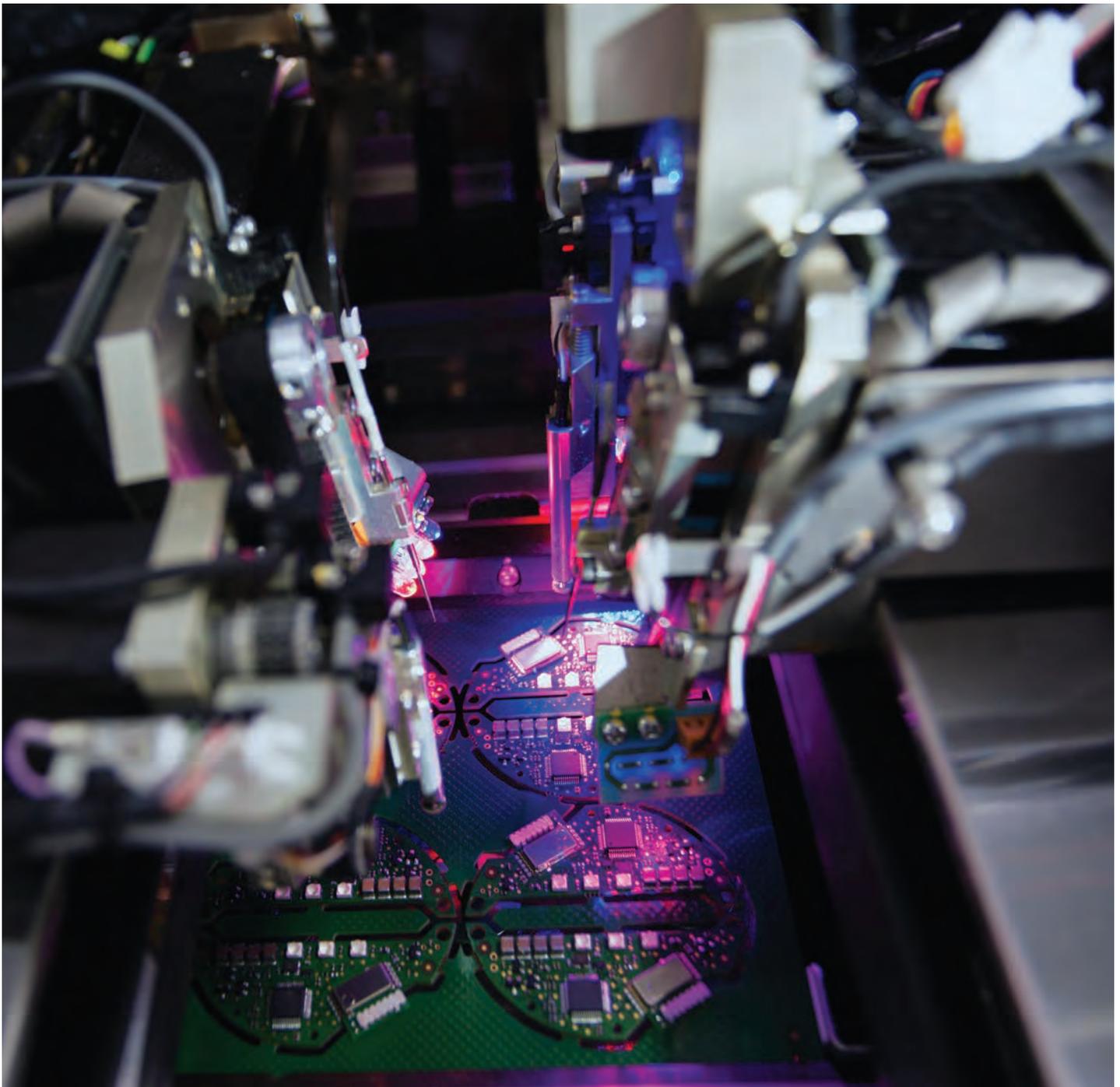
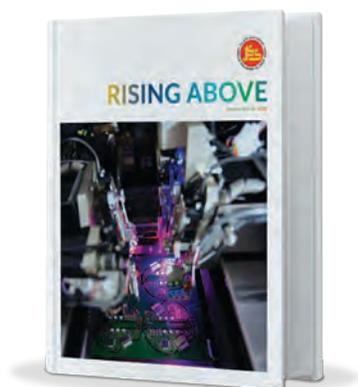




RISING ABOVE

ANNUAL REPORT 2020





As a global investment holding company, KPS has had its fair share of ups and downs over the years. We have enjoyed times of success and growth and manoeuvred through business challenges. As with many companies around the globe, the COVID-19 pandemic has cornered companies to adopt a paradigm shift in managing their business focus and priorities. And KPS is no exception to this. But while we were not spared the brunt of the pandemic, our resilience underpinned the efforts we exerted in navigating the uncertainty, risk, and change, and eventually, in bridging recovery.

All of us at KPS, from the corporate office to our geographically diversified subsidiary companies, stood steadfast. Our core values, PRIDE, stemmed our determination and commitment to embrace incremental and architectural innovations in maintaining operational efficiency and ensuring sustainable value creation for our products and services. While technology played key roles in overcoming business disruptions, indubitably, it was PRIDE that shaped our agility to push through the pandemic by unlearning our business and coming up with creative solutions to unanticipated setbacks.

More importantly, we supported one another, communicated effectively, and scaled up our business momentum, adapting to the evolving expectations of our stakeholders, and, in the end, **Rising Above** the tumult from unprecedented challenges.

FEATURE IN THIS ANNUAL REPORT 2020

Get access to the soft copy of our reports, videos and contact information



Download the "QR Code Reader"
on App Store or Google Play



Run the QR Code Reader app and
point your camera to the QR Code



Scan this to view our Annual Report online. Our Annual Report, financial and other information about Kumpulan Perangsang Selangor Berhad can also be found at www.kps.com.my



VISION

To be the leading corporation, stimulating economic growth in Selangor and beyond.

MISSION

- To venture into business activities that create value for our stakeholders.
- To have a leading regional presence.
- To ensure sustainable financial performance with optimum returns to shareholders.
- To achieve quality standards surpassing customers' expectations.
- To enhance quality of life by being a caring, community-oriented and environmentally friendly organisation.

CORE VALUES

P PRIDE  Take pride in our jobs and KPS as an organisation, and commit to its success	R RESPECT  Recognise the value of others and accept differences	I INTEGRITY  Integrity in our conduct is guided by responsibility and accountability	D DISCIPLINE  Operate with team spirit guided by clear rules of work, discipline and a healthy work life balance	E EXTRA-MILE  Contribute to stakeholders' growth by "Going the Extra-Mile"
--	--	---	---	---

44th

ANNUAL GENERAL MEETING

 **25** Tuesday, 25 May 2021

 **10:00 a.m.**



Broadcast Venue:

KPS Corporate Office

17th Floor, Plaza Perangsang
 Persiaran Perbandaran
 40000 Shah Alam
 Selangor Darul Ehsan

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WHO WE ARE

Incorporated on 11 August 1975, **KUMPULAN PERANGSANG SELANGOR BERHAD** ("KPS" or "the Company" or "the Group") is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") under the Industrial Products & Services sector.

KPS has core investments in the Manufacturing sector, as well as businesses in the Trading, Licensing and Infrastructure sectors.

While strengthening our business to optimise returns, KPS is committed to providing significant contributions towards sustainable development in the areas of economic, environmental and social for the benefit of all stakeholders.



One of the plastic injection moulding production lines at Toyoplas' plant in Senai, Johor Bahru.

WHO WE ARE



MANUFACTURING

7040
TOYOPLAS

TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD ("Toyoplas") Group of Companies serves the integrated plastics injection moulding industry with clientele from the Consumer Electronics sector, as well as Industrial Tools, Automotive and Other industries with a value chain spanning 75 countries. As a one-stop solutions provider, Toyoplas' expertise covers mould fabrication, precision injection moulding, and secondary processes as well as assembly via its seven manufacturing plants across Malaysia, China, Indonesia and Vietnam.

CPI

CPI (PENANG) SDN BHD ("CPI") is an integrated plastics injection moulding company serving over 90 clients worldwide. As a contract manufacturer specialising in plastics injection moulding, tool fabrication, secondary and sub-assembly processes, and electronics box-build processes, CPI's clientele includes customers from various industries, including Automotive, Communications and Information Technology, Healthcare, and Other Electronics.

CBB

CENTURY BOND BHD ("CBB") is an integrated packaging solutions provider driven by five business Divisions, namely Offset, Carton, Paper, Plastic, and Original Equipment Manufacturer ("OEM") for Consumer Products. CBB serves clientele from diversified industries and sectors such as consumer electronics, cement and construction, food, and OEM for retail stores. CBB operates from seven locations, namely Senai, Ulu Tiram, Nilai, Ipoh and Sungai Petani in Malaysia, and in Batam and Medan in Indonesia.

**KING
KOIL**
—
MATTRESS CO.

KING KOIL MANUFACTURING WEST, LLC ("KKMW") was established on 22 January 2018, marking the King Koil® brand's first manufacturing initiative in the United States of America ("the US"). Based in Phoenix, Arizona, KKMW currently supplies King Koil® mattresses to retailers in the Western region of the US, following the shift in its business model in the US from licensing to a direct-to-retail model.



TRADING

Aqua-flo

AQUA-FLO SDN BHD ("Aqua-Flo") supplies water chemicals and provides technical services to water, waste and sewage treatment plants. Having access to a modern and high-tech water laboratory in Malaysia, Aqua-Flo works closely with local and international water and waste water treatment specialists.

About KPS

WHO WE ARE



LICENSING

**KING
KOIL**
—
MATTRESS CO.

KING KOIL LICENSING COMPANY INC ("KKLC") operates the King Koil® brand licensing business globally. The King Koil® brand was first established in the US over 100 years ago and remains as one of the most recognisable mattress brands in the US and globally. King Koil® mattresses and bedding products are distributed in 89 countries via 25 licensees worldwide.



INFRASTRUCTURE



SMARTPIPE TECHNOLOGY SDN BHD ("Smartpipe") is an integrated water solutions provider, specialising in pipe rehabilitation and replacement. Smartpipe is the sole company authorised by Netherlands-based Wavin Overseas BV ("Wavin") to sell and install Compact Pipe® and Wavin's other pipe rehabilitation products in Malaysia. Combining its expertise in trenchless pipe rehabilitation with experience in conventional pipe replacement works, Smartpipe is also well positioned to address non-revenue water ("NRW") issues in Malaysia.

**KPS-HCM
Sdn. Bhd.**

KPS-HCM SDN BHD ("KPS-HCM") is focussed on providing general civil engineering works, building construction, and maintenance for both the public and private sectors. Following the successful completion of a seven-year concession for road maintenance works, its services were extended to include road and pavement, drainage and sewerage pipeline works, and deployment of flood mitigation ponds.



SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD ("SPRINT Holdings") owns Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT"). SPRINT is one of the main expressway networks in the Klang Valley. It is a three-lane dual carriageway that was built to ease traffic congestion into the city of Kuala Lumpur from Petaling Jaya, Damansara and surrounding areas. The 26.5 kilometre expressway is divided into three sections that include the Kerinchi Link, Damansara Link and Penchala Link. KPS holds 20% of equity interest in SPRINT via its associate company, SPRINT Holdings.



OIL AND GAS



KPS, through its wholly-owned subsidiary, Perangsang Oil and Gas Sdn Bhd has a 40% equity stake in **NGC ENERGY SDN BHD ("NGC Energy")**, a joint venture between KPS and the National Gas Company of Oman.

NGC Energy is in the business of supplying liquefied petroleum gas ("LPG") to residential, commercial, and industrial customers, commanding the second largest market share in LPG supply in Peninsular Malaysia.

2020 FINANCIAL SNAPSHOTS



PAID-UP CAPITAL

RM **537.9** million

(2019: RM537.9 million)



MARKET CAPITALISATION

RM **494.4** million

as of 31 December 2020

(2019: RM376.2 million)



REVENUE

RM **1.1** billion

(2019: RM866.8 million)



EBITDA

RM **138.2** million

(2019: RM129.8 million)

EXTENDING IMPACT THROUGH

TOTAL BUDGET ALLOCATION: **RM2 million**



EDUCATION



ENTREPRENEURSHIP

Developing talent and skills
of targetted stakeholders

Promoting and enabling
business opportunities

Provided access to quality
education to **34**
STUDENTS
in 2020

Developed
210
ENTREPRENEURS
in 2020

2020 FINANCIAL SNAPSHOTS



PROFIT BEFORE TAX AND ZAKAT

RM **57.3** million

(2019: RM55.0 million)



PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

RM **34.1** million

(2019: RM26.9 million)



NET ASSETS PER SHARE

RM **1.85**

(2019: RM1.78)



DIVIDEND PER SHARE

2.50 sen

(2019: Special dividend of 32.60 sen)

CORPORATE SOCIAL RESPONSIBILITY



COMMUNITY DEVELOPMENT

Enhancing social progress and stakeholder development

Assisted **89** **BENEFICIARIES** & more than **100** associations, NGOs, schools and institutions in 2020



ENVIRONMENT, SAFETY & HEALTH

Improving our society's quality of life and caring for the environment

Assisted **221** **BENEFICIARIES** in 2020

2020 IN REVIEW

24 MARCH 2020

1st Contribution of Personal Protective Equipment ("PPE") to Klinik Kesihatan Kelana Jaya.

**1 APRIL 2020**

Donated RM1 million to the State of Selangor's COVID-19 Special Assistance Fund.

**8 APRIL 2020**

2nd Contribution of PPE to Klinik Kesihatan Kelana Jaya.

**30 JUNE 2020**

43rd Annual General Meeting.

**3 SEPTEMBER 2020**

Recipient of Sustainability & CSR Malaysia Awards 2020 Company of the Year (Manufacturing & Trading).

**24 SEPTEMBER 2020**

Signing Ceremony between KPS and CSR Initiatives Training Providers.

**9 MARCH 2020**

CBB distributed 230 Hand Sanitisers worth RM9,800 to 73 Schools in Johor.

18 MARCH 2020

Movement Control Order and Activation of Work from Home.

28 MAY 2020

Q1 2020 Results Announcement: KPS Recorded RM234.4 million Revenue in Q1 2020 on Broader Earnings Base.

27 AUGUST 2020

Q2 2020 Results Announcement: KPS Earnings Slid in Q2 2020 Despite 39% Growth in Revenue due to COVID-19 Impact and Impairment Loss.

About KPS

2020 IN REVIEW

16 OCTOBER 2020

KPS Launched New Corporate Website.



25 OCTOBER 2020

Disinfection of Plaza Perangsang, Shah Alam, Selangor.



5 NOVEMBER 2020

3rd PPE Contribution to Klinik Kesihatan Kelana Jaya.



30 NOVEMBER 2020

Virtual Team Hunt.



13 NOVEMBER 2020

COVID-19 Swab Test carried out at the Headquarters.



22 DECEMBER 2020

Won Silver for the National Annual Corporate Report Awards 2020 Excellence Awards ("NACRA 2020") for Companies under RM2 billion Market Capitalisation.



WASTE MANAGEMENT AWARENESS TRAINING PROGRAMME

Toyoplas - 21 September 2020
CBB - 22 September 2020
CPI - 29 September 2020

27 NOVEMBER 2020

Q3 2020 Results Announcement: KPS Q3 2020 Results Beat Expectations as the Group Bridged Recovery.

25 FEBRUARY 2021

Q4 2020 Results Announcement: KPS Set New Milestone, Surpassing RM1 billion Revenue Mark for Fiscal 2020.

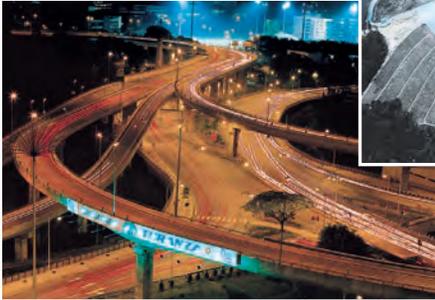
CORPORATE MILESTONES

2000

Acquired 30% equity stake in Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings"), 30% equity stake in Konsortium ABASS Sdn Bhd ("ABASS") and 20% equity stake in Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Holdings").

2012

The Group ventured into two new investments in the areas of Oil & Gas and Telecommunications. Via 100% subsidiary Perangsang Oil and Gas Sdn Bhd, KPS acquired 40% equity stake in NGC Energy Sdn Bhd. Via 100% subsidiary Perangsang Telco Sdn Bhd, KPS acquired 30% equity stake in Ceres Telecom Sdn Bhd.



1975

KPS was established on 11 August 1975 with a vision to become a leading infrastructure and utility player.

2003

- Listed on Bursa Securities with an authorised capital of RM1.0 billion and an enlarged paid-up capital of RM431.4 million.
- Via 60% subsidiary, Hydrovest Sdn Bhd, acquired 60% equity interest in Aqua-Flo, a water chemicals treatment and equipment specialist.

2006

Via 55% subsidiary, Titisan Modal (M) Sdn Bhd, KPS completed the acquisition of 100% equity stake in ABASS.

2007

Market capitalisation hit the RM1 billion mark, reaching RM1.35 billion at the end of December 2007.

2013

Divested Kumpulan Hartanah Selangor Berhad to Air Selangor Holdings Berhad (formerly known as Kumpulan Darul Ehsan Berhad), marking the Group's exit from the property development sector.

About KPS

CORPORATE MILESTONES

2015

Divested ABASS to Pengurusan Air Selangor Sdn Bhd ("Air Selangor").



2016

- Launched the Business Transformation Plan, a new growth agenda to ensure business sustainability of the Group.
- Acquired 51% stake in Smartpipe.
- Acquired 60% interest in KaiserCorp Corporation Sdn Bhd, the holding company of KKLC, which owns the global King Koil® brand.
- Emerged as major shareholder by holding 51% equity stake in Aqua-Flo.
- Acquired 71.4% equity stake in CBB.



2017

Emerged as majority shareholder by holding 51% equity stake in KPS-HCM.

2018

- Set a new business direction for KKLC's operations in the United States of America ("the US") from licensing to direct-to-retail manufacturer.
- KPS' indirect 60%-owned subsidiary Kyco Industries Inc formed a wholly-owned subsidiary, KKMW, to undertake the production, sale and distribution of King Koil mattresses and related bedding and sleep products in the US.
- Acquired 100% equity stake in CPI.
- SPLASH Holdings accepted a takeover offer of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") by Air Selangor.
- KPS disposed its 34.4% equity stake in Ceres Telecom Sdn Bhd.



2019

- Acquired 100% equity stake in CBB.
- Acquired 100% equity stake in Toyoplas, an end-to-end plastic injection moulding solutions provider.
- CBB acquired 85% equity stake in Taspac Industrial Sdn Bhd.
- Smartpipe formed a joint venture with Menteri Besar Kedah Incorporated to provide non-revenue water solutions in Kedah.



2020

- KPS was awarded Silver for the National Annual Corporate Report Awards 2020 Excellence Awards ("NACRA 2020") for Companies under RM2 Billion Market Capitalisation.
- The Group set a new milestone, surpassing the **RM1 billion** revenue mark for FY2020.



- Sustainability & CSR Malaysia Awards 2020 KPS named Company of the Year (Manufacturing and Trading)

CORPORATE STRUCTURE

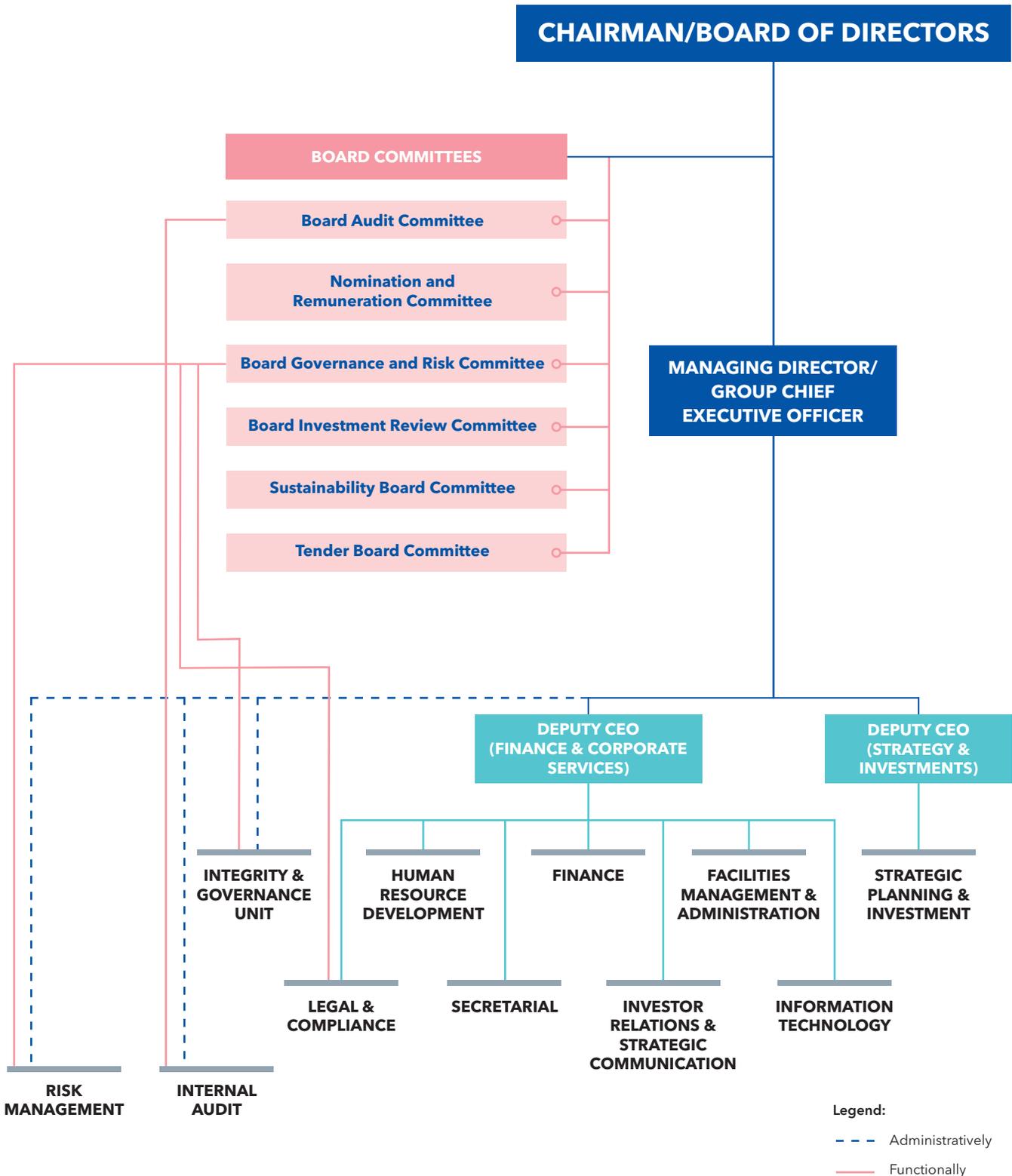
KUMPULAN PERANGSANG SELANGOR BERHAD

SUBSIDIARY COMPANIES	ASSOCIATE COMPANIES
100% Cash Band (M) Berhad 100% Perangsang Hotel & Properties Sdn Bhd 100% Brisdale International Hotel Sdn Bhd	40% Perangsang Water Management Sdn Bhd
100% Viable Chip (M) Sdn Bhd 30% Syarikat Pengeluar Air Selangor Holdings Berhad	20% Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd
100% Perangsang Oil & Gas Sdn Bhd 40% NGC Energy Sdn Bhd	
100% Nadi Biru Sdn Bhd 64% Smartpipe Technology Sdn Bhd	
100% Bold Approach Sdn Bhd 60% Kaisercorp Corporation Sdn Bhd	
100% Perangsang Packaging Sdn Bhd 100% Century Bond Bhd	
100% Perangsang Dinamik Sdn Bhd 100% CPI (Penang) Sdn Bhd 100% Toyoplas Manufacturing (Malaysia) Sdn Bhd	
100% Perangsang Capital Sdn Bhd	
51% Aqua-Flo Sdn Bhd	
51% KPS-HCM Sdn Bhd	

Note:

The above Corporate Structure did not include the subsidiaries of KPS which are/have been in liquidation, under receivership, under official assignee, dormant and/or ceased operation. For further details, you may refer to Note 16 and Note 17 of the Company's Audited Financial Statements for the year ended 31 December 2020.

