
Interest expense recognised in profit or loss	373	377	673	138	154	1	14	2,496	4,226
Dividend payables	-	-	-	(990)	-	-	-	-	(990)
	373	377	6,592	(852)	183	1	14	7,414	14,102
At 31 December	8,019	-	9,971	1,195	5,230	-	336	41,793	66,544

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. CASH FLOW INFORMATION (Cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Company	Hire Purchase RM'000	Lease Liabilities RM'000	RCPS RM'000	Revolving Credit RM'000	Term Loan RM'000	Total RM'000
2019						
At 1 January, as previously reported	598	-	1,195	3,371	2,911	8,075
Effects on adoption of MFRS 16	(598)	598	-	-	-	-
At 1 January, as restated	-	598	1,195	3,371	2,911	8,075
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	-	-	-	2,580	-	2,580
Repayment of principal	-	(384)	-	-	(977)	(1,361)
Repayment of interests	-	(68)	-	(296)	(198)	(562)
	-	(452)	-	2,284	(1,175)	657
<u>Non-cash Changes</u>						
Foreign exchange adjustments	-	-	-	(16)	-	(16)
Acquisition of new lease (Note (b) above)	-	761	-	-	-	761
Interest expense recognised in profit or loss	-	68	72	296	198	634
Dividend payables	-	-	(990)	-	-	(990)
	-	829	(918)	280	198	389
At 31 December	-	975	277	5,935	1,934	9,121

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. CASH FLOW INFORMATION (Cont'd)

(c) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Company	Hire Purchase RM'000	RCPS RM'000	Revolving Credit RM'000	Term Loan RM'000	Total RM'000
2018					
At 1 January	439	2,047	-	3,808	6,294
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	-	-	3,342	-	3,342
Repayment of principal	(264)	-	-	(897)	(1,161)
Repayment of interests	(32)	-	(34)	(277)	(343)
	(296)	-	3,308	(1,174)	1,838
<u>Non-cash Changes</u>					
Foreign exchange adjustments	-	-	29	-	29
New hire purchase (Note (a) above)	423	-	-	-	423
Interest expense recognised in profit or loss	32	138	34	277	481
Dividend payables	-	(990)	-	-	(990)
	455	(852)	63	277	(57)
At 31 December	598	1,195	3,371	2,911	8,075

* Bank overdrafts has formed part of the cash and cash equivalents, therefore, no movement for principal amount is presented.

(d) The total cash outflows for leases as a lessee are as follows:-

	The Group 2019 RM'000	The Company 2019 RM'000
Payment of short-term leases	1,150	25
Payment of low-value assets	3	-
Interest paid on lease liabilities	826	68
Payment of lease liabilities	4,984	384
	6,963	477

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

37. CASH FLOW INFORMATION (Cont'd)

(e) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed deposits with licensed banks (Note 17)	3,371	3,032	-	-
Cash and bank balances	7,218	12,100	1,685	2,551
Bank overdrafts (Note 31)	(8,812)	(3,167)	-	-
	1,777	11,965	1,685	2,551
Less: Fixed deposits pledged to licensed banks (Note 17)	(2,736)	(2,422)	-	-
Less: Fixed deposits with tenure of more than 3 months	(635)	(610)	-	-
	(1,594)	8,933	1,685	2,551

38. DIVIDEND

	The Group/The Company	
	2019 RM'000	2018 RM'000
RCPS		
Annual RCPS dividend of 3.30 sen per RCPS in respect of the financial year ended 31 December 2018	-	990
Annual RCPS dividend of 3.30 sen per RCPS in respect of the financial year ended 31 December 2019	990	-
Total	990	990

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

39. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(a) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	180	180	180	180
- salaries, bonuses and other benefits	783	621	481	312
	963	801	661	492
Defined contribution benefits	92	73	55	35
	1,055	874	716	527
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	739	1,215	133	347
Defined contribution benefits	96	147	16	41
	835	1,362	149	388
Total directors' remuneration	1,890	2,236	865	915
(b) Other Key Management Personnel				
Short-term employee benefits	455	521	-	81
Defined contribution benefits	17	24	-	9
Total compensation for other key management personnel	472	545	-	90