ORGANISATION STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

YB Dato' Nor Azmie bin Diron

Chairman, Non-Independent Non-Executive Director

Puan Norliza binti Kamaruddin

Independent Non-Executive Director

Encik Soffan Affendi bin Aminudin

Non-Independent Non-Executive Director

Encik Koay Li Onn (Leon)

Independent Non-Executive Director

YBhg Dato' Idris bin Md Tahir

Independent Non-Executive Director

YBhg Dato' Noorazman bin Abd Aziz

Independent Non-Executive Director

YBhg Dato' Ikmal Hijaz bin Hashim

Independent Non-Executive Director

Encik Ahmad Fariz bin Hassan

Managing Director/Group Chief Executive Officer

BOARD AUDIT COMMITTEE

Chairman

YBhg Dato' Idris bin Md Tahir

Members

Encik Koay Li Onn (Leon)

Encik Soffan Affendi bin Aminudin

**YBhg Dato' Noorazman
bin Abd Aziz**

NOMINATION AND REMUNERATION COMMITTEE

Chairman

YBhg Dato' Ikmal Hijaz bin Hashim

Members

YBhg Dato' Idris bin Md Tahir

Puan Norliza binti Kamaruddin

Encik Soffan Affendi bin Aminudin

BOARD GOVERNANCE AND RISK COMMITTEE

Chairman

Encik Koay Li Onn (Leon)

Members

Puan Norliza binti Kamaruddin

**YBhg Dato' Noorazman
bin Abd Aziz**

YBhg Dato' Idris bin Md Tahir

BOARD INVESTMENT REVIEW COMMITTEE

Chairman

**YBhg Dato' Noorazman
bin Abd Aziz**

Members

YBhg Dato' Ikmal Hijaz bin Hashim

Encik Koay Li Onn (Leon)

Encik Soffan Affendi bin Aminudin

SUSTAINABILITY BOARD COMMITTEE

Chairman

Puan Norliza binti Kamaruddin

Members

YBhg Dato' Ikmal Hijaz bin Hashim

Encik Soffan Affendi bin Aminudin

TENDER BOARD COMMITTEE

Chairman

YBhg Dato' Ikmal Hijaz bin Hashim

Members

YBhg Dato' Idris bin Md Tahir

**YBhg Dato' Noorazman
bin Abd Aziz**

CORPORATE INFORMATION

JOINT COMPANY SECRETARIES

Puan Hashimah binti Mohd Isa

(SSM PC No. 201908000993/
MACS 01269)

Puan Selfia binti**Muhammad Effendi**

(SSM PC No. 201908000999/
MAICSA 7046782)

REGISTERED OFFICE

17th Floor, Plaza Perangsang
Persiaran Perbandaran
40000 Shah Alam
Selangor Darul Ehsan
Tel : +603-5524 8400
E-mail : irsc@kps.com.my
Web : www.kps.com.my

PRINCIPAL BANKERS

Bank Islam Malaysia Berhad

Tingkat Bawah, Wisma PKPS
Persiaran Perbandaran
40675 Shah Alam
Selangor Darul Ehsan

Affin Bank Berhad

F-G-38 & 39, Jalan Ikhtisas 14/1
Off Persiaran Damai
40000 Shah Alam
Selangor Darul Ehsan

RHB Bank Berhad

No. 16 & 18
Jalan Tengku Ampuan Zabedah D9/D
Seksyen 9
40100 Shah Alam
Selangor Darul Ehsan

Maybank Islamic Berhad

Shah Alam Main Branch
Persiaran Perbandaran
Seksyen 14, 40000 Shah Alam
Selangor Darul Ehsan

AUDITORS

BDO PLT

(LLP0018825-LCA & AF0206)
Level 8, Menara Centara
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

LISTING

Bursa Malaysia Securities Berhad

Main Market
22 July 2003

SHARE REGISTRAR

**Boardroom Share Registrars
Sdn Bhd**

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia
Tel : +603-7890 4700
Fax : +603-7890 4670

MANAGEMENT TEAM

Encik Ahmad Fariz bin Hassan

*Managing Director/
Group Chief Executive Officer*

Puan Suzila binti Khairuddin

*Deputy Chief Executive Officer
(Finance & Corporate Services)*

Encik Azlan bin Abdul Jalil

*Deputy Chief Executive Officer
(Strategy & Investments)*

Puan Hashimah binti Mohd Isa

Company Secretary

Encik Ahmad Rosly bin Ahmar

*Director, Human Resource
Development*

Encik Zulkifli bin Mawardi

*Director, Investor Relations &
Strategic Communication*

Encik Russell Raj George

*Director, Legal & Compliance/
Chief Integrity & Governance Officer*

Puan Tan Eng Eng

*Director, Internal Audit &
Risk Management*

5-YEAR FINANCIAL HIGHLIGHTS

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	
FINANCIAL RESULTS						
Financial Indicators						
Revenue	144,498	361,495	582,313	866,786	1,076,525	
EBITDA*	N1, N2	127,444	99,717	(127,097)	129,821	138,155
Profit/(Loss) Before Tax and Zakat ("PBT/LBT")*	N2	113,023	69,886	(179,639)	54,994	57,258
Profit/(Loss) After Tax and Zakat ("PAT/LAT")*	N2	101,860	63,016	(196,757)	29,223	40,088
Profit/(Loss) Attributable to Owners of the Parent		97,766	58,762	(205,549)	26,882	34,116
Financial Ratios						
EBITDA Margin (%)	88.2%	27.6%	(21.8%)	15.0%	12.8%	
PBT/LBT Margin (%)	78.2%	19.3%	(30.8%)	6.3%	5.3%	
PAT/LAT Margin (%)	70.5%	17.4%	(33.8%)	3.4%	3.7%	
Basic Earnings/(Loss) Per Share						
Attributable to Owners of the Parent (Sen)	19.59	11.78	(38.25)	5.00	6.35	
Dividend Per Share (Sen)*	4.25	4.25	4.25	32.60 [^]	2.50	
FINANCIAL POSITIONS						
Financial Indicators						
Shareholders' Equity	1,328,030	1,361,579	1,134,208	957,763	993,632	
Total Assets	1,838,651	1,944,922	2,170,175	2,295,756	2,276,488	
Total Loans & Borrowings	267,379	307,658	611,136	668,333	616,206	
Financial Ratios						
Return on Capital Employed (%)	7.1%	4.9%	(8.2%)	5.1%	4.9%	
Return on Equity (%)	7.4%	4.3%	(18.1%)	2.8%	3.4%	
Return on Assets (%)	5.3%	3.0%	(9.5%)	1.2%	1.5%	
Gearing Ratio	0.2	0.2	0.5	0.7	0.6	
Net Assets Per Share Attributable to Owners of the Parent (RM)	2.66	2.73	2.11	1.78	1.85	

Note*

[^] Special Dividend

N1 Defined as Earnings Before Interest, Taxes, Depreciation and Amortisation.

N2 Including the items below for the respective years:

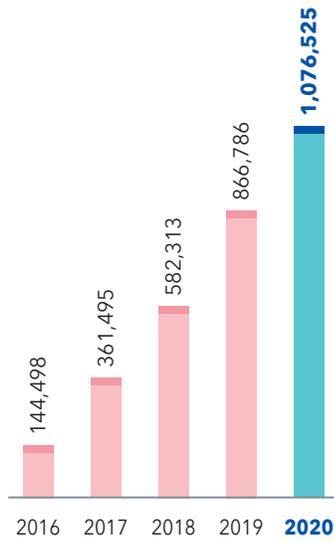
2018 - RM208 million share of loss from an associate namely SPLASH Holdings.

2016 - RM97 million gain on disposal of asset held for sale.

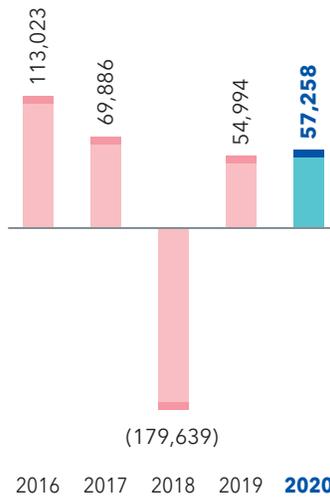
Highlights

5-YEAR FINANCIAL HIGHLIGHTS

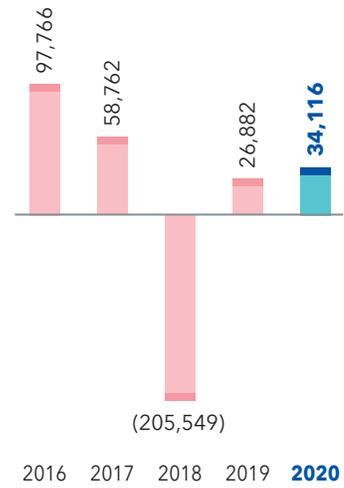
REVENUE (RM'000)



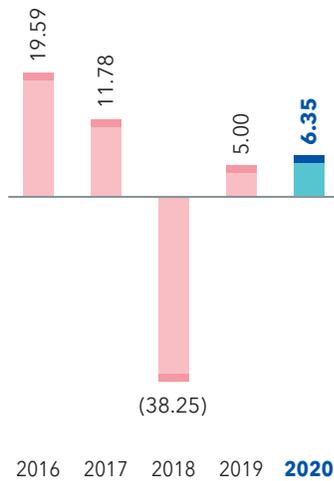
PROFIT/(LOSS) BEFORE TAX AND ZAKAT (RM'000)



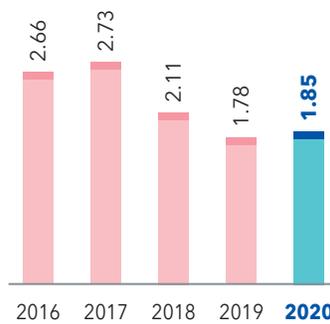
PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT (RM'000)



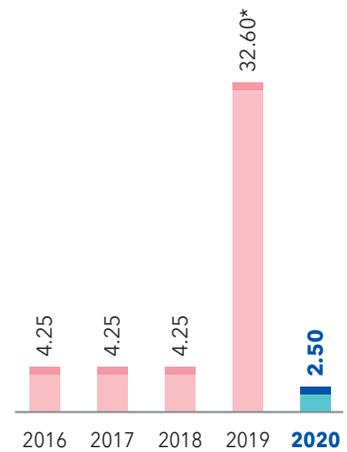
EARNINGS/(LOSS) PER SHARE (SEN)



NET ASSETS PER SHARE (RM)



DIVIDEND PER SHARE (SEN)



* Note: Special Dividend

FINANCIAL CALENDAR



FINANCIAL YEAR

1 January 2020 to 31 December 2020



ANNUAL REPORT

Issued on 26 April 2021



44TH ANNUAL GENERAL MEETING

To be broadcast on 25 May 2021

ANNOUNCEMENT ON FINAL DIVIDEND



March 2021

Final Dividend of 2.50 sen per share for Financial Year Ended 31 December 2020.

Entitlement Date : 31 May 2021

Payment Date : 24 June 2021

Note: Subject to shareholders' approval at the 44th AGM.

ANNOUNCEMENTS ON QUARTERLY RESULTS



May 2020

1st Quarter Results



November 2020

3rd Quarter Results



August 2020

2nd Quarter Results



February 2021

4th Quarter Results

43RD ANNUAL GENERAL MEETING



June 2020

Broadcast Venue:

KPS Corporate Office,
17th Floor, Plaza Perangsang, Persiaran Perbandaran,
40000 Shah Alam, Selangor Darul Ehsan

INVESTOR RELATIONS

At KPS, it is a priority to provide relevant information about all business highlights to our shareholders in a timely, adequate, and transparent manner.

The investment community, which consist of analysts, fund managers, individual investors and other stakeholders, including the media is kept updated of the Group's strategic direction and business operations.

This helps the investment community make informed decisions on investing in the company.

GOVERNANCE

Our Investor Relations ("IR") strategy and initiatives are guided by the KPS Investor Relations Policy ("IR Policy"), which is a blueprint to ensure fair and ethical business dealings with all our stakeholders. We make sure that we disclose relevant and material information in accordance with the IR Policy and Bursa Securities Main Market Listing Requirements ("MMLR").

ANNUAL GENERAL MEETING

One of the most important communication channels for shareholders is the Annual General Meeting ("AGM"), as it is a principal forum of open dialogue with our shareholders.

The Notice and Agenda of the AGM is issued to shareholders no less than 28 days prior to the meeting, which is in accordance with Practice 12.1 of the Malaysian Code of Corporate Governance ("MCCG") and within the prescribed period allowed under the Company's Constitution and Bursa Securities MMLR. It is designed to give shareholders ample time to prepare themselves to attend, or appoint a proxy to vote on their behalf.

Besides providing shareholders with a platform to provide feedback and seek clarification from the Group, the AGM also enables the Board of Directors and Senior Management Team to interact directly and respond to the shareholders.

The 43rd AGM was held virtually on 30 June 2020, during which the Chairman and Managing Director/Group Chief Executive Officer ("MD/GCEO") communicated with shareholders about the Group's business, prospects, financial results, and strategic directions.



Encik Ahmad Fariz bin Hassan, MD/GCEO addresses analysts and fund managers after the announcement of the Group's quarterly results.



In 2020, all briefings on the Group's quarterly results were conducted virtually.

INVESTOR RELATIONS



Board of Directors and Senior Management during the virtual 43rd AGM on 30 June 2020 at KPS Corporate Office. From left to right: Puan Suzila binti Khairuddin, Encik Ahmad Fariz bin Hassan, Encik Koay Li Onn, YB Dato' Nor Azmie bin Diron, Puan Norliza binti Kamaruddin and Encik Azlan bin Abdul Jalil.

ANNUAL REPORT

Our Annual Report is an important communication collateral for shareholders and other stakeholders. We therefore take great care to ensure that this publication provides a clear and accurate picture of our activities during the year as well as our developments, governance, and strategic direction. The Notice of AGM e-notification is distributed to shareholders at least 28 days before the AGM.

KPS has digitised the Annual Report, which incorporates the Financial Statements and the Sustainability Report where shareholders can access these documents by scanning the QR code in the e-notification. Printed copies of both the Annual Report and Sustainability Report are available upon request from shareholders.

ENGAGEMENTS

IR programmes and activities were actively carried out during the year in review for the investment community and shareholders.

Main Areas of Discussion



Business Direction

- Strengthening the Group's strategic focus and positioning in the Manufacturing Sector, as well as businesses in the Trading, Licensing, and Infrastructure Sectors.



Financial Strengths

- Addressing steps to be taken in optimising the Group's profitability, strengthening the balance sheet and cashflow, and ensuring business sustainability.



Business Focus and Prospects

- Success in focussing on the Manufacturing business.
- Challenges faced by the Infrastructure business.
- Prospects for core businesses.



COVID-19

- Impacts of initiatives taken at the Group and subsidiary levels to sustain the business and ensure Employee Safety & Health.
- Addressing the disruption in the supply chain and how the Group mitigated the issues to overcome future risk.



Subsidiary Companies

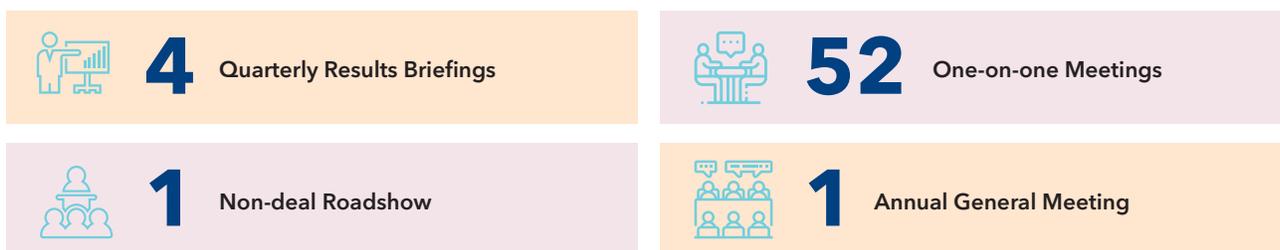
- Focussing on Continual Value Creations by Improving Operational Efficiency and Enhancing Organic Growth via Product Diversification, the expansion of Customer Base, and expanding into new Market Segments.
- Synergy between Toyoplas and CPI.
- Improving the Infrastructure business via Smartpipe.

Highlights

INVESTOR RELATIONS

Implementation of IR Programmes and Engagements in 2020

- We actively engaged with investors on a regular basis despite COVID-19. Meetings were mainly carried out via virtual platform during and after the Movement Control Order (“MCO”).
- In 2020, we organised and participated in a total of 58 engagements. The breakdown of the engagements are as follows:



- Types of engagements organised in 2020 for targetted audience with the aim of facilitating the desired impact:-

TYPE OF TWO-WAY ENGAGEMENTS	TARGET AUDIENCE	TARGETTED IMPACT
Quarterly Results Briefing	Analysts and Fund Managers	Increase awareness of KPS and garner interest from Potential Investors.
One-on-one Meeting	Analysts and Fund Managers	Increase awareness and understanding KPS Business and Operations.
Non-deal Roadshow	Institutional Investors (Analysts and Fund Managers)	Increase awareness of and interest in KPS.

Quarterly Results Briefing

- Subsequent to the filing of interim results to Bursa Securities, quarterly results briefings to analysts and fund managers were scheduled within a few days.
- The MD/GCEO presented the quarterly results via virtual briefings before opening the session to the attendees for queries. The Group’s senior management was also present to answer queries or issues raised relating to the operations of the Group.
- In 2020, the quarterly results briefings were held as follows:



INVESTOR RELATIONS

One-on-one Meeting

- One-on-one meeting focussed on:-



- Engagements with both sell-side and buy-side parties were made to increase awareness and understanding of the Group's strategy, business direction, and investment appeal. During these meetings, we highlighted the performance and recent development of the business operations.

Non-deal Roadshow

- Non-deal roadshow ("NDR") is usually organised by the sell-side, with either investment banks or securities firms with their clients, which are from the buy-side. Firms involved in managing insurance funds, pension funds, or asset management constitute the buy-side.
- KPS participated in one NDR in 2020:



Alliance Investment Bank

14 January 2020

Attended by

More than 10 Buy-Side Firms

MEDIA ENGAGEMENT

Media plays a vital role in the distribution of information to both mass and targetted audiences through mainstream communication platforms such as newspapers, television, radio, and social media channels. For the past five years, KPS has gone through a transformational period, where a robust business strategy was implemented and shifted the business direction and focus to tap into the potential of the Manufacturing sector. Supported by the other core businesses of Trading, Licensing, and Infrastructure, the Group has achieved remarkable milestones in strengthening its investment portfolio, increasing its sustainable income y-o-y, and expanding its regional presence. Therefore, the engagement with the media is always crucial for KPS to:

- improve awareness;
- keep the mass audience up-to-date with the latest business information; and
- convey the right messages to both the mass and targetted audiences.

Highlights

INVESTOR RELATIONS

During the year, KPS engaged with the following media that covered a range of topics and subjects:

TOPICS DISCUSSED AND COVERED	MEDIA
 Profiling of KPS, Business Performance and Prospects, and Outlook of the Group’s Business	<ul style="list-style-type: none"> • The Edge • New Straits Times
 Prospects and Outlook of the Group’s Business	<ul style="list-style-type: none"> • Berita Harian
 KPS Sustainability Initiatives	<ul style="list-style-type: none"> • The Star • MStar • Astro • TV3

OTHER COMMUNICATION CHANNELS

Other communication channels that KPS uses to reach out to its targetted audience are:-

 **WEBSITE**
www.kps.com.my

 **SOCIAL MEDIA**
LinkedIn:
Kumpulan Perangsang Selangor Berhad

 **EMAIL**
irsc@kps.com.my

 QR Code for Investor Relations portal

 QR Code for KPS LinkedIn

 **PRESS RELEASE**

 Instagram:
@kps_sustainability
QR Code for KPS Instagram



Encik Ahmad Fariz bin Hassan, MD/GCEO having an interview with The Edge in Q1 2020. The interview focussed on the Group's performance and future prospects.

INVESTOR RELATIONS



CREATING LONG-TERM SHAREHOLDER VALUE

On 30 March 2021, the Board of Directors (“Board”) adopted a dividend policy (“Policy”) under which the Company intends to pay at least 30% of the Group’s normalised Profit after Taxation and Minority Interest (“PATAMI”) annually.

The Policy, which takes effect immediately, serves as a guideline to ensure that future dividends are declared in reflection of the Group’s financial position, operating performance, future investment needs, and other factors deemed relevant to the Group. This is to ensure stable and sustainable returns to shareholders. The dividend declaration and payment will either be in the form of interim or final dividend, subject to the approval of the Board and shareholders.



Scan this QR Code to gain further information on the Group’s Dividend Policy.

The Board also proposed the distribution of RM13.4 million as the final cash dividend for the financial year ended 31 December 2020. The proposal will be subject to shareholders approval at the 44th AGM, which will be held on 25 May 2021. If approved, our shareholders will be receiving a 2.50 sen dividend per ordinary share. The final dividend will be payable on 24 June 2021 to shareholders of record as of 31 May 2021.

RESEARCH COVERAGE

Before setting up the in-house IR Department in late 2018, minimal engagements were organised with the investment community. Therefore, information such as the changes of the Group’s structure, and fundamentals positioning, marketability, and appeal were not effectively communicated to the investment community. However, since the inception of the in-house IR department, KPS has started engaging actively with analysts, fund managers, and potential investors from the buy-side and sell-side.

As a result of active engagements made throughout the year, one research house has initiated and published a research report:-

Research House	Date of Initiation	Title
BIMB Securities Sdn Bhd	6 April 2021	Unleashing Latent Potential

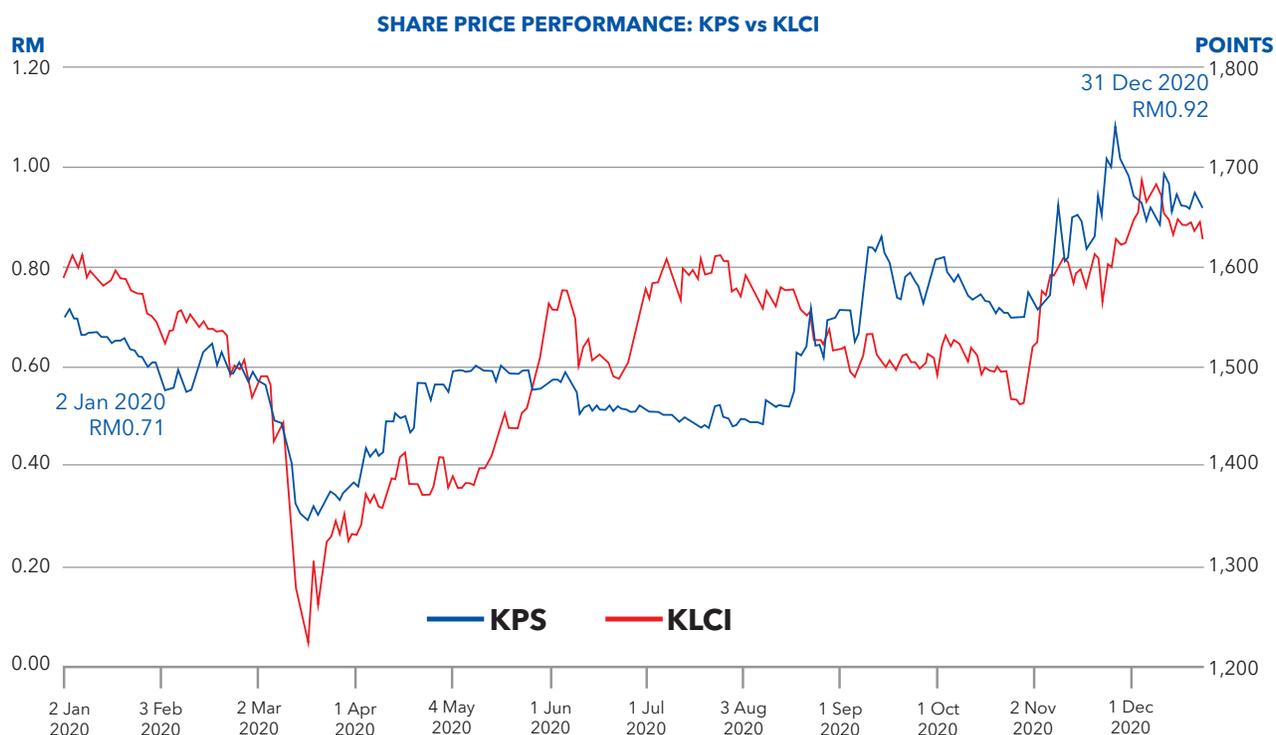
Highlights

INVESTOR RELATIONS

SHARE PERFORMANCE

Trading of KPS shares started on 2 January 2020, closing at RM0.71. Our share price closed the year at RM0.92, appreciating by 28.7%. The broader market, represented by the KLCI, opened at 1,602.50 points and closed at 1,627.21 points, an increase of 1.5%. During the year, KPS shares outperformed the KLCI by 27.2%.

After being impacted by COVID-19 in the second quarter, KPS was quick in mitigating the situation and managed to put the Group on a stronger footing after embracing the new normalcy post-recovery in the third and fourth quarters. This resulted in better-than-expected earnings in the second half of 2020. Market sentiment towards the Group improved, with the investment community showing renewed interest in our counter.



Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average Volume ('000)	547	432	1,025	1,578	595	481	324	1,472	3,718	1,116	4,141	4,733
Closing (RM)	0.58	0.57	0.35	0.56	0.55	0.51	0.50	0.64	0.76	0.70	0.90	0.92
Highest (RM)	0.71	0.64	0.59	0.56	0.60	0.59	0.52	0.71	0.85	0.82	0.94	1.08
Lowest (RM)	0.58	0.55	0.29	0.35	0.55	0.50	0.48	0.48	0.61	0.70	0.70	0.88

Stock	Opened Trading on 2 Jan 2020	Closed the Year on 31 Dec 2020	Performance (%)
KPS	RM0.71	RM0.92	28.7
KLCI	1,602.50	1,627.21	1.5
Against KLCI	-	-	27.2

Source: Bloomberg

MANAGEMENT DISCUSSION AND ANALYSIS

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MANUFACTURING



TRADING



LICENSING



INFRASTRUCTURE



OIL & GAS

The following Management Discussion and Analysis ("MD&A") is intended to convey the Management's perspective on the operating performance and financial review of Kumpulan Perangsang Selangor Berhad ("KPS" or "the Company" or "the Group") for the Financial Year ended 31 December 2020. We recommend that you read the MD&A in conjunction with the Financial Statements, notes thereto and other information included elsewhere in the Annual Report.

The MD&A is presented in accordance with the Main Market Listing Requirement ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Financial Reporting Standards ("MFRS"), and in relation to the disclosure requirement as per the Malaysian Code on Corporate Governance. Significant details on the Group's business operations, performance and strategy, as well as financial review and position, governance, risks and value creation, are covered in the MD&A. Your attention is also drawn to sections on value creation, human capital, stakeholder management, and sustainability.

This MD&A contains forward-looking statements to enable investors to gauge KPS' business prospects and make investment decisions. However, they **involve inherent risks and uncertainties and other factors that are in many cases beyond our control**. The forward-looking statements include, but are not limited to, for instance, our 2021 business prospects and outlook, as well as our expectations with regards to the macroeconomic and socio-geographic conditions, and their anticipated impact on the Group's business operations.

We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe', and words of similar substance in connection with any discussion of future performance. Although KPS believes that the expectations of its Management as reflected by such forward-looking statements are reasonable based on current information, no assurance can be given that such expectations will prove to have been correct. Should one or more of the risks and uncertainties materialise, actual results may vary materially from those anticipated or projected.

This MD&A is dated 30 March 2021.

DEAR SHAREHOLDERS,

2020 was a trying year. A year that demanded action and empathy. A year when we were all called upon to stand firm, as the pandemic affected us all in more ways than one. It was a year like no other as it changed the way we live and work.

Not only were we in the throes of the most severe health crisis of the century that cost millions of lives, we were also mired by a global economic morass that impacted billions of people and tens of millions of jobs, affecting countless businesses in every industry around the world.

On behalf of all of us at KPS, our thoughts go out to those who have been facing the uncertainties of an unprecedented global pandemic. We would like to extend our deepest gratitude to all those who are on the frontline, in and outside Malaysia; for their valour and selfless commitment to curbing the spread of infection. Their perseverance, immense devotion, and sacrifice have eased significant pressure on businesses and society despite the spike of infections from October 2020.



AHMAD FARIZ BIN HASSAN

Managing Director/Group Chief Executive Officer

KPS was subject to significant challenges in the value chain. But in navigating through the challenges, we created new opportunities. While recognising the importance of tracking our business performance, inarguably, the value and responsibility of the Group extended far beyond financial metrics, especially in a time of crisis that shook our socio-economic equilibrium. In this spirit, the highlights of the Group's performance in 2020 also relates to how we had engaged with different stakeholders in managing and mitigating the risks that stemmed from the crisis.

The challenges emerging from the pandemic has put a severe test on our Group's CORE VALUES of **PRIDE: Pride, Respect, Integrity, Discipline** and **Extra-Mile**, which I am happy to report, has safeguarded and steered the Group to accelerate its progress. We have done this with **Integrity** that shaped our conduct with responsibility and accountability while going the **Extra-Mile** has contributed to the growth and well-being of our stakeholders. Together with **Respect** and **Discipline**, our core values have helped us stay on course by providing a clear understanding our individual roles in the Group.

OUR CORE VALUES

As a premier investment holding group, operations and activities are conducted according to a set of core values reflecting the collective aspirations of the Board, Management Team, and employees.

Established on 24 October 2018, our core values represented by the aptly-referenced acronym **PRIDE (Pride, Respect, Integrity, Discipline** and **Extra-Mile)** are the building blocks of our corporate and organisational culture. In effect, **PRIDE** forms the fundamental attributes required of each and every Board member, management personnel and employee which, when coalesced, serves to create and maintain a culture of excellence throughout the Group and its subsidiaries.

PRIDE assumed greater relevance in 2020 when the Group, as a collective, faced a testing and demanding phase, and without precedence in the existing playbook. Amid the pandemic crisis, we leaned on **PRIDE** as the guiding light when faced with a myriad of challenges, and tackled them with the requisite agility to deal with situations and conditions we had never experienced before.

Our trust in **PRIDE** eventually shaped an entirely new and dynamic working culture that was critical to the Group **RISING ABOVE** challenges, and in that process, bridging recovery and supporting what matters most to us.



Disrupted supply and demand chains globally had challenged the progress of KPS' manufacturing operations in Q2 2020, adversely affecting the Group's financial performance.

Having exerted efforts to bridge business recovery by closely monitoring the situation, we ensured timely responses and measures to effectively manage and mitigate operational and financial risks. This saw the manufacturing business rebound in the third and fourth quarters when a gradual recovery in demand was seen across the customer base.

While navigating the new economic landscape, we continued to maintain effective communication with all our stakeholders. The absolute top priority was creating safe workspaces with all reasonable precautions to ensure the safety and comfort of all our employees.



ADDRESSING SOCIAL CONCERNS THROUGH CHALLENGING TIMES

On 30 January 2020, immediately after the first confirmed COVID-19 case in Malaysia, KPS activated its Crisis Management Team and Business Continuity Plan. We implemented a number of procedures at our offices and factories to protect our employees who had stepped up to the unprecedented challenges and remained dedicated to our customers, stakeholders and communities, and as equally important, to each other.

KPS has taken the following steps to support its stakeholders:

- **Protecting the well-being of our employees:**
 - Recognising the economic uncertainty in Malaysia and the financial priorities of our employees and their families, let the Group to immediately opt to preserve the employment of all our loyal and hardworking employees.
 - Reassuring our employees by stating from the outset that there would be no retrenchments or furloughs in 2020.
- **Ensuring employees' safety, health, and well-being:**
 - Enhancing awareness of COVID-19 preventive measures, including increasing the frequency of cleaning and disinfecting facilities, practising social distancing, and observing other safety and health measures consistent with specific regulatory requirements and guidance from the health authorities.
 - Facilitating support resources for effective remote working. Assistance in the form of providing laptops and computer peripherals, and setting up new procedures for virtual conferences, meetings, and social engagements helped employees adjust and transition to the new Work From Home ("WFH") landscape.
 - Being mindful of employees physical and mental well-being especially when balancing home responsibilities and WFH commitments, compelled us to organise regular employee engagement programmes to continue engaging our teams remotely, including building team morale and staying connected.
 - Supplying personal protection equipment ("PPE") to employees.
- **Supporting the communities:**

KPS has always been an ally to the communities where it operates, especially in times of need. Following the outbreak of COVID-19, and in collaboration with Klinik Kesihatan Kelana Jaya, we extended much needed assistance by providing sanitisation products, PPE and other cash or in-kind help to support the efforts by the Ministry of Health to safeguard frontliners and their efforts to protect and serve the under-protected. We deployed our teams on several occasions to supply PPE to our dedicated and brave frontliners and extended assistance in local communities to support and help them manage in these trying times.

RISING ABOVE

At the height of the pandemic, Malaysia was no different from any other country, with record numbers of businesses winding down, job losses due to downsizing, retrenchments, and the freezing of new hires. These unfamiliar working and living conditions, paralysed global economies, plunging them into a deep recession. It exacerbated confusion, fear, and panic situations as employers, employees, and the public, as well as country leaders, who scrambled to make sense of this collective loss of normalcy.

In spite of the unprecedented challenges in a pandemic stricken year, the Group achieved better-than-expected results, and recorded a new financial milestone where we breached the one billion-ringgit mark by posting RM1.1 billion in revenue, a growth of 24.2% over the RM866.8 million posted the year before.

With renewed strength and drive, we have remedied the hitherto unfavourable perception of the Group by harnessing our brand equity. Our unflinching commitment to championing the transformation of the Group's business has enhanced our earnings visibility, leading us towards achieving sustainable profitability.

The strong returns posted in 2020 is a testament to our methodical planning and the successful execution of our business strategy, leading to the Group's **fundamental resilience** in weathering the impact of the pandemic.

KEY PERFORMANCE INDICATORS 2020	TARGET FY2020	ACTUAL FY2020	ACHIEVEMENT
 Group Revenue	RM891.0 million	RM1.1 billion	●
 Group EBITDA	RM81.0 million	RM138.2 million	●
 Group PBT	RM1.2 million	RM57.3 million	●
Toyoplas			
i. New customers/ projects	3	4	●
ii. New industry/ sub-industry	1	2	●
CPI			
i. New customers/ projects	3	4	●
i. New industry/ sub-industry	1	1	●
CBB			
i. New customers/ projects	3	5	●
ii. Relocation of OEM business	Sep 2020	Oct 2020	●
iii. JV carton business in Northern Region	Jul 2020	Aug 2020	●
King Koil			
i. New retail accounts	3	4	●
ii. Marketing and product innovation	Q2 2020	Q2 2020	●
Aqua-Flo			
i. New customers	2	2	●
Smartpipe			
i. New contracts	RM2.0 million	Nil	●

● Completed - Stretched

● Completed - Threshold

● Completed - Met

● Below Threshold

RISING ABOVE



Product quality inspection at the Toyoplas manufacturing plant in Senai, Johor.

With our core exposure in four sectors, namely Manufacturing, Trading, Licensing and Infrastructure, the Group has laid the groundwork to achieve enterprise flexibility in an era of rapidly advancing technology, increasing competition, and globalisation. We have been proactive with timely strategic decisions to meet market changes, and by adapting our products and services to present-day market demands, saw the creation of new demand channels.

Our first risk mitigation plan was focussed on preserving liquidity to sustain operations by assessing the impact of the pandemic. We also rolled out contingency plans and sourced for alternative raw materials and suppliers to manage costs.

In an effort to lower overheads, we consolidated the workspace at our headquarters to one floor, and implemented relevant SOPs to ensure sufficient social distancing in all areas. We were also successful in reducing energy costs by urging our manufacturing facilities to adhere to the responsible usage of electricity and water through awareness campaigns. We further lowered overheads with the prudent management of departmental budgets, while scrutinising services and items deemed non-essential.

Complementing tactical strategies was the commitment from all business units, and subsidiaries, and to work in concert towards the common goal of delivering better results. This decision led to a gradual recovery in revenue, further stamping the effectiveness of our value creation plans, improved efficiency and cost optimisation programmes. In this regard, we were driven forward by the power of our people who demonstrated exemplary resolve and discipline in light of the many restrictions, all the while displaying fortitude and perseverance in the face of adversity.

That fact that we were subjected to a confluence of unprecedented challenges and yet delivered better-than-expected results sums up who we are; we possess the grit, determination and dedication to overcome any and all obstacles.

The steady revenue growth during a period of uncertainty underlines the Group's success in balancing the tactical decisions needed to build operational and financial resilience.

AWARDS AND RECOGNITION



At the Sustainability & CSR Malaysia Awards 2020 held on 23 November 2020 at Vivatel Kuala Lumpur, Encik Lee Seng Chee (right), Managing Editor and Co-Chairman of CSR Malaysia presented the “Company of The Year” Award for the Manufacturing & Trading sector category to Encik Zulkifli Mawardi (centre), the Group’s Director of Investor Relations & Strategic Communication (“IRSC”) and looking on is Encik Mohd Fauzi Mohd Ghazali (left), the Associate Director of IRSC.

For the second year running, KPS was once again recognised for its outstanding commitment to corporate sustainability and corporate social responsibility (“CSR”) by winning at the prestigious Sustainability & CSR Malaysia Awards, conferred by CSR Malaysia Publication. For this award, we were named Company of the Year under the Manufacturing and Trading sector for excellence in contributing towards effecting a positive socio-economic change in the country.



AWARDS AND RECOGNITION



An even more prestigious achievement was the Silver Excellence Award bestowed on KPS by the National Annual Corporate Report Awards (“NACRA”) 2020 for the Group’s Annual Report 2019. This represents a sterling feat considering the reporting, designing, and printing of the publication was undertaken during Malaysia’s first Movement Control Order (“MCO”) in March 2020.

A new framework integrating elements of sustainability and integrated reporting in line with evolving stakeholder expectations was introduced for the NACRA 2020 with the theme “Towards Accountability & Excellence”. In this spirit, KPS is committed to ensuring high standards of excellence and improvement in future corporate reporting.

OVERVIEW OF GROUP BUSINESS

The Group's core business is in Manufacturing, under which we have four subsidiary companies engaged in integrated plastics injection moulding via Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas") and CPI (Penang) Sdn Bhd ("CPI"), in integrated packaging solutions via Century Bond Bhd ("CBB"), and in mattresses production via King Koil Manufacturing West, LLC ("KKMW"). The Group also has interests in Trading with Aqua-Flo Sdn Bhd ("Aqua-Flo"), which supplies chemicals to water, waste, and sewage treatment plants, and in King Koil Licensing Company Inc. ("KKLC") who is the licensor and owner of the King Koil® brand worldwide.

Smartpipe Technology Sdn Bhd ("Smartpipe") is focussed on the water pipe replacement and rehabilitation sector, while KPS-HCM Sdn Bhd ("KPS-HCM") is involved in general civil engineering and infrastructure works.

At the associate level, we have interests in the oil & gas sector via NGC Energy Sdn Bhd ("NGC Energy"), where its primary business is supplying liquefied petroleum gas ("LPG") to the residential, commercial, and industrial sectors. We also hold a 20% equity stake in Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT Holdings"), which in turn owns Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT") expressway.

MANUFACTURING



TOYOPLAS MANUFACTURING

(MALAYSIA) SDN BHD

- End-to-end Plastics Injection Moulding Provider

CPI (PENANG) SDN BHD

- Integrated Plastics Injection Moulding Solutions Provider

CENTURY BOND BHD

- Integrated Packaging Solutions Provider

KING KOIL MANUFACTURING WEST, LLC

- In-House Mattress Manufacturer

OTHERS



TRADING

AQUA-FLO SDN BHD

- Water Chemicals and Technical Services Provider

LICENSING

KING KOIL LICENSING COMPANY INC

- King Koil® Brand Licensing Business

INFRASTRUCTURE

SMARTPIPE TECHNOLOGY SDN BHD

- Pipe Replacement and Rehabilitation

KPS-HCM SDN BHD

- General Civil Engineering Works and Building Construction

ASSOCIATE COMPANIES



NGC ENERGY SDN BHD

- LPG Supply Solutions Provider

SISTEM PENYURAIAN TRAFIK KL BARAT HOLDINGS SDN BHD

- Highway Concession

MACROECONOMICS AND OPERATING ENVIRONMENT

PANDEMIC ECONOMICS

During the first quarter of 2020, the Group's business and its subsidiary operations experienced recoverability from disruptions in the supply chain and reduced demand from customers in China, Indonesia, Malaysia, and the US; and must be noted that at this time manufacturing activities around the world were slumping.

In response and amidst the challenging operating environment, we first looked to improve all aspects of operations we had control over, both locally or globally. We then applied quick responses to counter the slowdown as the performance of our manufacturing business was stifled in the second quarter when capacity utilisation declined in our plastic injection moulding, packaging and mattress manufacturing plants.

Financially, we turned the strategic focus on austerity measures, including maintaining and securing adequate liquidity to support the Group's business, and providing flexibility to weather the impact of the pandemic.

In bridging recovery, we conducted risk assessments on our supply chain to overcome the ripple effects of disruption as the supply of raw materials, logistics management, and support services were either delayed or halted.

In addition, we communicated with our customers to better understand their requirements under the current conditions, and with our suppliers to ensure an alternative and more sustainable supply of raw materials. Our subsidiary companies also coordinated with respective contract manufacturers for optimum production planning based on limited production capacity.

ENSURING ADEQUATE LIQUIDITY TO SUSTAIN OPERATIONS



Identify available cash and due payments

- Track down cash buffers, calculate available cash and unutilised credit lines.
- Identify urgent debtors and creditors payments.



Allocate cash reserves

- Identify opportunities to pool liquidity.
- Monitor the financial status of all subsidiary and associate companies.



Forecast cash flows

- Establish cash forecast based on various scenarios.
- Provide adequate liquidity reserve to prevent insolvency.



Monitor financial covenants

- Ensure compliance with financial covenants.



Tax planning

- Review and revise the subsidiaries' tax estimates.
- Maximise extended deadlines for tax payments.
- Consider availability of incentives or grants.

MACROECONOMICS AND OPERATING ENVIRONMENT

The pandemic subjected our manufacturing operations in China, Malaysia, and the US to a temporary halt in response to lockdowns in the respective localities. Disruptions in the supply chain delayed deliveries of raw materials and restricted production capacity. Simultaneously, order volume for products turned lethargic as demand weakened.

The second quarter of 2020 was the most challenging period, which threw us into a loss position after a strong show of earnings in the first quarter.

Our business performance improved in the third and fourth quarters of 2020 as a result of our agility in navigating through operating challenges. This was achieved by assessing and responding quickly to adapt production processes and optimise inventory planning. The recovery momentum continued into the fourth quarter of 2020.

The vagaries of the externalities, which were beyond our control, impeded our efforts to generate stronger revenue traction from our subsidiary companies during the year. The resultant limited supply and higher prices of raw materials due to manufacturers' reduced capacity, labour shortages, and logistical challenges were the main reasons for the decline in revenue, also putting pressure on operating margins.





One of the many product assembly lines process at the Toyoplas manufacturing plant in Senai, Johor.

REVIEW OF FINANCIAL PERFORMANCE

REVENUE

Despite earlier concerns that the pandemic would severely impact our financial performance, the Group returned encouraging results for the year in review, with our core businesses standing firm to drive significant growth. The steady growth in revenue in the context of unprecedented challenges posed by the pandemic is a testament of how the Group came together to rise above challenges.

Better yet, we reached a significant milestone by achieving revenue above the billion-ringgit mark, exemplifying our success in building resilience and riding the waves of uncertainty.

Revenue for the year was RM1.1 billion, an increase of 24.2% over the previous year's RM866.8 million. The performance of our core businesses was all the more impressive considering that our operations in Malaysia, China, and the US were shut down from between nine and 55 days, notwithstanding periods when they could only operate at partial capacity.