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, holding company, associate, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group	
	2019 RM'000	2018 RM'000
Associate		
Sales of goods	2,696	2,547
Purchases of goods	134	497
Technical consultancy fee paid/payable	143	134
Research and development costs paid/payable	437	430
Company in which a director has substantial interest		
Rental expenses paid/payable	25	153
Company in which certain directors of subsidiary have substantial interests		
Sales of goods	292	360
Sub-contract charges paid/payable	2,227	3,049
Directors of subsidiary		
Rental expenses paid/payable	-	32
Family of subsidiary's directors		
Rental expenses paid/payable	29	29
<hr/>		
The Company		
	2019 RM'000	2018 RM'000
Management fee income from subsidiaries	3,885	3,836
Rental expenses paid/payable to company in which a director has substantial interest	25	153
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NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

40. RELATED PARTY DISCLOSURES (Cont'd)

(b) Significant Related Party Transactions and Balances (Cont'd)

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

41. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their geographical regions.

The Group is organised into the 2 main geographical segments as follows:-

- Malaysia – manufacture of plastic moulded products, components, tools and die, metal stamping and components
- Vietnam – manufacture of plastic moulded products and components

- (a) The Managing Director assesses the performance of the reportable segments based on their (loss)/profit before interest expense and tax. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in an associate and tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between geographical segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. OPERATING SEGMENTS (Cont'd)

41.1 GEOGRAPHICAL SEGMENTS

	Malaysia RM'000	Vietnam RM'000	Group RM'000
2019			
Revenue			
External revenue	129,642	29,345	158,987
Inter-segment revenue	65	-	65
	<u>129,707</u>	<u>29,345</u>	<u>159,052</u>
Consolidation adjustments			<u>(65)</u>
Consolidated revenue			<u>158,987</u>
Results			
Segment profit/(loss)	2,016	(1,513)	503
Finance costs			(4,923)
Share of results in an associate			92
Unallocated expenses			(5,506)
Consolidation adjustments			<u>(65)</u>
Consolidated loss before taxation			<u>(9,899)</u>
Segment profit/(loss) includes the followings:-			
Depreciation of property, plant and equipment	(4,873)	(2,506)	(7,379)
Depreciation of right-of-use assets	(3,102)	(118)	(3,220)
Gain on disposal of property, plant and equipment	75	7	82
Gain on disposal of right-of-use assets	91	-	91
Gain on foreign exchange			
- realised	1	4	5
- unrealised	124	4	128
Interest expenses	(4,394)	(529)	(4,923)
Interest income	98	-	98
Inventories written down	(323)	(136)	(459)
Loss on foreign exchange			
- realised	(433)	-	(433)
- unrealised	(252)	-	(252)
Lease expense on premises	(1,121)	(32)	(1,153)
Share of results in an associate	92	-	92

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. OPERATING SEGMENTS (Cont'd)

41.1 GEOGRAPHICAL SEGMENTS (Cont'd)

	Malaysia RM'000	Vietnam RM'000	Group RM'000
2019			
Assets			
Segment assets	188,821	32,390	221,211
Unallocated assets			
- investment in an associate			1,183
- fixed deposits with licensed banks			3,371
- cash and bank balances			7,218
- current tax assets			2,386
Consolidated total assets			235,369
Additions to non-current assets other than financial instruments:-			
- property, plant and equipment	24,530	1,261	25,791
- right-of-use assets	8,664	-	8,664
Liabilities			
Segment liabilities	32,332	6,244	38,576
Unallocated liabilities			
- RCPS			277
- deferred tax liabilities			2,573
- short-term borrowings			32,359
- long-term borrowings			53,899
- bank overdrafts			8,812
Consolidated total liabilities			136,496

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. OPERATING SEGMENTS (Cont'd)