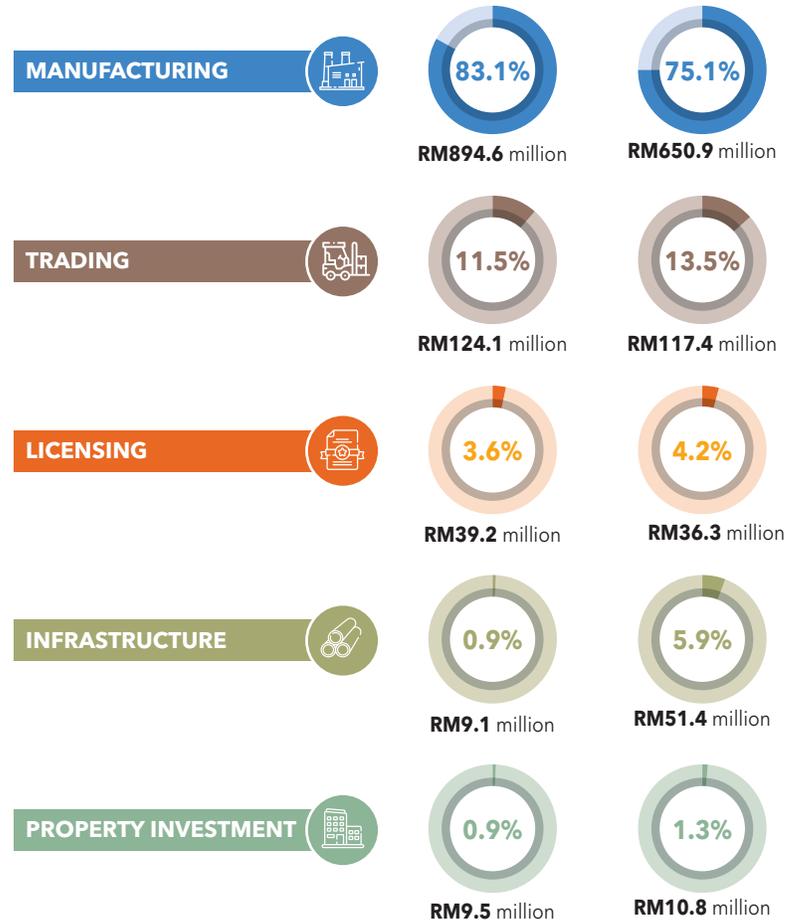
Manufacturing contributed 83.1% to the revenue, growing by 37.4% to RM894.6 million. This was followed by Trading and Licensing, each contributed 11.5% and 3.6%, growing by 5.7% to RM124.1 million and 8.0% to RM39.2 million, respectively. Infrastructure slagged, contributing RM9.1 million or 0.9%. Property investment also contributed lower this period, contributing to the remaining RM9.5 million or 0.9%.

REVENUE CONTRIBUTION BY DIVISION

2020

2019

DIVISION



REVIEW OF FINANCIAL PERFORMANCE

OPERATING PROFIT

The Group's operating profit moderated by 33.1% to RM51.0 million from RM76.2 million it recorded in the corresponding period last year. This was mainly due to the pandemic's impact on our manufacturing business, which saw input cost rising.

The decline in demand for most raw materials during the early months of the pandemic had caused many suppliers to reduce capacity. When businesses worldwide started to revive operations towards the third quarter, the limited supply in raw materials such as thermoplastics, copper, aluminium, and steel products drove prices up. Where the supply was able to be procured, the delivery of the raw materials experienced a bottleneck due to the limited capacity of global and China maritime service providers. This situation was brought about by labour immobility and a drop in trade opportunities at the onset of COVID-19.

Due to logistical challenges, the manufacturing business experienced higher supplier charges due to material shortages, resulting in higher sales costs, and hence, lower margins.

Consequently, the impact of the pandemic on our manufacturing business pressured the Group's operating profit.



EXPENSES

The Group's total expenses were RM188.0 million compared with RM163.1 million in FY2019. The higher expenses were due to:

- Impairment on trade receivables;
- Impairment on investment property; and
- Inventories written down.



FINANCE COSTS

Although operating profit contracted and expenses were higher in FY2020, earnings were supported by lower finance costs of RM30.4 million against RM36.0 million in FY2019 which was in line with the progressive repayments of loans.



SHARE OF PROFIT FROM ASSOCIATES

Share of profit from associates came in higher by RM21.8 million to RM36.6 million as compared with RM14.8 million posted in the previous year.

This was mainly due to the RM18.6 million gain from the securitisation of the remaining proceeds from the disposal of SPLASH by SPLASH Holdings to Pengurusan Air Selangor Sdn Bhd, a higher share of profit from SPRINT Holdings of RM11.5 million (FY2019: RM7.2 million) and lower share of profit from NGC Energy of RM6.7 million (FY2019: RM7.3 million), netted off with share of loss from Perangsang Water Management Sdn Bhd of RM0.2 million.



PROFITS

The Group achieved a higher Profit After Tax ("PAT") by 37.3% or RM40.1 million during the year in review compared with RM29.2 million in FY2019, which was mainly supported by the lower finance costs and a stronger share of profits from associates. Similarly, Profit Attributable to Owners of the Parent increased marginally to RM34.1 million from RM26.9 million in FY2019. As a result, Earnings Per Share ("EPS") notched up to 6.35 sen from 5.00 sen in the previous year.

REVIEW OF FINANCIAL POSITION



ASSET SIZE

The Group maintained its total assets during the reporting period at RM2.3 billion.



GEARING

KPS lowered its gearing ratio to 0.6x from 0.7x in FY2019, by focussing on consolidating our investments following significant borrowings in the previous few years. Our total borrowings stood at RM616.2 million as of 31 December 2020 against RM668.3 million the previous year. The lower borrowings were mainly due to repayment of borrowings during the year.



NET ASSETS

The Group closed the financial year with higher Net Assets per Share of RM1.85 compared against RM1.78 the year before. This was due to higher retained earnings recognised in FY2020. Adjusting for goodwill and intangible assets, the Group's net tangible assets per share came in higher at RM1.04 compared with RM0.96 the previous year.



LIQUIDITY

To be prudent and ensure the stability of our cashflow, we strengthened the Group's liquidity level, by keeping our cash and bank balances high at RM440.3 million as compared with RM271.8 million at the end of the previous year.

The high cash balances were contributed by the remaining proceeds from the disposal of Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") by Syarikat Pengeluar Air Selangor Holdings Bhd ("SPLASH Holdings") to Air Selangor in the previous year.



Product labelling process at CPI's manufacturing plant in Bayan Lepas, Penang.

REVIEW OF FINANCIAL POSITION



CAPITAL EXPENDITURE

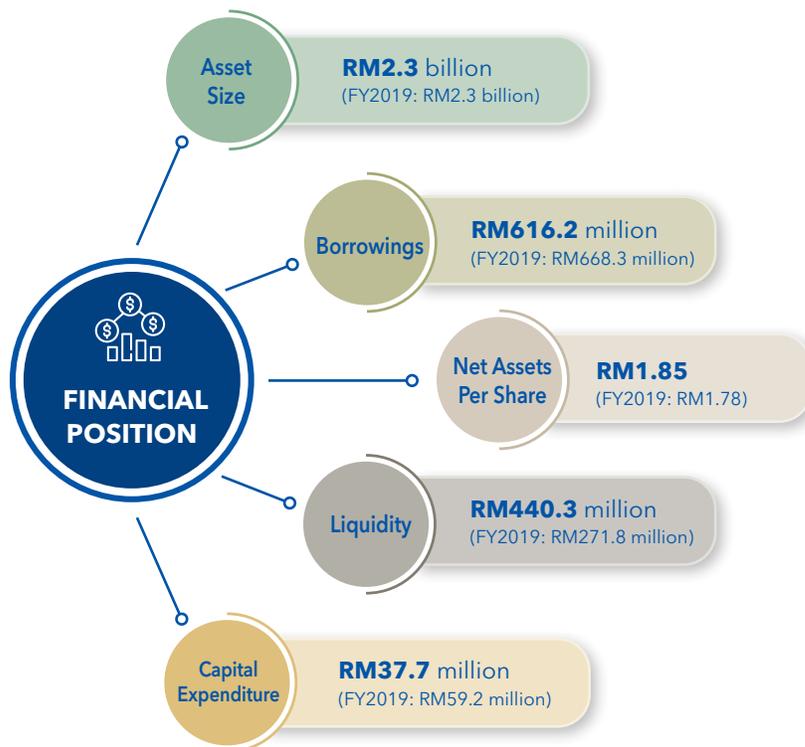
During the year in review, the Capital Expenditure (“CAPEX”) allocation was planned at RM71.8 million, focussing on land acquisition and new machinery. However, due to COVID-19, we scaled back our CAPEX allocation to RM41.0 million, prioritising investments in new machinery and equipment to scale up manufacturing capacities and improve operational efficiency. As a result, CAPEX spending amounted to RM37.7 million, lower than RM59.2 million in the previous year.



DIVIDEND

On 30 March 2021, the Board adopted a Policy in which the Company intends to pay at least 30% of the Group’s normalised PATAMI annually.

The Board also proposed the distribution of RM13.4 million as the final cash dividend for the financial year ended 31 December 2020. The proposal is subject to the shareholders’ approval at the 44th AGM, which will be held on 25 May 2021. If approved, our shareholders will receive a 2.50 sen dividend per ordinary share. The final dividend will be payable on 24 June 2021 to shareholders of record as of 31 May 2021.



REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES

MANUFACTURING



CBB serves clientele from diversified industries and sectors such as consumer electronics, cement and construction, food, and OEM for retail stores.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING



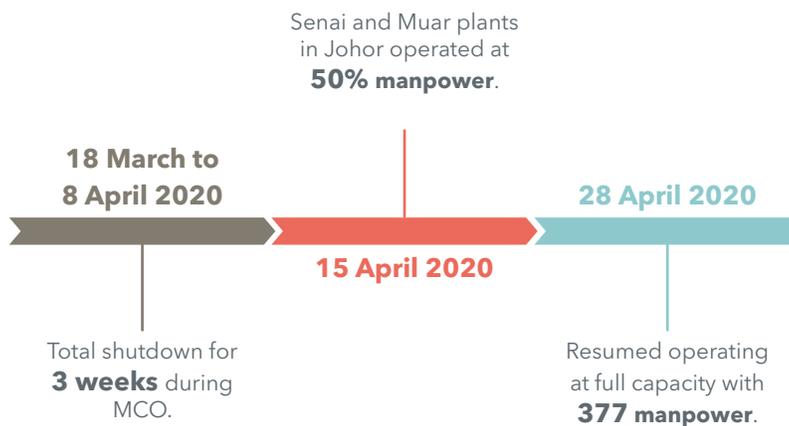
TOYOPLAS **Toyoplas Manufacturing (Malaysia) Sdn Bhd**

OPERATIONAL REVIEW

In the first half of 2020, Toyoplas faced acute challenges from the disruption brought on by the pandemic. Fortunately, despite softer customer demand when compared to the previous year, Toyoplas benefitted from market preference for home-based products and was further boosted by a strong consumer demand for products marketed by its diverse multinational clients.

The China facility downed tools completely for 10 days from 31 January to 9 February 2020 while the Malaysian plants closed for three weeks from 18 March to 8 April 2020.

Toyoplas' Malaysia operations during MCO were as follows:



In September 2020, Toyoplas successfully opened its first factory in Vietnam, expanding its presence after China, Malaysia, and Indonesia. The current US-China trade dispute forced manufacturers to diversify their operations and they naturally looked at other countries to set up manufacturing plants while still maintaining China as their main supply base. The US-China trade dispute saw the plant in Vietnam benefitting from heightened demand in the consumer electronics industry.

Top to bottom: Human integration and automation play an important role in the various stages of manufacturing and assembly of plastic components.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING

7040

TOYOPLAS

Toyoplas has three manufacturing plants located in China; Shanghai, Dongguan, and Nanning. On average, they were running at 60% utilisation in Q2 2020. The utilisation rate improved to 76% utilisation from Q3 2020 (FY2019: 90%). The plants in Malaysia were running at a higher utilisation of 70% in Q2 2020 before edging up to 95% from Q3 2020 (FY2019: 75%). The plant in Indonesia, which was not ordered to shut down, edged up its utilisation to 70% since Q3 2020, up from 60% in Q2 2020 (FY2019: 60%).

OPERATIONAL RESULTS

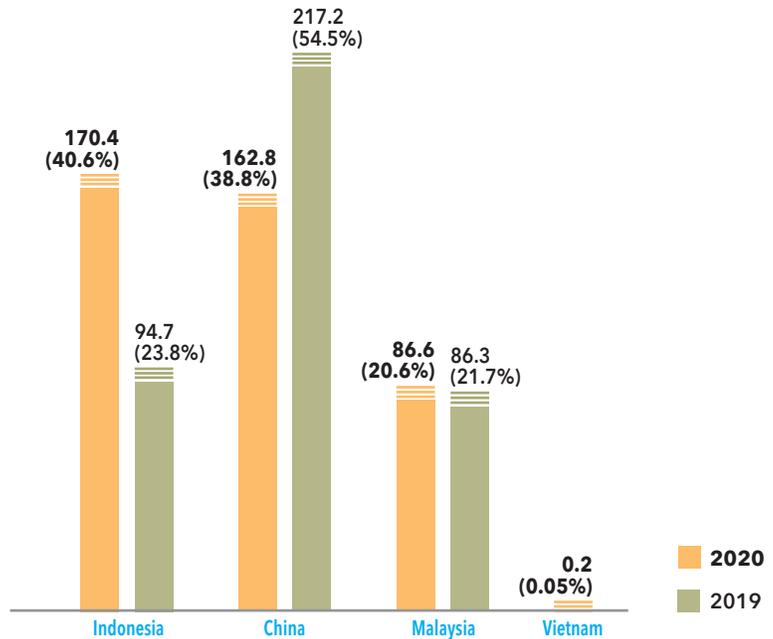
In 2020, of the RM420.0 million revenue, the Indonesia operations generated the highest revenue for Toyoplas, contributing RM170.4 million or 40.6% of revenue. The operations in China and Malaysia contributed RM162.8 million or 38.8% and RM86.6 million or 20.6%, respectively. Kicking off operations in September 2020, the Vietnam plant contributed RM0.2 million or 0.05% to Toyoplas' revenue.

From the total revenue, Consumer Electronics was the largest industry segment for Toyoplas with RM273.8 million (65.2% of sales), followed by Industrial Tools at RM125.6 million (29.9% of sales). Toyoplas' solutions were also used in Automotive (RM17.6 million or 4.2% of sales) and other industries (RM3.0 million or 0.7% of sales).

REVENUE BY COUNTRY (RM MILLION)

2020 REVENUE: RM420.0 MILLION

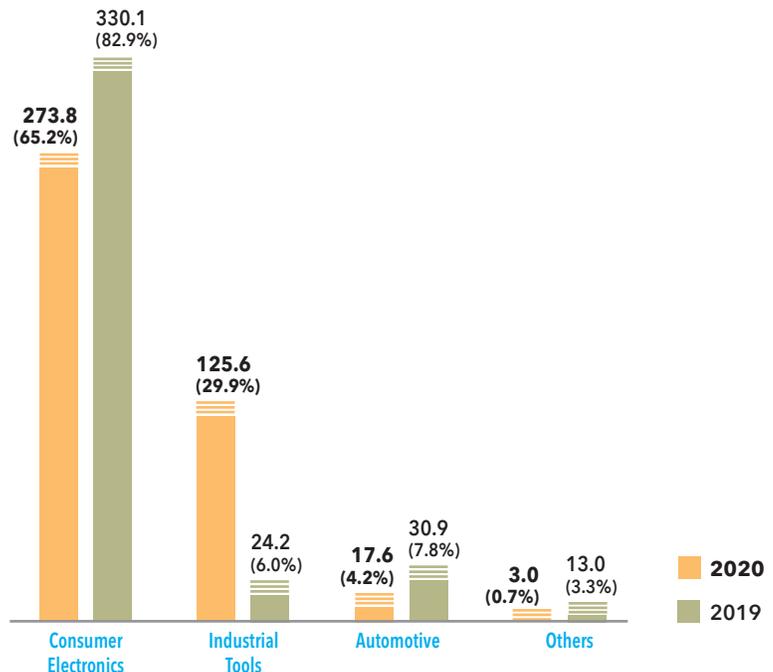
(FY2019: RM398.2 MILLION)



REVENUE BY INDUSTRY (RM MILLION)

2020 REVENUE: RM420.0 MILLION

(FY2019: RM398.2 MILLION)



REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING

7040
TOYOPLAS



The careful inspection of finished plastic products at all plants to ensure the best quality before shipment to customers.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING



OUTLOOK

In 2021, Toyoplas plans to continue with the execution of its business initiatives and demonstrate its culture of excellence under the leadership of KPS. Having proved its resilience with a robust performance in the reporting period, the outlook for Toyoplas is expected to be encouraging. It has the advantage of operational agility with multiple production facilities spread across four countries. And with the new facility in Vietnam, Toyoplas can capitalise on customers diverting their business away from China in response to the US-China trade tensions.

In addition, it is embarking on new projects from existing customers to provide plastics injection moulding solutions to cater for 5G telecommunications and WiFi6 internet access. Toyoplas is also tapping opportunities in other industries, including a variety of healthcare related solutions.

RISKS AND MITIGATION PLANS

<p>1. Continuity of operations amidst COVID-19</p>	<p>Impact</p> <ul style="list-style-type: none"> • Shutdown of operations. • Insufficient workers to operate at optimum capacity. 	<p>3. Shortage and escalating cost of raw materials & shipping</p>	<p>Impact</p> <ul style="list-style-type: none"> • Greater challenges in meeting customer delivery requirements. • Margin compression.
<p>Mitigation Plans</p> <ul style="list-style-type: none"> • Ensure the people's safety with strict adherence to SOPs imposed by the respective governments at each site. • Maintain a healthy inventory of raw materials and finished goods in the event of temporary closures. 		<p>Mitigation Plans</p> <ul style="list-style-type: none"> • Explore alternative supply sources and potential group purchases between Toyoplas sites and increase cross-sharing of information with CPI. • Engage with customers to explore possible alternate materials. • Negotiate with customers on potential sales price increases. • Make advanced shipping arrangements. 	
<p>2. Strategic initiatives challenged by travel limitations</p>	<p>Impact</p> <p>Greater challenges in securing new customers.</p>	<p>4. Foreign exchange fluctuation</p>	<p>Impact</p> <p>Forex loss.</p>
<p>Mitigation Plans</p> <ul style="list-style-type: none"> • Support the expansion of sales from existing customers. • Expand business through the current network of EMS partners. 		<p>Mitigation Plans</p> <ul style="list-style-type: none"> • Closely monitor and assess forex exposure and undertake appropriate strategies to minimise potential adverse effect. 	

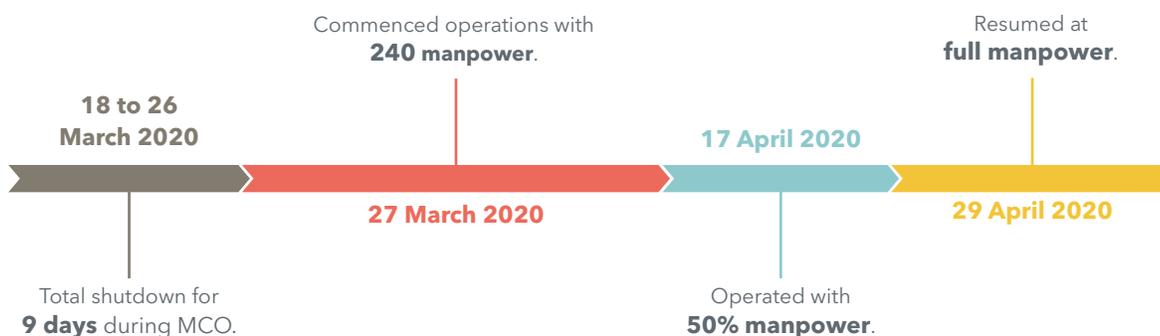
REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING

CPI CPI (Penang) Sdn Bhd

OPERATIONAL REVIEW

2020 posed considerable challenges to CPI. It was harder hit by the impact of COVID-19 on account of it being primarily a contract manufacturer of tailor-made solutions in Engineering Thermoplastics (“ETP”) and Electronics Manufacturing Services (“EMS”). Its operations are based in Malaysia, where its domestic clientele faced similar periods of total and partial shutdowns while the demand from its overseas customers slowed considerably.

CPI’s operational flow during the MCO were as follows:-

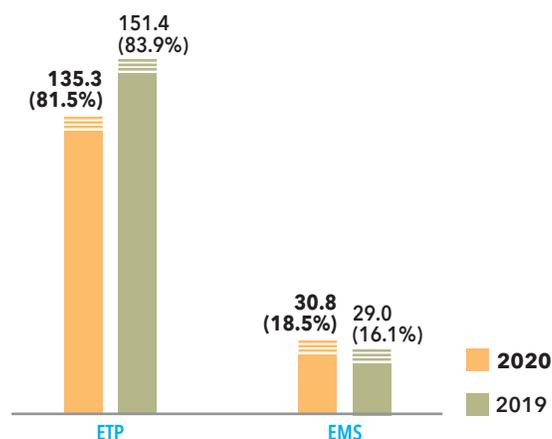


Notwithstanding the above, CPI demonstrated positive signs of recovery in 3Q 2020. On average, its manufacturing plant in Bayan Lepas, Penang, was running at 50% capacity utilisation in Q2 2020, and subsequently improving to 75% from Q3 2020 (FY2019: 85%). It also remained diligent in onboarding new customers to ensure a sustainable revenue stream although this was not without challenges, as physical engagements were limited by travel restrictions imposed globally.

OPERATIONAL RESULTS

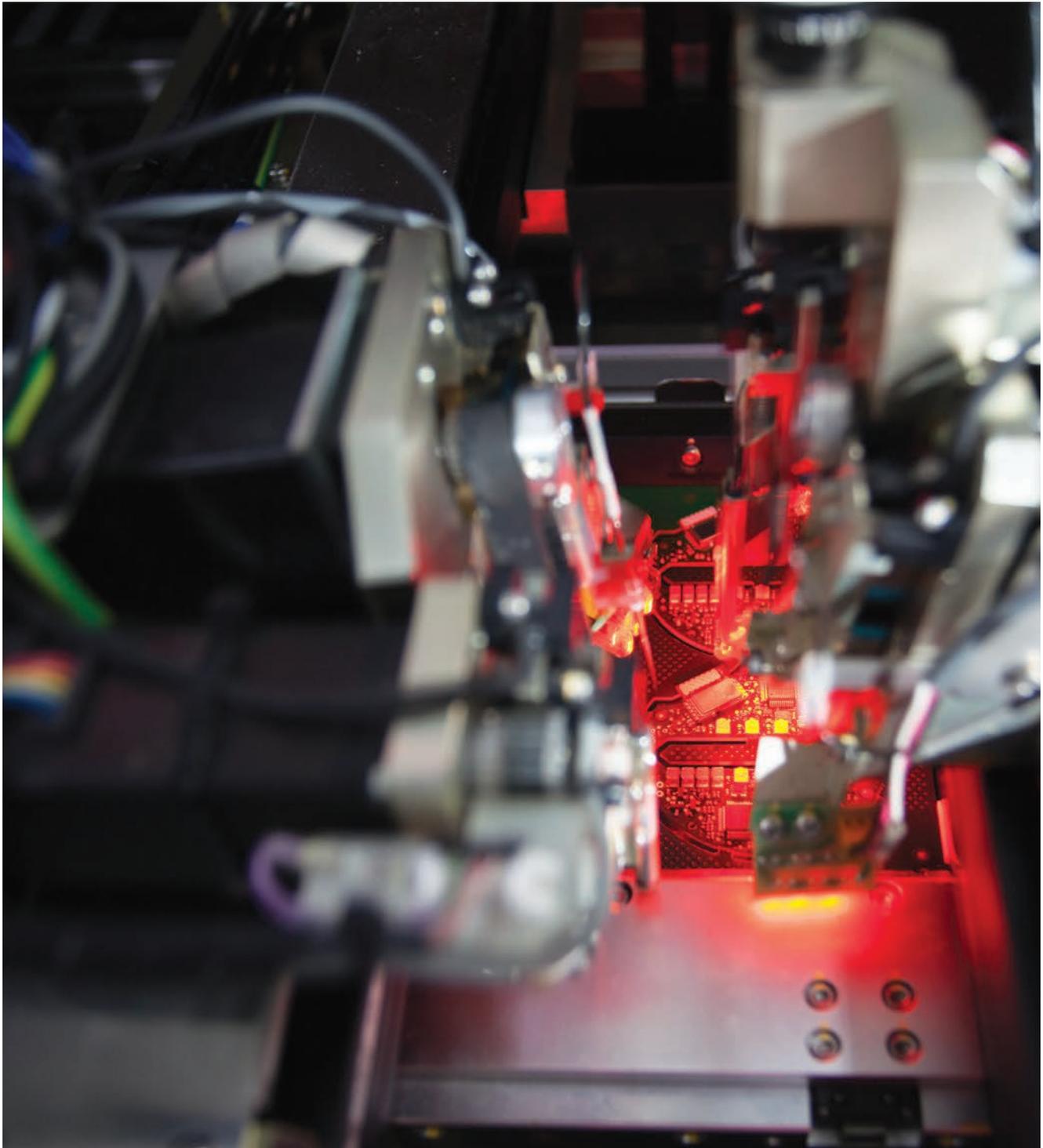
In 2020, CPI recorded RM166.1 million in revenue, moderated by 7.9% from the previous year’s revenue of RM180.4 million. Of the total revenue, the ETP Division contributed RM135.3 million or 81.5%, while the EMS Division RM30.8 million or 18.5%.

REVENUE BY DIVISION (RM MILLION)
2020 REVENUE: RM166.1 MILLION
 (FY2019: RM180.4 MILLION)



REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING

CPI



On of the industrial robotic automation production lines for printed circuit board assembly at CPI's EMS Division located in Bayan Lepas, Penang.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING



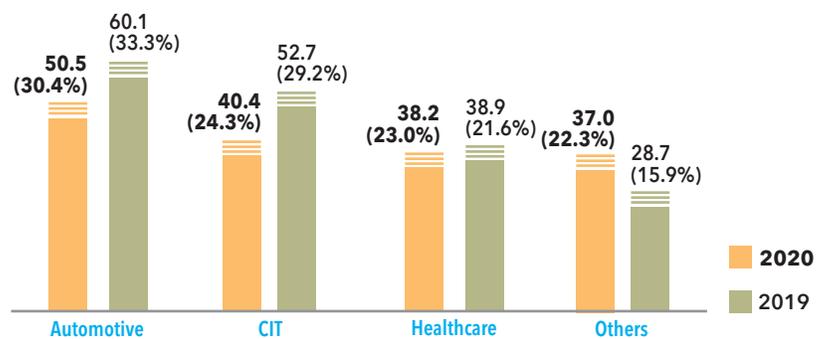
Stringent quality control ensures CPI manufactures products that consistently meet with customers demands.

In terms of industry segment, Automotive, Communications and Information Technology (“CIT”) and Healthcare posted markedly reduced revenue, except for Other Electronics which made gains for the year in review. However, Automotive continued to account for the largest share of revenue at RM50.5 million or 30.4%, followed by CIT at RM40.4 million or 24.3%, Healthcare at RM38.3 million or 23.0% and Other Electronics at RM37.0 million or 22.3%.

REVENUE BY INDUSTRY SEGMENT (RM MILLION)

2020 REVENUE: RM166.1 MILLION

(FY2019: RM180.4 MILLION)



REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING



OUTLOOK

We remain optimistic of CPI's prospects for the year 2021, given its long-standing partnerships with existing and a growing ledger of new customers who value its provision of end-to-end plastics injection moulding and EMS services.

Notwithstanding the improving market prospects, CPI is cautious of changes in market dynamics while at the same time endeavour to solidify its presence in the market via the execution of its business plan, which maps out the company's strategic initiatives and focus over the next three to five years. We envision CPI to persevere amidst the challenges arising from the pandemic and remain resilient in efforts to expand its market share. The company will also be concentrating on efforts to progressively upgrade and optimise its capabilities and offerings.

As CPI moves towards more value-added services and solutions to improve its competitiveness and financial performance, the company is poised to tap into renewed demand across all sectors; especially from the Automotive and Healthcare industries. The Automotive industry expects to rebound strongly on the back of pent-up demand for private vehicles. On the other hand, the interest in Healthcare solutions is becoming more promising given the technological advancements in this industry and notably, the world's experience with the COVID-19 pandemic.

RISKS AND MITIGATION PLANS

1. Continuity of operations amidst COVID-19

Impact

- Shutdown of operations.
- Insufficient workforce to operate at optimum capacity.

Mitigation Plans

- Ensure people's safety with strict adherence to SOPs as guided by the relevant authorities.
- Ensure production readiness by striving to maintain an ample inventory level in the event of closures.

2. Strategic initiatives challenged by travel limitations

Impact

- Greater challenges in securing new customers.

Mitigation Plans

- Explore new revenue streams in the form of new projects from existing customers and conversion of existing contracts into turnkey projects.
- Leverage existing customer relationships to generate new customer leads.

3. Raw material shortage/price hike

Impact

- Challenges in meeting customer delivery requirements.
- Margin compression.

Mitigation Plans

- Explore alternative supply sources and alternative materials while maintaining close engagements with both customers and suppliers to ensure optimum production planning.

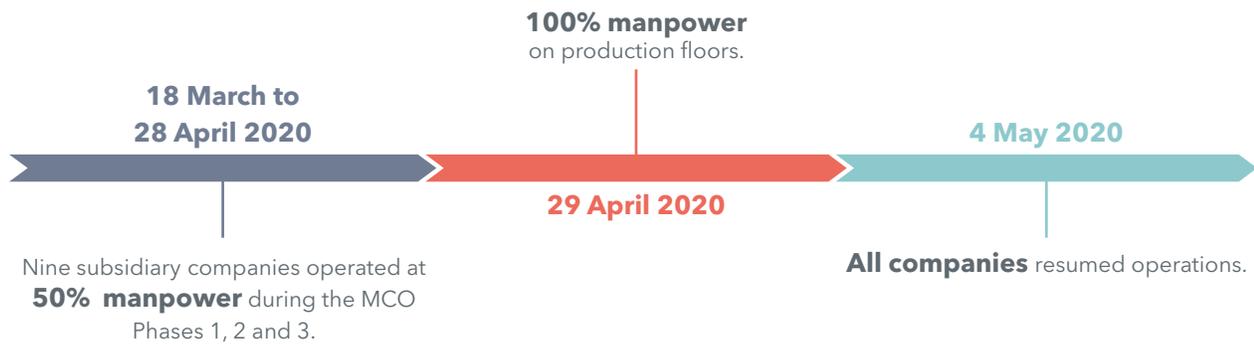
REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING



OPERATIONAL REVIEW

CBB started 2020 with a robust demand from the Paper Division. In Q2 2020, its operations were affected by the pandemic lockdown, but thanks to its diversified business divisions it managed to mitigate the impact, as none of its nine plants in Malaysia were required to shut down completely.

CBB’s operations during the MCO were as follows:



As a result, CBB’s manufacturing plants across Malaysia and Indonesia were running, on average, at 45% capacity utilisation in Q2 2020. The utilisation rate improved to an average of 55% from Q3 2020 (FY2019: between 60% to 70%).



Laminating the outer layer of offset carton boxes protects the colour and artwork to achieve high quality and vibrant printing quality. This contributes greatly to achieving customer requirements of consistent product and brand image.

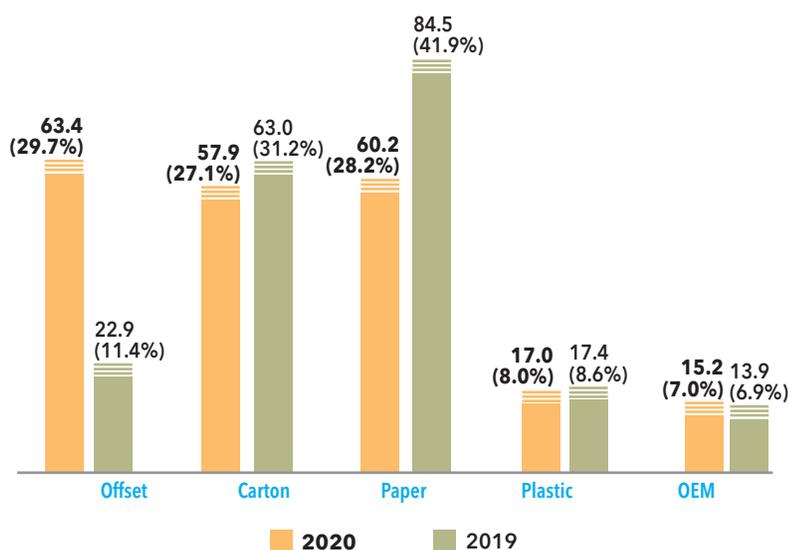
REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING



REVENUE BY DIVISION (RM MILLION)

2020 REVENUE: RM213.7 MILLION

(FY2019: RM201.7 MILLION)



OPERATIONAL RESULTS

During the year in review, CBB grew its revenue by 5.9% to RM213.7 million as compared with RM201.7 million in 2019. The higher revenue was driven mainly by the steady growth for both the Offset and Carton Divisions with retail brands trending towards the visual appeal of offset and carton boxes. Carton boxes, as opposed to other non-biodegradable materials, are fast becoming the preferred option due to its flexible, malleable, and environmentally friendly properties.

The Offset Division sales amounted to RM63.4 million or 29.7% while the Carton Division sales were RM57.9 million or 27.1%. Sales of paper bags were lower, with the Division returning a much reduced revenue of RM60.2 million or 28.2%. The slowdown in the construction industry since the stop-work order worsened during the MCO, some of which had not yet restarted during the reporting period. Meanwhile, the Plastic and Original Equipment Manufacturer ("OEM") Divisions recorded revenue contributions of RM17.0 million or 8.0% and RM15.2 million or 7.0%, respectively.

On the business development front, CBB expanded its operations in 2020. It finalised the acquisition of PT Infinity Packaging Solutions, which runs offset carton manufacturing operations in Batam. PT Infinity intends to capture a bigger market share by offering a viable alternative for OEM products by giving customers the option to manufacture in South East Asian countries instead of China.

Locally, for the Carton Division, we successfully ventured into the Northern Region via a joint venture with Polyplus Packages (PG) Sdn Bhd in Sungai Petani, Kedah. We intend to capture the packaging opportunities in the industrial areas of Penang and Kedah, riding on the prospects of the Electric and Electronics ("E&E") sector.

OUTLOOK

In 2021, CBB plans to continue its diversified business strategy and strive for better financial performance, and continue to leverage on the prospect of the Offset and Carton businesses by tapping growth opportunities in different industries. Apart from targetting E&E players in Penang and plastic packaging companies in Kedah and Perak, CBB plans to make further inroads into Singapore for the Offset, Carton and Paper Divisions.

CBB will continue to closely monitor the Indonesian market. It has successfully procured new orders from a key customer, which has shifted its OEM operations to Batam, Indonesia. It further plans to capitalise on the e-commerce platform for LEO and Hornbill household products.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING



RISKS AND MITIGATION PLANS

1. Continuity of operations amidst COVID-19

Impact

- Shutdown of operations.
- Insufficient workforce to operate at optimum capacity.

Mitigation Plans

- Ensure people's safety: Strict adherence to SOPs imposed by the Malaysian Government.
- Ensure production readiness: Maintain ample inventory levels in the event of a temporary closure.
- Actively engage with customers on production planning.

2. Increasing raw material costs - paper rolls

Impact

Suppressed margins for Carton and Paper Divisions.

Mitigation Plans

- Source paper from various suppliers.

3. Slowdown in construction industry and decreasing selling price of cement bags

Impact

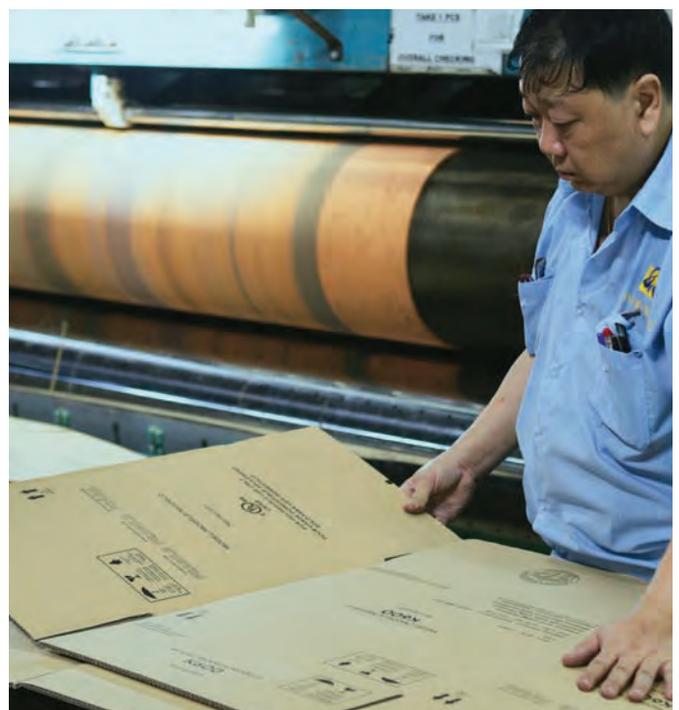
Suppressed margins for Carton and Paper Divisions.

Mitigation Plans

- Offer competitive price.
- Manage paper costs.
- Upgrade automation to enhance operational efficiency and reduce cost.



Production of pulp moulded trays for consumer electronic products at CBB Senai, Johor.



Inspection of finished products at CBB's Carton Division at CBB Senai, Johor.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING

**KING
KOIL**
MATTRESS CO.

**King Koil Manufacturing
West, LLC**

Revenue
RM94.8 million
(FY2019: RM75.1 million)



OPERATIONAL REVIEW

King Koil's US manufacturing operations had a strong start before the impact of the pandemic hit the US retail scene towards the end of Q1 2020. In response to the closure of the non-essential retail sector, the manufacturing plant closed for six weeks as it focussed on employee welfare and safety.

KKMW's operations in Arizona during the lockdown in the US were as follows:



The 55-day shutdown in Q2 2020 restrained its capacity utilisation, with the plant in Arizona averaging a utilisation rate of 26%. However, it improved and stabilised to 46% from Q3 2020 (FY2019: 40%).

The strategic decision to position the brand in the premium category, especially with the launch of Smartlife and Intimate LS paid off as KKMW's target customers were less likely to have been affected by loss of earnings or employment during the pandemic. Disposable income otherwise spent on travel and entertainment was repurposed to make homes more comfortable, especially with increased awareness for health and wellness amongst middle and higher-income consumers.

The key challenge to the operations came from the supply side, from interrupted supply chains and rising prices of raw materials such as spring coil and latex foam. Resources have been dedicated to expanding the network of suppliers domestically and internationally.

OPERATIONAL RESULTS

In 2020, revenue grew by 26.2% to RM94.8 million from RM75.1 million the year before. KKMW's performance was supported by the addition of six new major accounts secured during the year, and which significantly contributed to its higher sales in Q4 2020. This proved KKMW's capability in producing quality products that meet market demand.

OUTLOOK

The focus in 2021 will be on meeting customer delivery expectations, especially after having established new relationships with key retailers that have regional and nationwide distribution channels. KKMW is cognisant of the importance in retaining these hard-won accounts that now trust the King Koil® brand. With these new accounts under its belt, and complementing organic growth from the Sit 'N Sleep Superstore and other existing customers, KKMW expects to ramp up production and drive revenue higher as we move forward.

A significant ramp-up in our production volume is expected to cover a much wider geographical footprint that KKMW has been targetting for. We believe all the building blocks are in place to achieve these objectives. One key task for KKMW going forward is to strengthen its distribution network in Texas and the Midwest. The other is to target more retailers nationwide.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - MANUFACTURING

KING
KOIL
—
MATTRESS CO.



Workers operating tape-edge machines at King Koil's manufacturing plant in Arizona, the US.

RISKS AND MITIGATION PLANS

1. Insufficient capacity

Impact

Loss of potential sales.

Mitigation Plans

- Start second shift for higher production volume.
- Provide additional CAPEX for increase in volume.

2. Raw material shortage/price increase

Impact

Margin compression.

Mitigation Plans

- Expand the network of vendors and import raw materials.
- Maintain a higher level of inventory to avoid operational interruptions.
- Cost-sharing with customers.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES

TRADING



Aqua-Flo's in-house laboratory strictly complies with and adheres to quality standards in all its water chemicals product testing procedures.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - TRADING



Aqua-Flo Sdn Bhd



Revenue

RM124.1 million

(FY2019: RM117.4 million)

OPERATIONAL REVIEW

Aqua-Flo supplies water chemicals such as liquid chlorine, liquid alum and poly-aluminum chloride to all state water authorities and potable water treatment plants nationwide. In addition, it is in the early stages of supplying water meters and water monitoring equipment as part of its value creation plans to diversify revenue and income streams.

Aqua-Flo's operations are classified under essential services and was largely unaffected by the pandemic's MCO in 2020.

OPERATIONAL RESULTS

During the year in review, Aqua-Flo grew organically, increasing revenue by 5.7% to RM124.1 million from RM117.4 million in FY2019, achieved on the back of the steady business.

OUTLOOK

Aqua-Flo constantly strives to increase market share in the potable water business market and is focussing on new growth areas, particularly, in the industrial and municipal water treatment segments.

In 2021, Aqua-Flo intends to drive sales by supporting the expected increase in capacity at the Langat 2, Semenyih and Labohan Dagang treatment plants. It also targets to make further inroads into the industrial water treatment chemicals market and the water meter segment.

Moving forward, we expect organic growth from Aqua-Flo as it continues to strengthen its chemical sales to existing and prospective clients.

RISKS AND MITIGATION PLANS

1. Business operations amidst COVID-19

Impact

Business activities affected due to movement restrictions.

Mitigation Plans

- Engage closely with clients and stakeholders to ensure uninterrupted operations.

2. Supply and delivery of chemicals

Impact

Delay in delivering chemicals due to supply shortages and movement restrictions.

Mitigation Plans

- Communicate with all major customers and suppliers to ensure there are no supply shortages.
- Plan ahead to increase efficiencies in logistics and delivery.
- Maintain ample inventory.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES

LICENSING



Mattress foundation assembly at King Koil's manufacturing plant in Arizona, the US.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - LICENSING

KING KOIL

—
MATTRESS CO.

King Koil Licensing Company Inc

OPERATIONAL REVIEW

KKLC is the owner of the King Koil® brand with 25 licensees in 89 countries. It generates revenue through royalty payments of 2% to 3% from the sales generated by contract manufacturers or retailers of mattresses and bedding products.

During the reporting period, KKLC continued to expand the brand's presence across the US as well as in untapped territories such as Bangladesh while supporting marketing efforts in larger markets like Australia, China, Indonesia, and the United Arab Emirates as well as other significant markets in Argentina, Ireland, Malaysia, and Turkey.

OPERATIONAL RESULTS

In the US, KKLC has strengthened its distribution capabilities following its strategic partnership with Blue Bell Mattress Company, LLC, which has a facility in the US Northeast to supplement the production of King Koil® mattresses at KKMW's plant in Arizona. Royalty fees grew marginally to RM39.2 million in FY2020 from RM36.3 million in FY2019.

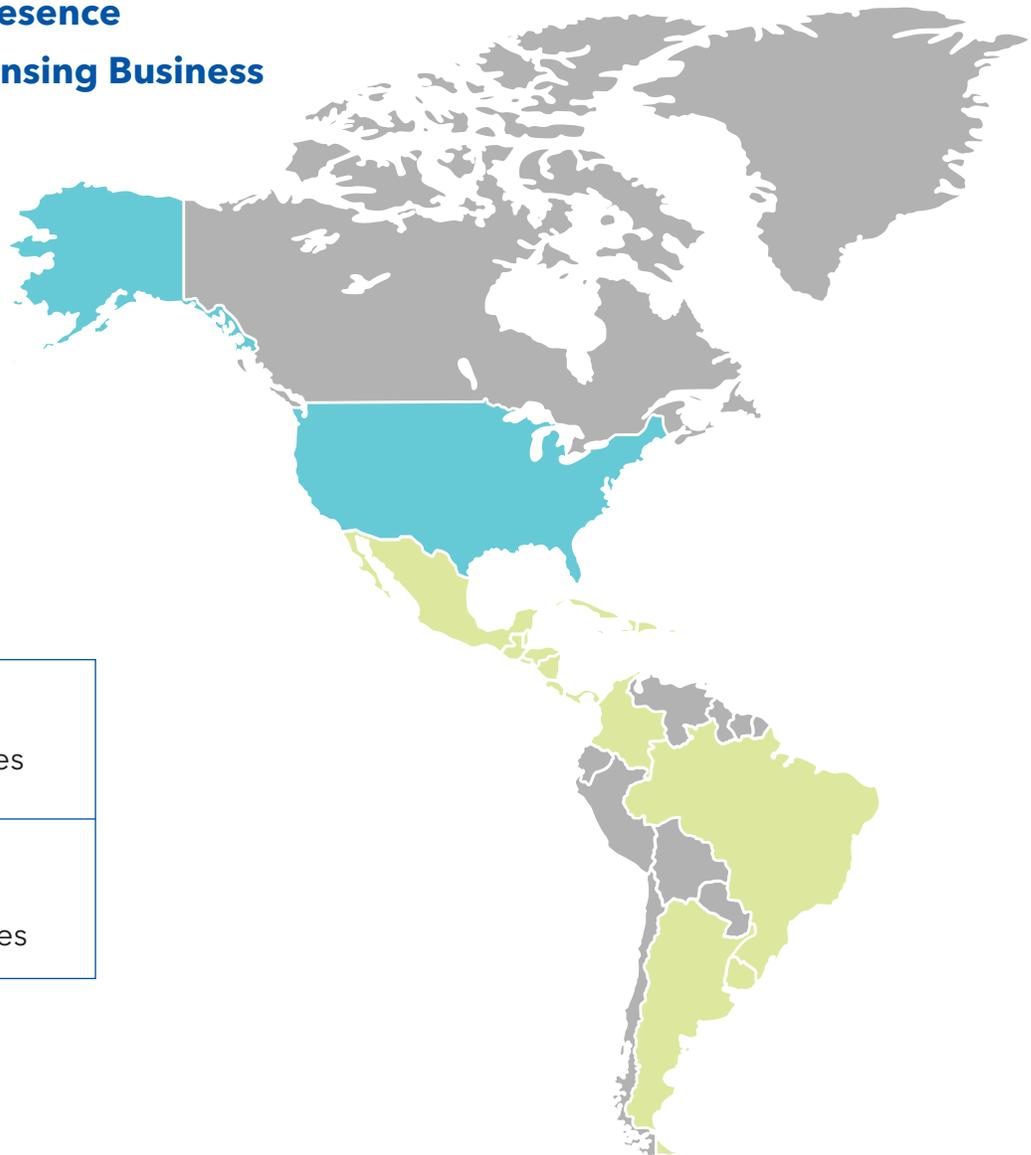
OUTLOOK

Future growth in royalty fees is expected to be driven by two new licensees recently inked in Europe as global economies bridge recovery from COVID-19.



REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - LICENSING

Geographical Presence of King Koil Licensing Business



25 Licensees

89 Countries

North America

US (East Coast)

Africa

Algeria
Egypt
South Africa
Angola
Botswana
Lesotho
Mozambique
Namibia
Swaziland
Zambia
Zimbabwe

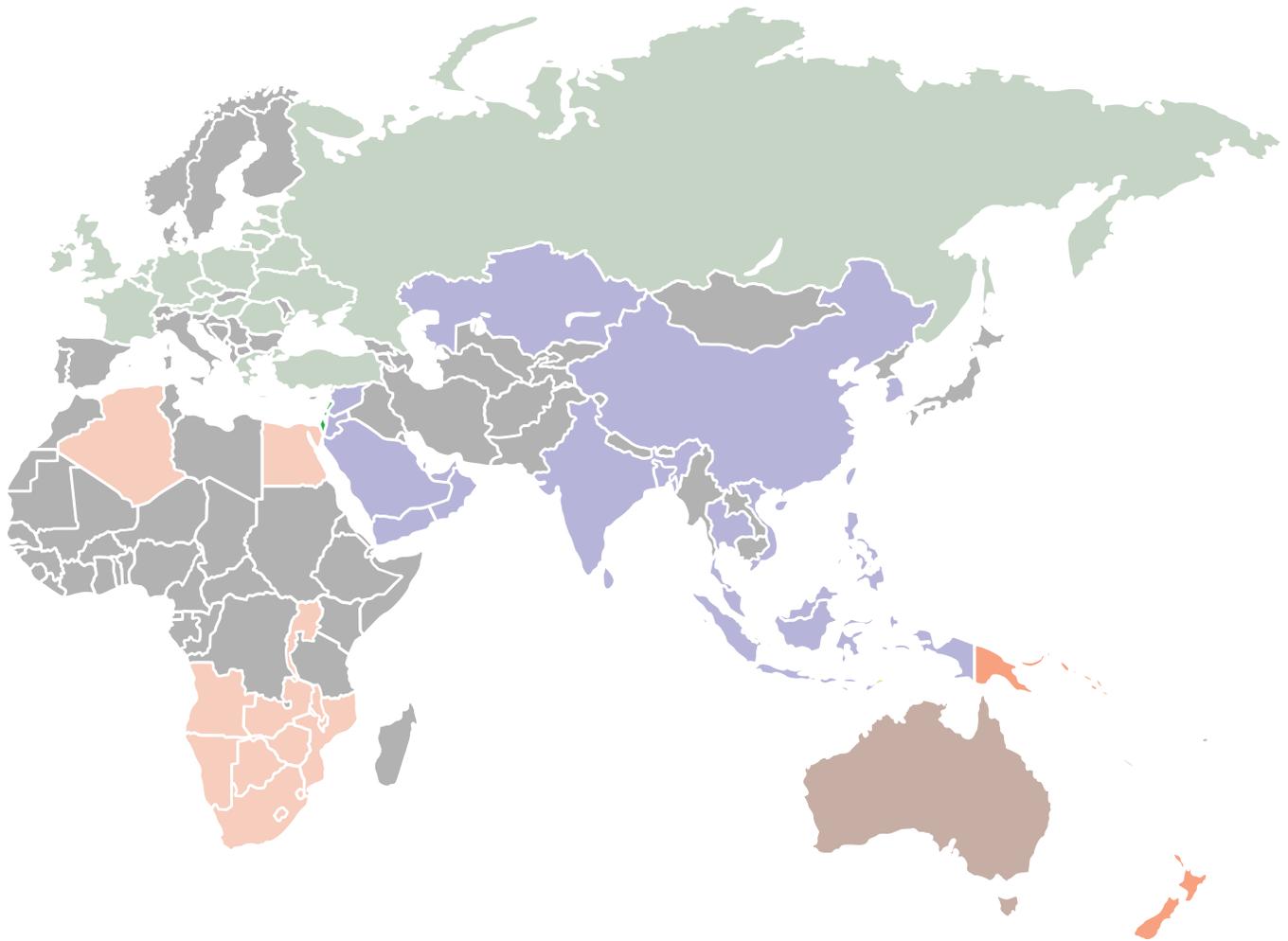
South America

Mexico
Cuba
Belize
Costa Rica
El Salvador
Guatemala
Honduras
Nicaragua
Panama
The Caribbean (12 countries)
Brazil
Argentina
Uruguay

Europe

Azerbaijan
Latvia
Lithuania
Estonia
Ireland
United Kingdom
Czech Republic
Poland
Hungary
Romania
Turkey
France
Germany
Austria
Greece
Belgium
Netherlands
Switzerland
Slovenia
Cyprus
Georgia
Russia
Belarus
Ukraine

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - LICENSING



Asia

- | | |
|--------------|-------------|
| UAE | China |
| Qatar | Taiwan |
| Bahrain | Hong Kong |
| Syria | Macau |
| Yemen | Indonesia |
| Saudi Arabia | Malaysia |
| Jordan | Thailand |
| Lebanon | Singapore |
| India | Brunei |
| Sri Lanka | Philippines |
| Maldives | Vietnam |
| Bangladesh | Thailand |
| Kazakhstan | |

Australia

- Australia

Oceania

- New Zealand
- Fiji
- Papua New Guinea

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES

INFRASTRUCTURE



Smartpipe Technology Sdn Bhd



Revenue

RM6.7 million

(FY2019: RM6.6 million)

OPERATIONAL REVIEW

Smartpipe was directly impacted by COVID-19 in 2020, causing delays and setbacks in on-going projects, engagements with the authorities, and planned initiatives for the year. As the Government eased and allowed economic activities to resume, the focus was on ramping-up projects and pursuing new opportunities.

Smartpipe continued to engage with Kedah State officials to reassess the visibility of its commercial proposals relating to the proposed NRW reduction programme.

OPERATIONAL RESULTS

During the year in review, Smartpipe's revenue of RM6.7 million was driven mainly by the progress made on the Package 12 pipe and replacement project for Air Selangor. Revenue grew marginally compared to the RM6.6 million it posted in 2019.

OUTLOOK

Moving into 2021, Smartpipe expects to continue its effort to be a holistic end-to-end service provider in the water industry, addressing the NRW and to continue supplying safe and clean water nationwide. To solidify its objective, Smartpipe will explore more strategic partnerships with utility specialists.



Compact Pipe® installation (pilot demonstration) to Pengurusan Air Selangor Sdn Bhd.



Smartpipe is the sole company authorised by the Netherlands based Wavin Overseas BV ("Wavin") to sell and install Compact Pipe® and Wavin's other pipe rehabilitation products in Malaysia.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - INFRASTRUCTURE



RISKS AND MITIGATION PLANS

- 1. COVID-19 uncertainties**

Impact
Prolonged process in securing projects.

Mitigation Plans

 - Proactively engage key stakeholders.
- 2. Increased competition**

Impact
Reduced probabilities in securing projects.

Mitigation Plans

 - Partner with reputable vendors in tender and proposal submissions.
- 3. Increase in material cost and shortage of supplies**

Impact
Suppressed margins.

Mitigation Plans

 - Manage inventory and negotiate pricing with clients.

KPS-HCM Sdn. Bhd. KPS-HCM Sdn Bhd



OPERATIONAL REVIEW

In 2020, KPS-HCM completed the testing and commissioning phase for the Pulau Indah Industrial Park Phase 3C infrastructure works for Central Spectrum (M) Sdn Bhd. KPS-HCM participated in limited prospective bidding for infrastructural construction works, road maintenance, and other general civil engineering works.

OPERATIONAL RESULTS

With the completion of the Pulau Indah project and the absence of new projects, KPS-HCM contributed a lower revenue of RM3.1 million compared with RM48.1 million in FY2019.

OUTLOOK

Moving forward, KPS-HCM is targeting to obtain the Certificate of Practical Completion for the Pulau Indah Industrial Park Phase 3C.



Drainage installation works at Phase 3C, Pulau Indah Industrial Park, Klang, Selangor.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES

ASSOCIATE COMPANIES



NGC Energy Sdn Bhd



Share of Profit

RM6.7 million

(FY2019: RM7.3 million)

OPERATIONAL REVIEW

NGC Energy recorded another profitable year in 2020 despite operating under strict pandemic-imposed SOPs. However, intermittent disruption in demand impacted sales, namely in the Domestic and Industrial & Commercial ("I&C") segments.

OPERATIONAL RESULTS

NGC Energy registered a profit after tax of RM16.8 million, which translated into the Group's share of profit of RM6.7 million compared to the corresponding period in 2019 where its profit after tax was RM18.3 million and the Group's share of profit was RM7.3 million.

The lower share of profit in the current period was mainly due to lower revenue from the I&C segment and domestic sales of LPG.



NGC Energy's LPG Filling Plant in Port Dickson, Negeri Sembilan.

OUTLOOK

Going forward, NGC Energy looks to cover more household areas to further improve its Domestic segment sales volume by reaching out to other domestic users. It will also continue to strengthen marketing efforts to further penetrate the I&C segment.



Our success stems from our core values of integrity, safety, and reliability. We are committed to energising homes and businesses, as we pledge to bring further value by delivering eco-friendly, safe, and convenient solutions to our customers across the nation.

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES - ASSOCIATE COMPANIES

RISKS AND MITIGATION PLANS

<p>1. Supply continuity from a single supplier</p>	<p>Impact Supply disruption that will impact volume.</p>	<p>2. Increasing trend of premium charges</p>	<p>Impact Potential increase in product cost.</p>
<p>Mitigation Plans</p> <ul style="list-style-type: none"> • Source alternative suppliers. 		<p>Mitigation Plans</p> <ul style="list-style-type: none"> • Review and ensure competitive pricing from suppliers to minimise cost i.e. continue to buy products in bulk. 	
<p>3. Stagnant sales for Industrial & Commercial ("I&C")</p>	<p>Impact Limited product mix, resulting in lower margins.</p>	<p>4. Higher competition in the market</p>	<p>Impact Competitors encroaching on NGC's market share in Peninsular Malaysia.</p>
<p>Mitigation Plans</p> <ul style="list-style-type: none"> • Enhance marketing strategy to further penetrate the I&C market, improve product mix, and improve margin. 		<p>Mitigation Plans</p> <ul style="list-style-type: none"> • Improve distributor proposition and enhance marketing approach to end-users. • Shift focus to cover more household areas and access to more point-of-sale marketing strategies. 	



Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd



Share of Profit
RM11.5 million
 (FY2019: RM7.2 million)

The Group's share of profit in SPRINT Holdings was RM11.5 million in 2020 against RM7.2 million in the previous financial year. The higher share of profit was mostly due to SPRINT's stronger contribution after receiving a higher compensation from the Government for the low traffic volume during the MCO and CMCO periods.

CORPORATE GOVERNANCE

We adopt the highest Corporate Governance (“CG”) standards built on the foundations of compliance, accountability, and transparency in line with the best practices outlined in the Malaysia Code of Corporate Governance (“MCCG”). Beyond this, our approach to good CG practices also revolves around integrity, with ethical conduct in all business dealings, taking full responsibility for all decisions and actions, active participation in promoting fairness and equality within the organisation, and efficiency of all our operations.

The Board of Directors (“Board”) reviews, benchmarks, and refines the Group’s governance structure and processes, which are based on global best practices and guidelines. At the same time, the Board ensures continued support for effective and ethical leadership, and that business sustainability initiatives are applied in the best interest of the Group.

As an investment holding company with a global business structure, we established a governance framework, known as the Organisational Management Structure (“OMS”) in 2017, to cater to the Group’s current and future businesses. To raise the bar of the CG standards, the Board implemented several enhancements during the reporting period. These included:

- establishing the KPS Group Internal Control Framework (“KPS-ICF”);
- revising various policies and documents such as the Enterprise Risk Management Policy & Framework (“ERM”), External Auditors Assessment Policy, Related Party Transaction Policy, and Procurement Policy;
- establishing the Board Charter, Terms of Reference (“TOR”) of Board Committees (“BC”), Internal Audit Charter, and Annual Board Evaluation (“ABE”) Template; and
- adopting the Anti-Bribery and Corruption Policy (“ABC Policy”) by all subsidiaries.



Encik Ahmad Fariz bin Hassan, MD/GCEO of KPS (standing) presenting the Group’s business plan and strategy during the Board Retreat 02/2020 on 12 December 2020 at the Saujana Hotel Kuala Lumpur.

CORPORATE GOVERNANCE



KPS' Board members sharing insights at a previous Board Retreat at the Saujana Hotel Kuala Lumpur. From left: YBhg Dato' Ikmal Hijaz bin Hashim, Independent Non-Executive Director, Encik Soffan Affendi bin Aminudin, Non-Independent Non-Executive Director and YB Dato' Nor Azmie bin Diron, Chairman of KPS, Non-Independent Non-Executive Director.

As a testament to the commitment of the Board and Management to embracing high CG standards, KPS is today ranked 46th amongst the top 100 companies for CG disclosure in the 2019 ASEAN Corporate Governance Scorecard ("ACGS") assessment. The ACGS assessment is a collective effort of the ASEAN Capital Markets Forum and the Asian Development Bank, as part of the ASEAN CG initiative introduced in 2011, with the aim of raising CG standards among ASEAN Public Listed Companies. We have maintained this ranking for two consecutive years.

In November 2020, the Board approved the establishment of an Integrity and Government Unit ("IGU") headed by the Chief Integrity and Governance Officer. This was in line with the Government's directive and effort to strengthen the governance and integrity of all Government-Linked Companies ("GLC"). The IGU is responsible for coordinating, overseeing, and further strengthening the Group's internal control measures to prevent corruption, abuse of power, and malpractice within a framework free from corruption, abuse of power and misappropriation in line with provisions in Section 17A of Malaysian Anti-Corruption Commission ("MACC") Act 2009.

Please refer to the Corporate Governance Overview Statement found on pages 112 to 148 of this Annual Report.

CORPORATE GOVERNANCE

Highlights from KPS Board Retreats held on 26 September 2020 and 12 - 13 December 2020.



From left: Encik Zulkifli bin Mawardi, Investor Relations & Strategic Communication Director, Puan Suzila binti Khairuddin, Deputy Chief Executive Officer (Finance & Corporate Services), Encik Ahmad Fariz bin Hassan, MD/GCEO and Encik Azlan bin Abdul Jalil, Deputy Chief Executive Officer (Strategy & Investments).



From left: YBhg Dato' Idris bin Md Tahir, Independent Non-Executive Director, Puan Norliza binti Kamaruddin, Independent Non-Executive Director, and Puan Hajah Norita binti Mohd Sidek, Chief Executive Officer of MBI.



Heads of Departments and Senior Managers from all departments in the Group and subsidiary companies were in full attendance at both the Board Retreats, which were held on 26 September 2020 and 12 to 13 December 2020.

MANAGING RISKS

ENTERPRISE RISK MANAGEMENT (“ERM”) FRAMEWORK

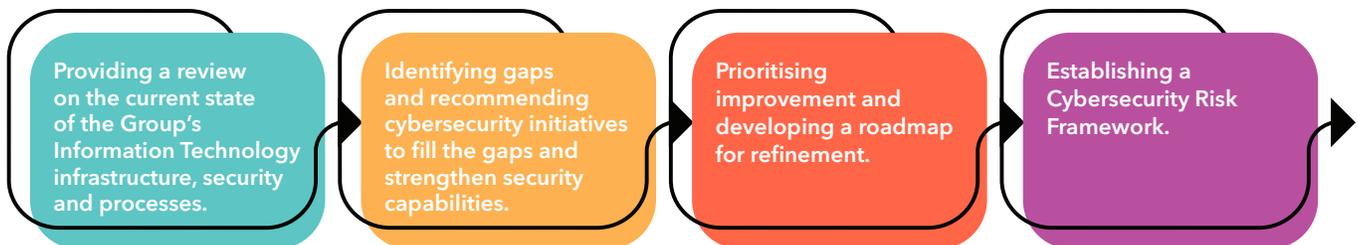
Our Enterprise Risk Management (“ERM”) framework is based on the ISO 31000:2018 International Standard of Risk Management - Principles and Guidelines, which provides a process for managing risk at all levels. The ERM effectively tracks key mitigation strategies, improves the identification of opportunities and threats, and effectively allocates the use of valuable resources for optimal implementation. These risk management practices are set to internationally recognised benchmarks, providing the Group with sound principles for effective management and corporate governance. The Group’s internal control system ensures the risk management process is adequate and in line with our commitment to deliver sustainable value. All subsidiary companies have approved and adopted the Group’s ERM Policy.



KEY RISK AREAS

We have embedded effective risk management protocols in all the Group’s decision-making processes with a cohesive approach to the ERM Framework when considering all business risk aspects. As part of the Group’s readiness in safeguarding operations against cybersecurity threats, the Group has started conducting cybersecurity risk assessments and developing a framework to mitigate this risk factor.

The Management has initiated discussions with the view of:



We have identified other pertinent key risk areas where mitigation actions are required to be undertaken accordingly to address:



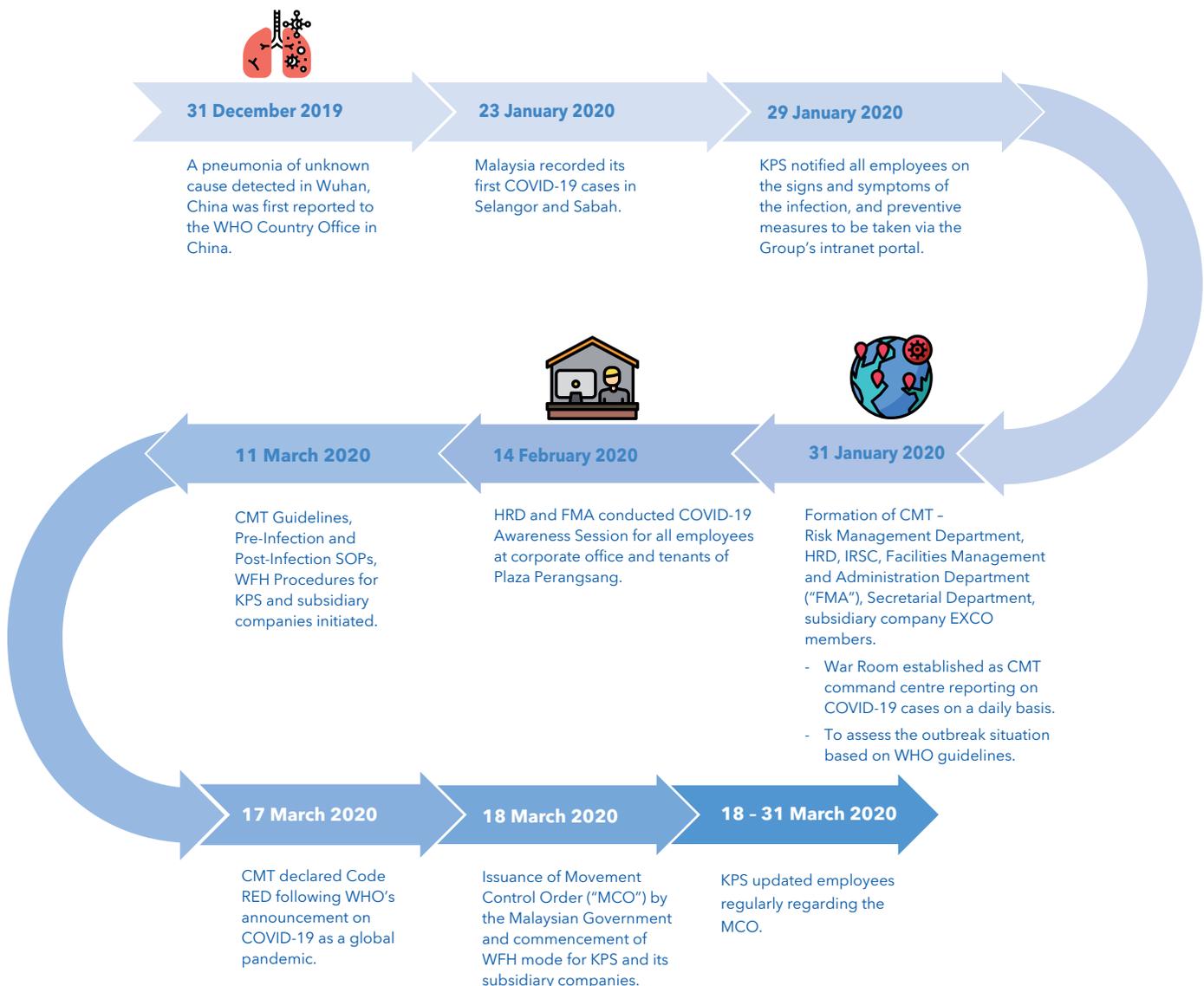
Please refer to the Statement of Risk Management and Internal Control on pages 149 to 163 of this Annual Report.