41.1 GEOGRAPHICAL SEGMENTS (Cont'd)

	Malaysia RM'000	Vietnam RM'000	Group RM'000
2018			
Revenue			
External revenue	177,945	24,401	202,346
Inter-segment revenue	53	-	53
	<u>177,998</u>	<u>24,401</u>	<u>202,399</u>
Consolidation adjustments			<u>(53)</u>
Consolidated revenue			<u>202,346</u>
Results			
Segment profit/(loss)	18,516	(3,521)	14,995
Finance costs			(4,226)
Share of results in an associate			158
Unallocated expenses			(3,341)
Consolidation adjustments			<u>(53)</u>
Consolidated profit before taxation			<u>7,533</u>
Segment profit/(loss) includes the followings:-			
Amortisation of prepaid lease payment	-	(114)	(114)
Depreciation of property, plant and equipment	(7,158)	(2,188)	(9,346)
Gain/(Loss) on disposal of property, plant and equipment	89	(83)	6
Gain on foreign exchange			
- realised	118	37	155
- unrealised	1,031	110	1,141
Interest expenses	(3,671)	(555)	(4,226)
Interest income	101	-	101
Inventories written down	(530)	(79)	(609)
Loss on foreign exchange			
- realised	(555)	(42)	(597)
- unrealised	(77)	-	(77)
Property, plant and equipment written off	(97)	(311)	(408)
Rental expense on premises	(1,628)	(507)	(2,135)
Reversal of inventories written down	93	-	93
Share of results in an associate	158	-	158

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. OPERATING SEGMENTS (Cont'd)

41.1 GEOGRAPHICAL SEGMENTS (Cont'd)

	Malaysia RM'000	Vietnam RM'000	Group RM'000
2018			
Assets			
Segment assets	157,959	34,095	192,054
Unallocated assets			
- investment in an associate			1,074
- fixed deposits with licensed banks			3,032
- cash and bank balances			12,100
- current tax assets			2,676
Consolidated total assets			210,936
Additions to non-current assets other than financial instruments:-			
- property, plant and equipment	7,919	9,370	17,289
Liabilities			
Segment liabilities	23,904	6,044	29,948
Unallocated liabilities			
- RCPS			1,195
- deferred tax liabilities			3,555
- short-term borrowings			25,338
- long-term borrowings			40,011
- bank overdrafts			3,167
Consolidated total liabilities			103,214

41.2 BUSINESS SEGMENTS

The Group	Revenue		Non-current Asset	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Injection moulding	113,016	155,785	126,633	111,907
Metal stamping	45,971	46,561	32,379	22,225
	158,987	202,346	159,012	134,132

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

41. OPERATING SEGMENTS (Cont'd)

41.3 MAJOR CUSTOMERS

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

	Revenue		Segment
	2019 RM'000	2018 RM'000	
Customer #1	<u>26,687</u>	<u>36,670</u>	Malaysia

42. CAPITAL COMMITMENTS

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment	<u>1,536</u>	<u>17,110</u>	<u>1,191</u>	<u>-</u>

43. OPERATING LEASE COMMITMENT

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 'Leases':-

Lease as Lessee

In the previous financial year, the Group leased a factory under non-cancellable operating leases.

The future minimum lease payments under the non-cancellable operating leases was as follows:-

	2018 RM'000
Not more than 1 year	<u>161</u>

44. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Company	
	2019 RM'000	2018 RM'000
Corporate guarantees given to financial institutions for the utilised amount of the credit facilities granted to subsidiaries	<u>84,870</u>	<u>60,776</u>

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

45.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily, Vietnam Dong ("VND"), United States Dollar ("USD") and Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for workings capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currencies of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

The Group	VND RM'000	USD RM'000	EUR RM'000	Other RM'000
2019				
<u>Financial Assets</u>				
Trade receivables	472	19,438	-	-
Other receivables	-	84	-	-
Cash and bank balances	80	1,449	-	3
	552	20,971	-	3
<u>Financial Liabilities</u>				
Trade payables	(1,887)	(8,183)	(1,654)	(194)
Other payables and accruals	-	(96)	-	(237)
Revolving credit	-	(5,935)	-	-
Term loans	(3,727)	-	-	-
	(5,614)	(14,214)	(1,654)	(431)
Currency Exposure	(5,062)	6,757	(1,654)	(428)

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

The Group	VND RM'000	USD RM'000	Other RM'000
2018			
<u>Financial Assets</u>			
Trade receivables	17	20,999	63
Other receivables	-	495	-
Cash and bank balances	40	3,009	21
	57	24,503	84
<u>Financial Liabilities</u>			
Trade payables	(2,147)	(5,110)	(338)
Other payables and accruals	-	(287)	(267)
Revolving credit	-	(3,371)	-
Term loans	(5,464)	-	-
	(7,611)	(8,768)	(605)
Currency Exposure	(7,554)	15,735	(521)
The Company			
	2019	2018	
	RM'000	RM'000	
USD			
<u>Financial Assets</u>			
Amount owing by a subsidiary	11,972	16,438	
Cash and bank balances	1,204	8	
	13,176	16,446	
<u>Financial Liability</u>			
Revolving credit	(5,935)	(3,371)	
Currency Exposure	7,241	13,075	