MANAGING RISKS

MANAGING RISKS DURING THE PANDEMIC

Risk management has by default assumed greater relevance in mitigating the impact of COVID-19 and has been providing alternatives as to how to circumnavigate around obstacles to overcome business threats. The Group determined that business sustainability would be the main focus of our efforts to manage risks and chart a path forward. In this regard, we conducted comprehensive assessments and a forward-looking analysis of our risk profile during the pandemic.

CRISIS MANAGEMENT TEAM ("CMT") AND BUSINESS CONTINUITY PLAN ("BCP") IN ADDRESSING COVID-19



Note: SOPs and action plans continued up till the published date of this Report to comply with all rules and regulations imposed by the authorities.

MANAGING RISKS

KPS immediately responded to the crisis by focussing on managing risks to chart a path forward while considering the uncertainties in the market from a demand, supply, and operational perspective. We emphasised on the Group’s risk profile assessment and review, where we identified key risk areas, critical indicators, and potential mitigation in developing an integrated approach to manage these risks and threats.

KPS’ COMMUNICATIONS TOOLS FOR GUIDELINES AND STANDARD OPERATING PROCEDURES ON COVID-19 PRECAUTIONS

COVID-19 BCP Action Plan & Guidelines

PRE-INFECTION PROCEDURES AND MEASURES

- Implementation of Compulsory Temperature Screening at All Main Entrances**
Temperature: **>37.5** degree
- Travelling via Air & Gathering**
Upon return:
• Fill up declaration form for contact tracing
• Quarantine for **14** days
• Work from home
- For Unavoidable Travels**
• Staff need to be made aware on the hospitals that provide the screening and treatment of COVID-19
- Insurance Coverage**
• Staff need to be made aware on the hospitals that provide the screening and treatment of COVID-19
- IT Readiness**
Ensure the IT readiness level if the requirement for the staff to work from home arise
- Meeting with visitors and business partner**
All face to face meeting should be minimized
Meeting via tele conferencing / video conferencing
- Declaration**
Visitors are required to provide disclosure of information
INFORMATION:
• Date
• Name
• Travel History
• History previous meeting with confirmed COVID-19 patient
• Sickless symptoms
- Work area cleanliness and sanitization**
- Cancellation of Non-essential events**
Staff are advised to refrain from attending any form of non-essential events
- Supplier and Customer Management**
Develop plan for alternative arrangements with suppliers and customers to ensure continuity of business operations

POST-INFECTION PROCEDURES AND MEASURES

- Patient Under Investigation (PUI)**
• Staff should immediately seek for medical attention
• Quarantine for 14 days
- Quarantine and Warded**
If PUI is tested positive the staff will be hospitalised
- Communications With MOH and other authorities**
- Sanitization of workplace**
MOH's sanitization procedures should be complied
- Reporting to EXCO and KPS Recovery Director**
• Status of PUI and infected cases
• Discussion to address production gap shall be conducted on weekly basis with EXCO
- Communications**
• Holding Statement, Press Release and Social Media statements shall ONLY be issued by KPS' IRSC Department upon approval by MD/GCEO
• MD/GCEO will represent KPS and its subsidiary companies as the Main Spokesperson

Personal Hygiene Measures:

- Do not spit on the floor
- Wash hands
i. Regularly and thoroughly with soap and water for 20 seconds
ii. Before and after preparing food
iii. After going to the toilet
iv. Before and after eating
v. After coughing and sneezing
vi. After removing personal protective equipment like mask and disposable gloves
- Sneezing and coughing should be done onto tissue paper which should be carefully disposed
- Avoid sharing of cups, cutlery, etc
- Avoid physical contact such as shaking hands

7. CMT Contact Details

Ahmad Rosly Ahlar
CMT Recovery Director
Tel: 017-7202722
Email: ahmadrosly@kps.com.my

Iqzuan Idris
CMT Alternative Recovery Director
Tel: 016-6899943
Email: iqzuan@kps.com.my

"SAFETY OF OUR STAFF AND STAKEHOLDERS IS OUR UTMOST PRIORITY"

MOVEMENT CONTROL ORDER ("MCO")

1. Closure of Premises from 18 to 31 March 2020

- Pursuant to the issuance of the Movement Control Order ("MCO") by the Government of Malaysia under the Prevention and Control of Infectious Diseases Act 1988 and Police Act 1967, all government and private entities would be closed except those providing essential services. In line with the MCO, CMT now officially declares ****CODE RED**** for all its business operations in Malaysia.
- Of KPS' subsidiary operations in Malaysia, the manufacturing activities that involve the manufacturing of goods that are part of the supply chain of essential goods, such as that of Toyoplas Manufacturing (Malaysia) Sdn Bhd, CPI (Perang) Sdn Bhd, Century Bond Bhd and Aqua Flo Sdn Bhd, are EXEMPT from the restriction prescribed in the MCO, subject to the conditions set forth by the National Security Council. However, the operations of KPS' other subsidiary companies, such as that of Smartpipe Technology Sdn Bhd and KPS-HCM Sdn Bhd, are still subject to the MCO.
- KPS' subsidiary operations outside Malaysia will continue to conduct their business activities as usual, complying to the respective countries' jurisdiction.
* Certain of essential facilities will be under a Working From Home ("WFH") mode during this period.

2. Employment Matter

- CMT would like to advise all subsidiaries to adhere to the relevant laws and regulations with regards to employment.
- KPS is a member of the Malaysian Employers Federation (MEF) and would like to share the circular provided by MEF.

3. Work from Home

All communication with regards to WFH should be communicated via company's email, whatsapp, wechat (by cisco), Microsoft Teams and all other means of communication.

All meetings will be conducted via video conferencing using Webex application.

4. Communication with Suppliers and Customers

Heads of Subsidiaries and Senior Management Teams need to communicate to relevant parties which include suppliers, customers, financial institutions and transportation companies on potential delays resulted from this MCO.

5. Implication on reporting and other deadlines

- Suruhanjaya Syerikat Malaysia ("SSM") has issued a press release on 17 March 2020 which mentioned that companies can apply for extension of period to hold annual general meeting to a time period longer than 6 months from their financial year end.
- Lembaga Hasil Dalam Negeri ("LHDN") has also extended the grace period from the due date of the submission of tax returns.

6. Contractual Obligations

- All contractual terms in manufacturing and supply agreements need to be carefully reviewed to avoid any potential litigations and disputes.
- We should minimize further losses that could derived from this MCO.

7. Travelling & Self-Quarantine

- The MCO makes specific mention on the overall restriction of movement and gatherings throughout the country. All overseas travels are prohibited. Returning employees after the MCO takes effect must be under self-quarantine for **14 days** and undergo medical screening.
- All subsidiaries should not accept any visitors from outside Malaysia during this period.

7. CMT Contact Details

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Email: ahmadrosly@kps.com.my

Iqzuan Idris
CMT Alternative Recovery Director
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Email: iqzuan@kps.com.my

"SAFETY OF OUR STAFF AND STAKEHOLDERS IS OUR UTMOST PRIORITY"

MANAGING STAKEHOLDERS

We identified alternative approaches to continue liaising with our stakeholders during the reporting period due to disruptions of planned engagement programmes. We did not falter on our responsibilities and kept our stakeholders apprised of business performance and pertinent information, turning to the adoption of digital technologies and tools to stay connected. Board meetings, internal meetings, discussions with business analysts and investors, and discourse with stakeholders were all conducted virtually to replace physical sessions while adhering strictly to the COVID-19 SOPs.

	 EMPLOYEES 	 CERTIFICATION BODIES 	 INVESTORS & SHAREHOLDERS 	 REGULATORS 
VALUE DELIVERY	<ul style="list-style-type: none"> Competitive salary that is above market minimum. Attractive benefits Training and development. Career growth opportunities. Work-life balance. Enhance Health, Safety, and Environment ("HSE") protocols. 	<p>Compliance with laws, regulations and international quality and safety standards reflect the strong governance practices in KPS.</p>	<p>Ensuring operational continuity, consistent returns on investment, business excellence and growth, and strong corporate governance.</p>	<p>Monitoring compliance through contractual obligations to the Government and stakeholders, and strong corporate governance.</p>
THE IMPORTANCE OF ENGAGEMENT	<p>An empowered, forward-thinking, progressive, and innovative workforce are instrumental towards our business success.</p>	<p>Ensuring the Group adheres to the highest standards by constantly improving internal processes and operations to ensure high quality product output and provide the know-how to secure customer confidence.</p>	<p>Our shareholders are an important source of equity capital to fund our business and growth plans.</p>	<ul style="list-style-type: none"> To control economic, health, infrastructure, security, and environmental risks. Ethical business practices.
ENGAGEMENT CHANNELS	<ul style="list-style-type: none"> Structured Training Programmes. Talent Development Programmes. Induction Exercise for New Employees. Town Hall Meetings. Lunch and Learn Programmes. Social, Sports, Health and Wellness Activities. Circulation of Human Resource Policies. 	<ul style="list-style-type: none"> On-site Inspections. Regular Meetings. Submission of Regulatory Documentation. Internal and External Audit Exercises. 	<ul style="list-style-type: none"> Annual General Meeting. Annual Report and Sustainability Report. Dedicated Investor Relations Section in KPS' Website and all communication channels. Announcements of Quarterly Results. Analyst Briefing Sessions. One-on-one Meetings with Analysts and Business Journalists/Publications. Group Meetings. Non-deal Roadshows. 	<ul style="list-style-type: none"> Regulatory Discussions and Meetings with Authorities. Public Consultation with Local Authorities. Site Inspections. Seminars, Briefings, and Trainings.
AREAS OF INTEREST/DISCUSSION	<ul style="list-style-type: none"> Training and Career Development. Diverse and Inclusive Workplace. Employee Well-being, Health and Safety. Better and Improved Working Environment. Internship and Industry Placements. 	<ul style="list-style-type: none"> Adherence to International Organisation Standardisation ("ISO") such as ISO 9001 and OHSAS 18001 Standards. Incentives for Manufacturing Companies: <ul style="list-style-type: none"> Investment Tax Allowance Pioneer Status 	<ul style="list-style-type: none"> Group's Business Direction and Key Corporate Developments. Financial Performance. 	<ul style="list-style-type: none"> Regulatory Compliance. HSE. Social Management.

Management Discussion and Analysis

MANAGING STAKEHOLDERS

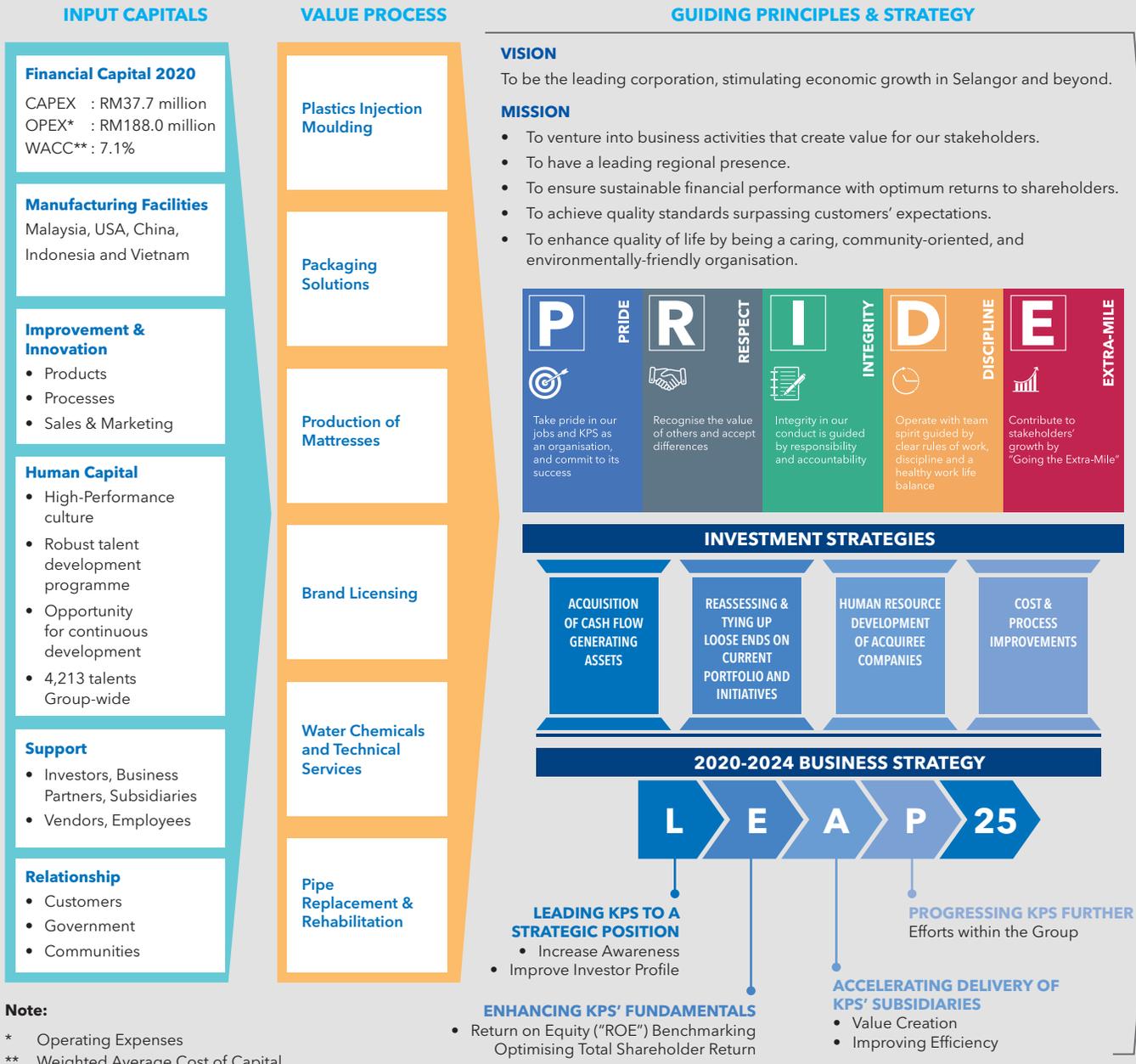
As an example, the Group conducted its 43rd Annual General Meeting entirely through a live streaming broadcast from our Corporate Office in Plaza Perangsang, Shah Alam, Selangor on 30 June 2020. Shareholders were allowed to vote electronically and transmit questions or remarks to the Board of Directors via the Remote Participation and Voting (“RPV”) platform. According to guidelines stipulated by the relevant authorities, the AGM proceedings adhered to strict SOPs, showcasing how we adjusted, adapted, and continued to deliver results in these unprecedented times.

	 LOCAL COMMUNITIES	 CUSTOMERS	 VENDORS & SUPPLIERS	 MEDIA
VALUE DELIVERY	 <ul style="list-style-type: none"> • Education Development. • Entrepreneurship Development. • Community Development. • HSE. • Philanthropy. 	 <ul style="list-style-type: none"> • Quality and safety of products are an important aspect of product creation and technical solutions. • Supply chain security and sustainability. 	 <ul style="list-style-type: none"> • Valuable contracts, safe procurement practices and service improvements. • Supply chain security and sustainability. 	 <p>To be transparent in all our business operations and when reporting financial performance.</p>
THE IMPORTANCE OF ENGAGEMENT	<ul style="list-style-type: none"> • To address waste management and other environmental issues. • To elevate the socio-economic status of our beneficiaries. • To give opportunities to underserved community members. • To reduce poverty levels. 	<ul style="list-style-type: none"> • Ensuring the quality and safety of our products and services, prevent risks to our business, and satisfies consumer demand for safer, high-valued products. • Achieving high customer satisfaction rate. 	<p>Our suppliers and vendors complete our value chain by transporting and delivering our products safely and efficiently.</p>	<p>Media platforms are important for communicating key messages to our stakeholders.</p>
ENGAGEMENT CHANNELS	<ul style="list-style-type: none"> • CSR Activities and Outreach through Education, Entrepreneurship and Sports Development Programmes. • Environmental Initiatives. • Philanthropy. 	<ul style="list-style-type: none"> • Marketing and Promotional Contents. • Website/Social Media. • Customer Feedback Surveys. • Events/Roadshows. 	<ul style="list-style-type: none"> • Vendor/Supplier Registration. • Procurement Policies. • Performance Evaluations. • Site Visits and Meetings. 	<ul style="list-style-type: none"> • Media Interviews, Briefing Sessions, and Press Conferences. • Press Releases.
AREAS OF INTEREST/DISCUSSION	<ul style="list-style-type: none"> • Managing the impact of HSE, and Social Involvement. • Community Engagement. • Job and Other Income Generating Opportunities. 	<ul style="list-style-type: none"> • Product and Service Quality. • Supply Chain Sustainability. • Product Pricing and Credit Terms. 	<ul style="list-style-type: none"> • Product and Service Quality. • Service Scope and Payment Schedule. • Supply Chain Sustainability. 	<ul style="list-style-type: none"> • Brand Positioning, Image, and Credibility. • Business Performance and Growth. • Ethical Business Conduct and Regulatory Compliance.

CREATING VALUE FOR OUR STAKEHOLDERS

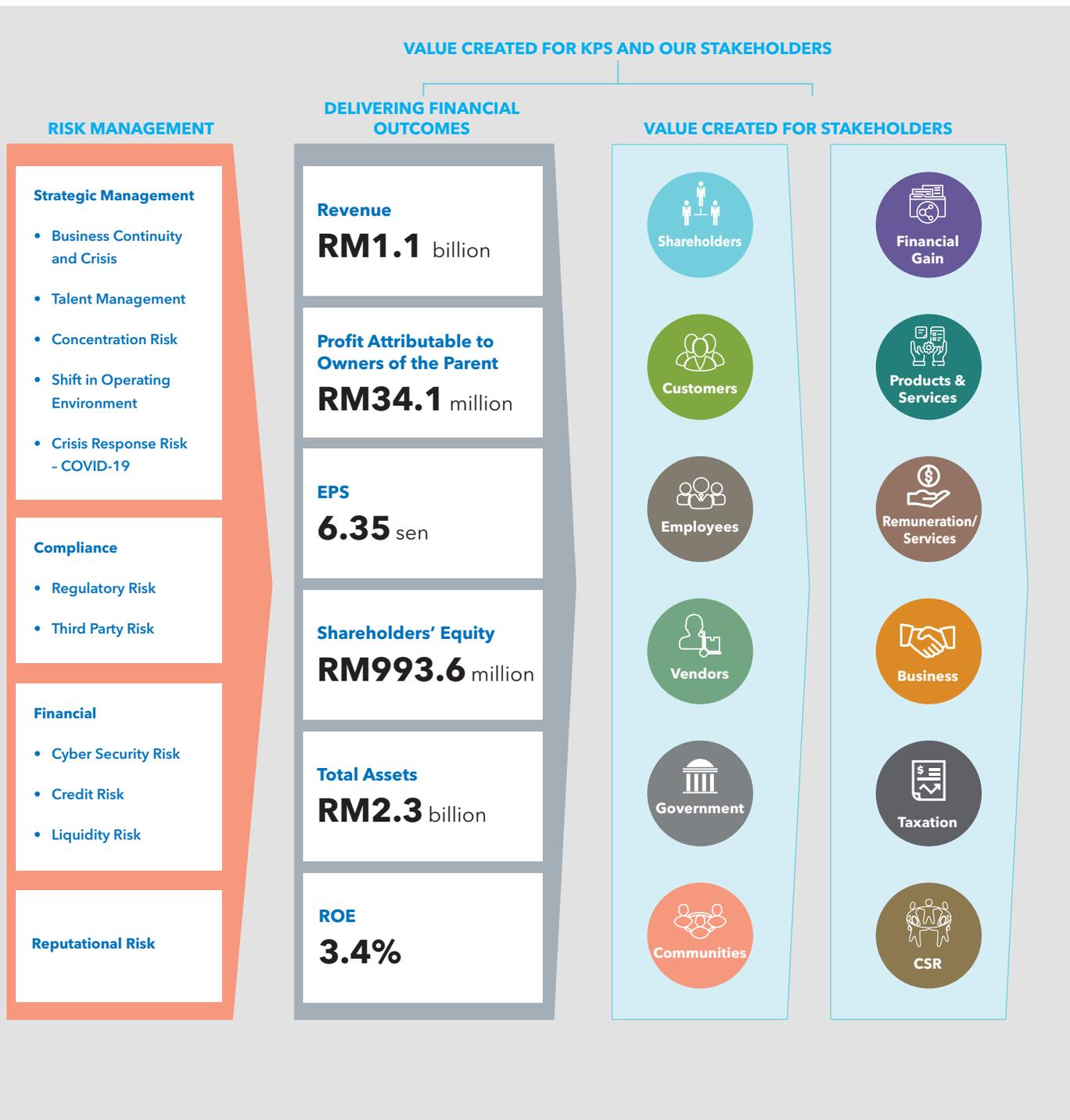
Our business model is focussed on creating value for all our stakeholders, including shareholders and investors, business partners and associates, customers, vendors, suppliers, service providers, employees, the Government, and the communities in which we operate. In essence, we work with capital inputs to create products and services, while managing key risks, in order to generate healthy financial returns.

BUSINESS MODEL FOR VALUE CREATION



CREATING VALUE FOR OUR STAKEHOLDERS

The strategy and initiatives to optimise the Group’s profitability and strengthen its balance sheet and cashflow, have put us on the right track to achieve the targetted return on equity. Our long term business strategies and LEAP25 have guided us to effectively strengthen our strategic focus and positioning by rationalising non-strategic assets, unlocking the value of non-productive assets, while taking into consideration automation and digitalisation to breed an innovative culture, increasing revenue through cost optimisation and building synergistic strengths within the Group’s subsidiary companies.



OUR PEOPLE AT THE FORE

As we adapt to the new norm, a paradigm for skills and talent has emerged with the accelerated adoption of technology and workforce flexibility. Our people's preparedness to upskill and reskill at all levels has been paramount in building up in-house capabilities to foster a culture of lifelong learning and resilience. Developing a high-performance culture will not only fulfill economic achievements; it strengthens our commitment to sustainability and will have a positive social impact at all levels. This in turn will enable and empower our employees to ensure that we are driven by purpose. To ensure our human capital's continuous development, we carried out four initiatives in the reporting period.

INITIATIVE 1

Keeping COVID-19 at Bay

Employee health and safety aspects have always been a top priority at KPS, and these are governed by policies and regulations, local standards and, stringent SOPs. At the onset of the COVID-19 outbreak in early 2020, we immediately enforced appropriate safety measures that included using personal protective equipment ("PPE"), and initiated enhanced cleansing and sanitising at all our premises. These processes have also put into effect social distancing protocols and mass screenings at all of our work sites. Listed below are some items provided and precautionary measures taken:

Face Masks

 **13,300**
to all employees
at all sites

Hand Sanitisers

 **253 litres**

Disinfectant Liquid

 **45 litres**

Non-Contact Thermometers

 **4 units**

Thermal Scanners

 **2 units**

EFFORTS AND STANDARD OPERATING PROCEDURES UNDERTAKEN TO FLATTEN THE COVID-19 CURVE



- 14 February 2020:** COVID-19 Awareness talk conducted by representatives from Jabatan Kesihatan Negeri Selangor.