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of reporting period, with all other variables held constant:-

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Effects on (Loss)/Profit After Taxation				
VND/RM - strengthened by 4% (2018 - 6%)	(177)	(413)	-	-
- weakened by 4% (2018 - 6%)	177	413	-	-
USD/RM - strengthened by 4% (2018 - 8%)	203	801	220	795
- weakened by 4% (2018 - 8%)	(203)	(801)	(220)	(795)
EUR/RM - strengthened by 4% (2018 - Nil)	(47)	-	-	-
- weakened by 4% (2018 - Nil)	47	-	-	-

	The Group	
	2019 RM'000	2018 RM'000
Effects on Other Comprehensive Income		
USD/RM - strengthened by 4% (2018 - 8%)	364	895
- weakened by 4% (2018 - 8%)	(364)	(895)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk (Cont'd)

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 27, 30 and 31 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Effects on (Loss)/Profit After Taxation				
Increase of 25 (2018 - 25) basis points ("bp")	(140)	(136)	(16)	(6)
Decrease of 25 (2018 - 25) bp	140	136	16	6

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by transacting with the established and multinational companies. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 (2018 - 2) customers which constituted approximately 23% (2018 - 31%) of its trade receivables (including related parties) at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile (Cont'd)

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	The Group		The Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	17,449	17,181	725	1,330
Singapore	5,128	7,670	-	-
Vietnam	3,307	2,372	39	30
Europe	1,289	1,941	-	-
China	1,109	1,427	-	-
USA	1,866	749	-	-
Others	253	253	-	-
	30,401	31,593	764	1,360

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances and outstanding for more than 6 months are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on Malaysia's average cumulative default rate and are adjusted for forward-looking information (including time value of money where applicable).

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

	Gross Amount RM'000	Individual/ Collective Impairment RM'000	Carrying Amount RM'000
The Group			
2019			
Current (not past due)	20,605	-	20,605
1 to 30 days past due	8,300	-	8,300
31 to 60 days past due	1,115	-	1,115
61 to 90 days past due	271	-	271
91 to 120 days past due	36	-	36
Credit impaired	74	-	74
	30,401	-	30,401
2018			
Current (not past due)	22,491	-	22,491
1 to 30 days past due	7,659	-	7,659
31 to 60 days past due	1,213	-	1,213
61 to 90 days past due	56	-	56
91 to 120 days past due	174	-	174
	31,593	-	31,593

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

The Company

The Company believes that no impairment allowance is necessary in respect of its trade receivables because they are subsidiaries with a positive financial position.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9. Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing by Subsidiaries (Non-trade Balances)

The Company applies the general approach to measure expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

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

At the end of the reporting period, there was no indication that the amount owing is not recoverable other than those which had already impaired in the previous financial year, as disclosed in Note 16 to the financial statements.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2019						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
RCPS	5.50	277	248	248	-	-
Trade payables	-	24,748	24,748	24,748	-	-
Other payables and accruals*	-	10,685	10,685	10,685	-	-
Bankers' acceptance	3.81 - 4.70	8,242	8,242	8,242	-	-
Lease liabilities	4.51 - 7.34	14,586	16,308	5,178	10,923	207
Revolving credit	4.84 - 6.33	7,535	7,535	7,535	-	-
Multi currency trade loan	4.87 - 5.10	2,908	2,908	2,908	-	-
Term loans	3.91 - 8.70	52,987	67,780	11,806	25,969	30,005
Bank overdrafts	7.22 - 8.47	8,812	8,812	8,812	-	-
		130,780	147,266	80,162	36,892	30,212
2018						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
RCPS	5.50	1,195	1,238	990	248	-
Trade payables	-	19,375	19,375	19,375	-	-
Other payables and accruals*	-	9,211	9,211	9,211	-	-
Bankers' acceptance	3.99 - 4.86	8,019	8,019	8,019	-	-
Hire purchase payables	4.51 - 7.34	9,971	10,987	4,095	6,788	104
Revolving credits	5.42 - 6.40	5,230	5,230	5,230	-	-
Multi currency trade loan	5.35	336	336	336	-	-
Term loans	4.52 - 8.95	41,793	47,625	9,666	21,572	16,387
Bank overdrafts	7.47 - 7.96	3,167	3,167	3,167	-	-
		98,297	105,188	60,089	28,608	16,491

* Excluding deposits from customers.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.1 FINANCIAL RISK MANAGEMENT POLICIES (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Company	Weighted Average Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2019						
<u>Non-derivative Financial Liabilities</u>						
RCPS	5.50	277	248	248	-	-
Other payables and accruals	-	2,719	2,719	2,719	-	-
Amount owing to subsidiaries	-	13,601	13,601	13,601	-	-
Lease liabilities	4.65 - 7.34	975	1,117	308	620	189
Term loan	7.92	1,934	2,056	1,175	881	-
Revolving credit	4.84 - 5.05	5,935	5,935	5,935	-	-
		25,441	25,676	23,986	1,501	189
2018						
<u>Non-derivative Financial Liabilities</u>						
RCPS	5.50	1,195	1,238	990	248	-
Other payables and accruals	-	1,673	1,673	1,673	-	-
Amount owing to subsidiaries	-	14,106	14,106	14,106	-	-
Hire purchase payables	4.65 - 7.34	598	654	325	299	30
Term loan	8.17	2,911	3,232	1,175	2,057	-
Revolving credit	5.42 - 5.93	3,371	3,371	3,371	-	-
		23,854	24,274	21,640	2,604	30

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the current reporting period was as follows:-

	The Group	
	2019 RM'000	2018 RM'000
RCPS (Note 21)	277	1,195
Lease liabilities (Note 28)	14,586	-
Hire purchase payables (Note 29)	-	9,971
Term loans (Note 30)	52,987	41,793
Bankers' acceptance (Note 27)	8,242	8,019
Revolving credit (Note 27)	7,535	5,230
Multi currency trade loan (Note 27)	2,908	336
Bank overdrafts (Note 31)	8,812	3,167
	95,347	69,711
Less: Fixed deposits with licensed banks (Note 17)	(3,371)	(3,032)
Less: Cash and bank balances	(7,218)	(12,100)
	84,758	54,579
Net debt	84,758	54,579
Total equity	98,873	107,722
Debt-to-equity ratio	86%	51%

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants as disclosed in Notes 27 and 30 to the financial statements, failing which, the banks may call an event of default. The Group has complied with these requirements.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019		2018	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Assets				
<u>Amortised Cost</u>				
Trade receivables (Note 14)	30,401	-	31,593	-
Other receivables (Note 15)	216	2	330	-
Amount owing by subsidiaries (Note 16)	-	12,696	-	11,066
Fixed deposits with licensed banks (Note 17)	3,371	-	3,032	-
Cash and bank balances	7,218	1,685	12,100	2,551
	<u>41,206</u>	<u>14,383</u>	<u>47,055</u>	<u>13,617</u>
Financial Liabilities				
<u>Amortised Cost</u>				
RCPS (Note 21)	277	277	1,195	1,195
Trade payables (Note 24)	24,748	-	19,375	-
Other payables and accruals (Note 25) *	10,685	2,719	9,211	1,673
Amount owing to subsidiaries (Note 26)	-	13,601	-	14,106
Bankers' acceptance (Note 27)	8,242	-	8,019	-
Revolving credit (Note 27)	7,535	5,935	5,230	3,371
Multi currency trade loan (Note 27)	2,908	-	336	-
Hire purchase payables (Note 29)	-	-	9,971	598
Term loans (Note 30)	52,987	1,934	41,793	2,911
Bank overdrafts (Note 31)	8,812	-	3,167	-
	<u>116,194</u>	<u>24,466</u>	<u>98,297</u>	<u>23,854</u>

* Excluding deposits from customers.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2019		2018	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Assets				
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	98	5	101	5
Financial liabilities				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	4,097	566	4,226	481

45.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company that are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group and the Company does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
The Group					
2019					
<u>Financial Liabilities</u>					
Term loans	-	52,987	-	52,987	52,987
RCPS	-	238	-	238	277
2018					
<u>Financial Liabilities</u>					
Hire purchase payables	-	9,941	-	9,941	9,971
Term loans	-	41,793	-	41,793	41,793
RCPS	-	1,154	-	1,154	1,195

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

45. FINANCIAL INSTRUMENTS (Cont'd)

45.5 FAIR VALUE INFORMATION (Cont'd)

As the Group and the Company does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments not Carried At Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
The Company					
2019					
<u>Financial Liabilities</u>					
Term loan	-	1,934	-	1,934	1,934
RCPS	-	238	-	238	277
2018					
<u>Financial Liabilities</u>					
Hire purchase payables	-	598	-	598	598
Term loan	-	2,911	-	2,911	2,911
RCPS	-	1,154	-	1,154	1,195

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair value of the Group's and the Company's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of RCPS and hire purchase payables are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group		The Company	
	2019 %	2018 %	2019 %	2018 %
RCPS	7.92	8.17	7.92	8.17
Hire purchase payables	-	4.38 - 7.33	-	4.65 - 7.33

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

46. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using the modified retrospective approach under which the cumulative effect of initial application is recognised as an adjustment to the retained profits as at 1 January 2019 (date of initial application) without restating any comparative information.

The Group has applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(a) Lessee Accounting

At 1 January 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the weighted average incremental borrowing rate at that date of 5.16% to 6.25%. The right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months and leases of low-value assets as at 1 January 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased assets and lease liabilities immediately before 1 January 2019 as the carrying amount of the right-of-use assets and the lease liabilities as at the date of initial application.

The main impacts resulting from the adoption of MFRS 16 at 1 January 2019 are summarised below:-

Consolidated Statements of Financial Position (Extract)

	← 1 January 2019 →		
	As Previously Reported RM'000	MFRS 16 Adjustments RM'000	As Restated RM'000
The Group			
Property, plant and equipment (Note 9)	97,989	(19,157)	78,832
Prepaid lease payment (Note 10)	3,874	(3,874)	-
Right-of-use assets (Note 11)	-	24,315	24,315
Lease liabilities (Note 28)			
- non-current liabilities (Note 22)	-	7,172	7,172
- current liabilities (Note 27)	-	4,096	4,096
Hire purchase payables (Note 29)			
- non-current liabilities (Note 22)	6,357	(6,357)	-
- current liabilities (Note 27)	3,614	(3,614)	-
Deferred tax liabilities (Note 23)	3,555	(3)	3,552
Retained profits	40,104	(10)	40,094

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

46. INITIAL APPLICATION OF MFRS 16 (Cont'd)

(a) Lessee Accounting (Cont'd)

There were no financial impacts to the Company's financial statements other than the recognition of the carrying amount of the leased asset and hire purchase payables immediately before 1 January 2019 as the carrying amount of the right-of-use assets and the lease liabilities upon the transition to MFRS 16 at the date of initial application.

(b) Lessor Accounting

The Group did not make any adjustments to the accounting for asset held as lessor under operating lease as a result of the adoption of MFRS 16.

There were no financial impacts to the Group's and the Company's retained earnings as at 1 January 2019.

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LIST OF PROPERTIES

AS AT 31 DECEMBER 2019

Registered Owner	Title/Location/ Address	Description/ existing use	Tenure	Age of building (years)	Total land area (Sq. ft)	Total built up area (Sq. ft)	NBV @ 31.12.2019 (RM'000)	Year of acquisition
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 6133, Lot 3926, Mukim of Tebrau, 7, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	Office, Warehouse & Factory	Freehold	23	24,778	30,313	1,620	2003
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 458044, Lot 3925, Mukim of Tebrau, 5, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	Industrial Land (Vacant)	Freehold	N/A	19,773	N/A	475	2009
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 420021 PTD 137632 Lot 3916 & 3917, Mukim of Tebrau 68, Jalan Riang 21, Taman Gembira, 81200 Johor Bahru.	Office, Warehouse & Factory	Freehold	20	52,287	50,830	9,468	2016
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 197314, Lot 3927, Mukim of Tebrau, 9, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	Office, Warehouse & Factory	Freehold	25	29,439	20,654	1,872	2002
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 197314, Lot 3928, Mukim of Tebrau, 11, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	Warehouse	Freehold	26	33,425	27,820	2,129	1997
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 6374, Lot 4174, Mukim of Tebrau, 58, Jalan Riang 22/4, Taman Gembira, 81200 Johor Bahru.	Warehouse	Freehold	32	49,704	35,311	1,964	2005
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 6136, Lot 3929, 15, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	Warehouse & Factory	Freehold	25	41,227	42,411	6,618	2019

LIST OF PROPERTIES *(Cont'd)*

AS AT 31 DECEMBER 2019

Registered Owner	Title/Location/ Address	Description/ existing use	Tenure	Age of building (years)	Total land area (Sq. ft)	Total built up area (Sq. ft)	NBV @ 31.12.2019 (RM'000)	Year of acquisition
Polyplas Sdn. Bhd.	HSD 25133, Lot 7718, 2056 Mukim 14, Lorong IKS Bukit Minyak 5, Taman IKS Bukit Minyak, 14100 Bukit Minyak, APT P.Pinang.	Office, Warehouse & Factory	Leasehold - 10 Jan 2056	24	66,531	56,482	6,902	2001
Polyplas Sdn. Bhd.	HSM 9220 Lot 31258 3 Lorong Bukit Minyak 3, Taman IKS Bukit Minyak, 14100 Bukit Minyak, P.Pinang Mukim 14, District of Seberang Perai Tengah P.Pinang.	Warehouse & Factory	Freehold	4	19,719	8,800	2,402	2014
Polyplas Sdn. Bhd.	Lot 7721, Mukim 14, Lorong IKS Bukit Minyak 2, Taman IKS Bukit Minyak, 14000 Seberang Perai Tengah, Penang.	Empty Land	Leasehold - 10 Jan 2056	N/A	40,106	N/A	2,814	2018
Demand Options Sdn. Bhd.	HSD 285042 Lot 112228 Mukim Plentong, Negeri Johor Darul Takzim, 6 & 8, Jalan Mahir 5, Taman Perindustrian, Desa Cemerlang, 81800 Ulu Tiram, Johor.	Office, Warehouse & Factory	Freehold	27	110,233	89,924	10,131	2006
Demand Options Sdn. Bhd.	HSD 190473 Lot 58834, Mukim Plentong, 11, Jalan Saga 3, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor.	Workers Hostel	Freehold	26	1,765	1,156	128	2012

LIST OF PROPERTIES *(Cont'd)*

AS AT 31 DECEMBER 2019

Registered Owner	Title/Location/ Address	Description/ existing use	Tenure	Age of building (years)	Total land area (Sq. ft)	Total built up area (Sq. ft)	NBV @ 31.12.2019 (RM'000)	Year of acquisition
Demand Options Sdn. Bhd.	HSD 190761 Lot 59235, Mukim Plentong, 67, Jalan Saga 14, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor.	Workers Hostel	Freehold	23	1,765	1,177	175	2012
Demand Options Sdn. Bhd.	Lot 111372, Mukim Plentong Daerah Johor Bahru, Johor, No 17, Jalan Gemilang 3, Taman Perindustrian Cemerlang, 81800, Ulu Tiram, Johor Darul Takzim.	Warehouse & Factory	Freehold	13	14,402	13,172	2,833	2018
Demand Options Sdn. Bhd.	H.S.D 169007 PTD 91805, Mukim, Plentong, Daerah Johor Bahru, 12, Jalan Mahir 5, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim	Warehouse & Factory	Freehold	25	52,843	22,492	7,568	2019
Ge-Shen (Vietnam) Co., Ltd	Lot XN 42, Dai An Industrial Zone, KM 51, Highway No. 5, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam,	Office, Warehouse & Factory	Leasehold - 01 Jan 2052	2	172,308	107,935	12,321	2016

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2020

ORDINARY SHARES

Total number of Issued Shares : 80,019,000 ordinary shares (including the treasury shares of 3,092,000)

Voting rights : One (1) vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

		NO. OF HOLDERS	%	NO. OF HOLDINGS	%
1	- 99	11	0.79	329	0.00
100	- 1,000	435	31.18	375,807	0.49
1,001	- 10,000	634	45.45	3,239,494	4.21
10,001	- 100,000	272	19.50	8,651,400	11.25
100,001	- 3,846,349 (*)	40	2.87	20,034,082	26.04
3,846,350 AND ABOVE (**)		3	0.22	44,625,888	58.01
TOTAL		1,395	100.00	76,927,000	100.00

REMARK: * - LESS THAN 5% OF ISSUED HOLDINGS

: ** - 5% AND ABOVE OF ISSUED HOLDINGS

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS

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

	HOLDER NAME AND ADDRESS	NO OF HOLDINGS	%
1	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR PELITA NIAGAMAS SDN BHD (PB)	24,025,888	31.23
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR PELITA NIAGAMAS SDN BHD (PBCL-0G0138)	11,000,000	14.30
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PELITA NIAGAMAS SDN BHD	9,600,000	12.48
4	ALLIANCEGROUP NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ARUNACHALAM A/L NAGAPPAN (7008623)	2,473,400	3.22
5	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YIN SIEW PENG	1,900,000	2.47
6	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOWNHOUSE INFINITY HOLDINGS SDN BHD (7001186)	1,736,000	2.26
7	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KAR TEK	1,555,800	2.02
8	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO CHIN SWEE (DEALER 023)	1,270,282	1.65
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOUIS LAU PUONG KIET (7002243)	1,000,000	1.30
10	GAN CHOY HAA	976,100	1.27

ANALYSIS OF SHAREHOLDINGS *(Cont'd)*

AS AT 31 MARCH 2020

THE 30 LARGEST SECURITIES ACCOUNT HOLDERS *(Cont'd)*

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

	HOLDER NAME AND ADDRESS	NO OF HOLDINGS	%
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOUIS LAU PUONG KIET	920,000	1.20
12	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	826,000	1.07
13	LEE KOK HIN	573,500	0.75
14	ONG CHUI LI	494,600	0.64
15	SEE ENG SIANG	467,300	0.61
16	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP SECURITIES PTE LTD (CLIENTS)	413,900	0.54
17	QUEK SEE KUI	409,100	0.53
18	CHEE KOK LEONG	330,200	0.43
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAY ZHENG ZHEE	305,000	0.40
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOON WY	302,000	0.39
21	TAN BOON PENG	250,000	0.32
22	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CEKD VENTURE SDN BHD	233,600	0.30
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALLAN GAN CHIN YONG (8122098)	231,400	0.30
24	NG KO CHEE	230,000	0.30
25	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR QUEK SEE KUI	215,800	0.28
26	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOUIS LAU PUONG KIET (MY1548)	203,000	0.26
27	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHOONG ONN (MG0000026)	200,000	0.26
28	LEONG WAI YI	200,000	0.26
29	LIM CHIN SIEW	200,000	0.26
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IAN CHAN TZE LIANG	200,000	0.26
		62,742,870	81.56

ANALYSIS OF SHAREHOLDINGS (Cont'd)

AS AT 31 MARCH 2020

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of shares	%#	No. of shares	%#
Sa'adon Bin Samadi	-	-	-	-
Chan Choong Kong	-	-	44,825,888*	58.27
Tee Boon Hin	-	-	-	-
Chew Hoy Ping	-	-	-	-
Louis Lau Puong Kiet	2,123,000	2.76	1,736,000**	2.26

Notes:

* Deemed interested by virtue of his direct interest in Pelita Niagamas Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("CA 2016") and via shares held by his son, Mr. Ian Chan Tze Liang (disclosure pursuant to Section 221 of the CA 2016).

** Deemed interested by virtue of his interest in Townhouse Infinity Holdings Sdn. Bhd. pursuant to Section 8 of the CA 2016.

The percentage was computed based on the total number of issued shares of the Company comprising 80,019,000 shares after deducting 3,092,000 treasury shares retained by the Company.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDING

Name	Direct Interest		Indirect Interest	
	No. of Shares	%#	No. of Shares	%#
Pelita Niagamas Sdn. Bhd.	44,625,888	58.01	-	-
Chan Choong Kong	-	-	44,825,888*	58.27
Louis Lau Puong Kiet	2,123,000	2.76	1,736,000**	2.26

Notes:

* Deemed interested by virtue of his direct interest in Pelita Niagamas Sdn. Bhd. pursuant to Section 8 of the CA 2016 and via shares held by his son, Mr. Ian Chan Tze Liang (disclosure pursuant to Section 221 of the CA 2016).

** Deemed interested by virtue of his interest in Townhouse Infinity Holdings Sdn. Bhd. pursuant to Section 8 of the CA 2016.

The percentage was computed based on the total number issued shares of the Company comprising 80,019,000 shares after deducting 3,092,000 treasury shares retained by the Company.



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