- March 2020:** Distribution of face masks and hand sanitisers to employees.



- 18 March 2020:** Work From Home ("WFH") Policy & Protocols implemented.



- The Building Management Services ("BMS")** team conducts daily sanitising of office premise, which is still ongoing.



- HRD conducts monthly tracking on employees' health status.



- 23 March 2020:** Allocation of RM500 from employees' "outpatient benefits" to purchase face masks and hand sanitisers.



- 23 June 2020:** Conducted e-learning/webinar briefing on Mental Health with PM Care Sdn Bhd.

- 13 November 2020:** Conducted COVID-19 Tests under Social Security Organisation ("SOCISO") Program Saringan Prihatin.

OUR PEOPLE AT THE FORE

KPS' EXISTING COVID-19 HEALTH AND SAFETY PROTOCOLS



Stringent adherence of COVID-19 SOPs at workplace.



All offices and factories are registered with MySejahtera.



Implementation of verified and secured digital signatures for official documents.

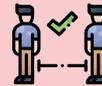


Migration from physical meetings to video conferencing/online meeting platforms.

Self-monitoring/assessment of health conditions by all employees, whether at site or at home.



Employees are to self-isolate if symptoms are detected, and to notify medical professionals immediately.



Mandatory medical screening prior to entry at work sites (including full COVID-19 screening organised by the Company). Enforced social distancing at all offices and factories aimed at limiting group gatherings.



Mandatory wearing of masks in all areas where social distancing is either not possible or there is limited space.



Enforcing proper hygiene-related practices, which include frequent washing of hands and the use of hand sanitisers.



Mandatory temperature scans before entering any office or factory.



Increased frequency of cleaning and sanitising of work areas and equipment at all locations, including accommodation of workers and cafeterias at all factories.



Improved food safety protocols were observed with self-serve options removed, and all food required to be individually wrapped and packed at factory cafeterias. Sharing of food is discouraged and physical distancing is to be observed at all dining areas and office pantries.



Establishing proper medical procedures for the assessment, testing, isolation, care, and transportation of anyone who has developed symptoms that may indicate infection.

WFH remain in effect for all employees who are able to continue being productive.



Travel restrictions imposed on all employees to avoid unnecessary travel and mandatory self-quarantine must be observed by anyone returning from international trips, and must be consistent with the Government's COVID-19 SOPs.



Job protection remains in place for employees in quarantine or self-isolation due to COVID-19 or those needing to miss work to care for children as a result of school or nursery closures



Conducting e-learning/webinars to replace physical training programmes.

OUR PEOPLE AT THE FORE



We build trust with our employees and encourage them to reach their full potential by clearly communicating measurable and action-oriented goals to drive a high performance culture in KPS. Pictured in the centre is Puan Stacey Lim, the Chief Executive Officer of Toyoplas with her Management Team and employees.



Our employees are our greatest asset and are an integral part of the Group's mission and vision. Employees at CBB's manufacturing facility in Senai, Johor.

OUR PEOPLE AT THE FORE

INITIATIVE 2

Employee Development & Professional Qualifications

Our primary focus on enhancing the value of our Human Capital pivots on the Group’s expertise and creativity for upskilling. As such, we consistently invest in developing our talents who will be sufficiently equipped to contribute innovatively and effectively in today’s complex business landscape. We place a premium on continuous knowledge acquisition, offering training programmes for our Management Team and employees to keep abreast with both domestic and international market trends. In line with this, the Group advocates and supports our employees’ interest to better themselves in their respective areas of expertise.

During the year, 11 employees obtained professional qualifications from local and international bodies. The complete list of employees who attended various development, training, and certification programmes is tabulated below:

Advanced Education, Professional Training and Certification Programmes

<p>KPS</p>  <p>Employee Development</p> <p>2 Employees</p>	<p>Basel Institute on Governance</p>  <p>Certificate in Compliance</p> <p>1 Employee</p>	<p>Malaysia Anti-Corruption Academy Institute</p>  <p>Certified Integrity Officer Programme</p> <p>1 Employee</p>	<p>CIMA-MIA</p>  <p>Senior Leaders Programme</p> <p>1 Employee</p>	<p>Saïd Business School, University of Oxford</p>  <p>Executive Leadership Programme</p> <p>1 Employee</p>
<p>Institute of Internal Auditors</p>  <p>Certification Programme</p> <p>1 Employee</p>	<p>Malaysian Association of Certified Fraud Examiners Malaysia</p>  <p>Certification</p> <p>1 Employee</p>	<p>Universiti Teknologi Malaysia (“UTM”)</p>  <p>Diploma in Safety & Health</p> <p>1 Employee</p>	<p>Malaysian Institute of Human Resource Management (“MIHRM”)</p>  <p>Professional Diploma in Human Resources Management</p> <p>1 Employee</p>	<p>Open University Malaysia</p>  <p>Degree in Business Administration</p> <p>1 Employee</p>

OUR PEOPLE AT THE FORE



Our internal talent pool consists of individuals from multi-disciplinary backgrounds, each bringing a unique perspective based on their specialised fields to collaborate efficiently and achieve specific targets set through clear communicated, measurable and action-oriented goals. Going beyond fostering a greater inclusive culture within the organisation, co-collaboration and innovation can also be amplified by truly maximising collective intelligence and encouraging open communication.

Continuous learning and human resource development are the catalysts for inspiring and motivating employees, and as such we are committed to providing our people with fitting and effectively tailored courses and programmes so that they are equipped to consistently work towards meeting challenges and business goals.

INITIATIVE 3

Graduate Attainment Programme ("GAP")

In March 2020, the Board approved the implementation of the Graduate Attainment Programme ("GAP"), which was subsequently rolled-out in September 2020. The one-year structured programme was mooted to meet the high demand for engineers in the Manufacturing Division. GAP is open to qualified Malaysian applicants aged 27 years and below who are either Degree or Master's Degree holders.

The selection criteria prioritises engineering graduates, where successful candidates will undergo assessments and onboarding after being recruited. Trainees will be offered positions at one of the Group's selected subsidiaries upon completing the programme. As of 31 December 2020, we had recruited two trainees.

INITIATIVE 4

IR 4.0 Training Programme

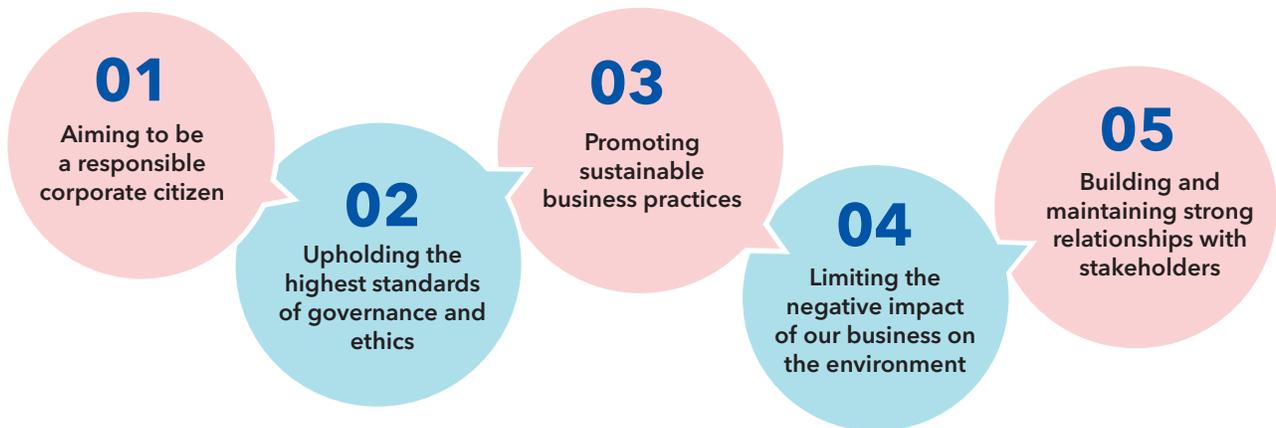
Leaning towards a society deeply integrated with technology, the Fourth Industrial Revolution ("IR 4.0") intends to uphold shared prosperity for society as a whole. Through our GAP and Junior Internship Programmes, we envisage to prepare the next generation to be trained and skilled in these new and revolutionary industrial systems. The Group's GAP and Junior Internship Programmes are catalysts to offer fresh graduates opportunities in acquiring specialised hard and soft skills to boost our manufacturing arm.

The knowledge gained from IR 4.0 training augurs well for the prospects of our manufacturing arm, which has been a steady performer for the Group even in economically volatile times.

SUSTAINABILITY AT KPS

SUSTAINABILITY OBJECTIVES

We shall contribute to sustainable development through continuous effort in how well we, as a Group, arrive at our business achievements whilst aiming towards the creation of a sustainable economic system, green environment, and prosperous society.



DRIVING SUSTAINABILITY

The Group has adopted and embraced a multi-stakeholder approach with initiatives that are aligned with sustainable business strategies. This phased approach to plan, implement, and balance the development of people, planet, prosperity, peace, and partnerships has become an integral aspect and organic component across the entire Group.

In driving a sustainable business, aside from having impactful objectives and performance metrics to ensure customer satisfaction, we need to eventually measure and keep track of our initiatives that address our environmental footprint. As such, adopting sustainable best practices for continuous improvement of our products and services ensure that we maintain our competitive edge.

STRIKING A BALANCE IN EXTENDING IMPACT

The theme of our Sustainability Report 2020, **EXTENDING IMPACT**, speaks of the Group's business objectives via sustainable development that are designed to drive sustainability practices more aggressively within the Group.

The Group's sustainability governance structure and framework guide our focus on sustainable development efforts, leading us to continuously enhance the impact of our programmes and to cement stronger stakeholder relationships.

SUSTAINABILITY AT KPS

ECONOMIC PILLAR



The steady revenue growth during a period of uncertainty was a show of the Group's success in balancing tactical decisions that were needed to build operational and financial resilience, while staying focussed on long-term goals.

This is also a testament to the strength of our corporate governance, which encompasses sound business strategy, comprehensive risk management framework, and a deep respect for values and ethics in business.

SUSTAINABILITY OF THE BUSINESS STRATEGY

Our focus as an investment holding company has always been to harness growth. The Group's shift towards manufacturing as the core business was based on this principle, given the industry's proven resilience.

ENHANCING EMPLOYMENT

KPS was among the few public-listed companies in Malaysia that did not downsize, revise salaries downwards or force employees to take no-pay leave during the unprecedented situation that arose from the COVID-19 outbreak. The Group was steadfast in safeguarding its employees and their respective families, from the impact on livelihoods that was being experienced across other businesses nationwide.

ENVIRONMENTAL PILLAR



We have made steady headway in covering new ground during the year, especially on environmental impacts, and health and safety concerns, despite being in the midst of surviving a global pandemic.

KPS & THE ENVIRONMENT
CARING FOR OUR FUTURE

As a responsible corporate citizen, KPS is committed to environmental sustainability through minimising negative environmental impacts, while striving to conserve energy and natural resources. In 2020, KPS continued to play an active role in spurring the interest and awareness levels amongst its employees at the Group level, including subsidiary companies, and in communities where we operate, to fully realise the benefits of co-existing in harmony with Mother Nature.

We further drove the message that we have to act consciously and responsibly towards preserving the environment and educating the future generation to do the same. We amply demonstrated this commitment through Group-wide implementation of the Environmental Management System (MS ISO 14001:2015), which addresses environmental matters responsibly.

Our Sustainability Policy recognises the importance of environmental, social, cultural, and economic responsibilities. Ecologically, we aim to keep at the forefront of sustainability, by integrating environmental considerations into our business, while managing and reducing the negative impact it has on the environment.



- Gain access to the digital version of our Sustainability Report on our website.
- Download the QR Code Reader on App Store or Google Play.



- Scan the QR Code to access the documents.



SUSTAINABILITY AT KPS

SOCIAL PILLAR



KPS' sustainability agenda has not veered from its main aim of pursuing best practices and ensuring strict adherence to the highest standards. Quality is an integral part of our culture and is embedded into all work processes to drive our performance across the value chain.

In addition, we have been progressively developing our communities and societies, with a long-term commitment, which has been deeply ingrained into the organisation to make meaningful contributions for the greater good of society.

KPS & ITS EMPLOYEES GROWING OUR RESOURCES

We are committed to ensuring that skills, knowledge, and talent are proactively identified and developed. Our people are encouraged to challenge boundaries and develop leading-edge solutions that add value to our operations.

In encouraging a high-performance culture, it demands that our people have the capability and empowerment to take ownership of actions and issues and deal with them with urgency and confidence.

KPS & ITS STAKEHOLDERS BUILDING ENDURING RELATIONSHIPS

During the year, we maintained our efforts to forge stronger ties with our various stakeholders. We share information appropriately and responsively. We listen and work collaboratively in the best interests of KPS and our stakeholders. We believe in open and effective communication for all processes, decisions, and results.

We are results driven. By understanding clients' needs we deliver what we promise. In this respect, we demand service excellence at all levels in the Group, especially in an ever changing business environment.

KPS & THE COMMUNITY SCALING UP SOCIAL IMPACT

Our business performance and CSR is inextricably linked to the EESG dimensions as we believe healthier corporations make for a healthier society. Our CSR model has provided opportunities and access for low income earners, the poor, and differently-abled for education, building their incomes, job opportunities, entrepreneurship, and enabling talent in competitive sports.

What this translates into for our sustainability and CSR practices is about how we have been Scaling Up Social Impact by carrying out meaningful initiatives rather than superficial for publicity's sake. KPS' sustainability and CSR objectives have clearly matured as over the years, we have intensified our role in responsibly balancing the 5Ps of People, Planet, Prosperity, Peace, and Partnerships.

Our CSR chronicles speak volumes of the various community development initiatives, which have grown and exerted its value on thousands of people in our communities over three years (2018 to 2020) with focus on advancing Education Development; Entrepreneurship Development; Community Development; and Environment, Health & Safety.

SUSTAINABILITY AT KPS



The first Corporate Sustainability Workshop was held on 16 July 2020 at KPS Corporate Office with full participation of Sustainability Champions from each department and representatives from KKMW, Aqua-Flo, Smartpipe, and KPS-HCM.



KPS CerDik Programme was launched in 2017 to help underprivileged Orang Asal children from SK (A) Bukit Kemandol, Jenjarom in Selangor with their primary and secondary school education. With proper monitoring, absenteeism and dropout rates have substantially been reduced.



Environmental awareness initiatives such as the EcoFrenz Beach Cleaning Programme at Teluk Bayu Beach in Penang, which involved schoolchildren was an excellent way to strengthen relationships with the community. It further reinforced good habits amongst the younger generation on the importance of cleanliness, environmental protection, and climate change.

SUSTAINABILITY AT KPS

Taking **Action** Against **Climate Change**

HOW WASTE MANAGEMENT AND ENERGY EFFICIENCY ADDRESS CLIMATE CHANGE

In September 2020, we conducted training awareness programmes on waste management at our manufacturing subsidiaries in Senai, Johor and Bayan Lepas, Penang via a collaboration between the Sustainability Unit and respective subsidiary companies' Human Resource Department.

Having clear and measurable goals to accomplish this initiative helped us prioritise activities for preventing waste and expanding recycling programmes. With the framework having been laid in 2019, we have implemented a structured approach to handling waste at our manufacturing facilities in 2020. On this note, our subsidiary companies under the manufacturing arm had previously determined and evaluated waste from their facilities and we expect to see considerable progress on the implementation of these practices.

There are immense benefits for establishing a waste management programme throughout our operations, which can lead to achieve the following:



Generates Revenue - Recycling generates revenue through the adoption of a circular economy.



Saves Money - Recycling reduces disposal costs and improves the bottomline.



Knowledge is Key - By understanding the amount and types of waste we produce puts us in a better position to find ways to reduce hauling costs and negotiate for waste and recycling services that fit our needs.



Enhances Sustainability - Managing waste, water, and energy more efficiently are core components of sustainability. Improving the organisation's sustainability helps boost its corporate image, attract new customers, appeal to quality talents, and positively engage employees at a subliminal level.



Reduces GHG Emissions - Waste prevention and recycling offer significant potential for reducing GHG emissions.



Conserves Resources - Reusing and recycling to conserve natural resources, including trees, metals, and water.



SUSTAINABILITY AT KPS

Doing Our Part to Save Energy to Save the Planet

When it comes to energy consumption, temperature regulation is one of the highest costs. To decrease the usage of our planet's resources and reduce pollution, our manufacturing subsidiaries have implemented various noteworthy energy efficiency initiatives to reduce dependency on fossil fuel and natural resources, and reduce greenhouse gas emissions.

OUR ENERGY EFFICIENCY INITIATIVES IN 2020 AND BEYOND



Installation of energy-saving LED lights in Toyoplas at production floors and offices and the manufacturing facilities in CPI, CBB and, KKMW.



In 2021, Toyoplas intends to implement solar energy at its office.



CPI has begun inculcating the practice of switching off lights, office equipment, and other appliances during break times.



CBB has replaced light fuel oil boilers with LPG which emits considerably-less carbon dioxide. Like Toyoplas, it also has plans to install solar panels at its premises for non-production usage.



KKMW's manufacturing factory in Arizona is outfitted with Roof Insulation, Evaporative Air Coolers, and High-Volume Low Speed Ceiling Fans to actively save on energy consumption by regulating its indoor climate, which might be affected by the four seasons.

Let's
SAVE THE
WORLD
TOGETHER



Read more on our sustainability initiatives, KPIs, and achievements in our Sustainability Report 2020.



OUTLOOK

ECONOMIC LANDSCAPE

Since the beginning of 2021, the progressive distribution of COVID-19 vaccines worldwide and announcements of additional fiscal support in some countries are encouragingly changing economic and business dynamics. In line with this recovery sentiment in recent months, the global economy is forecast to rebound strongly in 2021.

Advanced economies, which are among the hardest hit by COVID-19, are projected to stage robust recoveries, with China leading the way with a 7.8% (2020: 2.3%) GDP forecast. The US follows behind with a 6.5% (2020: -3.5%) and the Eurozone with a 3.9% (2020: -6.8%), while Malaysia and Indonesia expect to experience a strong GDP turnaround of between 6.0% and 7.5% (2020: -5.6%) and 4.9% (2020: -2.1%), respectively. Vietnam expects to more than double its GDP growth to 6.5% (2020: 2.9%). *(Sources: Malaysia Economic Outlook 2021 by Ministry of Finance, OECD Interim Report March 2021 and International Monetary Fund)*

The encouraging global macro-economic development should bode well for the Group's business given its geographical and sectoral diversification. The Group expects its businesses to leverage on the anticipated economic recovery.



INDUSTRY LANDSCAPE

Macro Landscape Remains Conducive for KPS' Diversified Business:

CONSUMER ELECTRONICS



EMS Global market size

USD650 billion

is estimated at

5% CAGR for next 5 years.



Vietnam as the **diversion hub** due to the US-China trade tensions.



COVID-19 drives **EMS market up** for consumer **electronics** and **medical** devices.

AUTOMOTIVE

Light vehicles long-term global growth is estimated between

3% and **4%**

peaking at 110 million production in 2026.



Key growth shifted from mature and emerging markets to **China**, alongside shifting consumer demand and material innovation.



New Demand:

electric cars and the shifting to e-hailing and **true en-route mobility services.**



HEALTHCARE



Global healthcare spending to grow at

3.9% CAGR.

Technological advances and expansion of healthcare systems in developing markets to spur future demand.



PACKAGING



Packaging is a

USD1 trillion industry globally, growing at an annual growth of

3.5% for the past 5 years.

Growth for the **carton industry** is mainly from the F&B, FMCGs, cosmetics and pharmaceuticals industries in the Asia Pacific, MENA and Latin America.



COVID-19 has **changed consumer dynamics**, giving rise for further **opportunity** in the sector.



MATTRESS

Global **mattress** market is expected to reach **USD44 billion** in value by 2025 at

6.2% CAGR.



Growth boosted by urbanisation and **changing demographics** who have higher disposable income.

Robust demand from **domestic, hospitality** and **property** sectors, especially in developing and emerging countries such as India, China, and Brazil.



Management Discussion and Analysis

VALUE CREATION PLANS FOR SUSTAINABLE GROWTH

We are determined to continue the momentum of success we charted last year. Building on these achievements, we have a number of plans for our businesses to help ensure continued success and sustainable growth for the Group. Tabled below is the value creation plan we expect to execute in 2021:

MANUFACTURING

TOYOPLAS

- Strengthening our footprint in Vietnam to attract customers relocating from China due to the US-China trade war.
- New projects in the Multimedia sector for 5G and WiFi, and in Consumer Electronics for home improvement.
- To diversify solutions for the Healthcare industry.

CPI

- To explore and serve new sub-industries.
- To explore new product tiering within the Healthcare industry.

CBB

- The Offset Division to continue driving growth by acquiring new customers and new models/products.
- To tap into the Offset and Carton segments in Singapore.
- To increase product range and implement e-commerce for LEO and Hornbill detergents, and the chemical cleaning range.

KKMW

- Six key accounts will increase revenue in 2021.
- To introduce a direct-to-consumer e-commerce strategy.
- To strengthen the US distribution network beyond the West Coast into Texas and the Midwest.
- To enhance plant capacity to support new customers.



TRADING

AQUA-FLO

- To strengthen chemical sales to existing and prospective clients.

LICENSING

KKLC

- To leverage on two new licensees in Europe.

INFRASTRUCTURE

SMARTPIPE

- Continue engagement with existing and new agencies, and state authorities to promote Compact Pipe® solutions.
- Prospects in Oil & Gas Industry for pipe replacement and rehabilitation.

GROUP PROSPECTS

Guided by the expected turnaround in global, regional, and domestic economies, we will remain prudent, as we are cognisant of lingering pandemic-related uncertainties, the impact of which might vary the Group's expectations on the operational performance of its business in the short-term. As we manoeuvre the gradual reopening of global economies, we are nevertheless cautious of its transitory uncertainties but remain prepared to adapt to the new norm and create new opportunities in the process.

We are confident that LEAP25, our long-term business strategy, will put KPS on firmer footing to achieve full recovery in the medium and long term. The focus going forward will be on strategising how we can thrive on new opportunities to ensure that the Group continues to strengthen its prospects and, as a result, its earnings visibility.

To drive this, we shall continue with the realisation of our long-term strategic goals that include further improvement in operational efficiency, penetration into new market segments and expansion of product mix and services at all subsidiary companies across the Group.

Our resilience in critical areas such as strengthening our customer base, ensuring sufficient cash flow, managing supply chain, protecting our workforce, and enabling digitalisation will help us navigate the lingering complexities in the operating environment more effectively, and take advantage of the Group's underlying fundamentals for potential success as we head into the new business reality.

We look forward to 2021 with enthusiasm.



ACKNOWLEDGEMENT

I would like to pay tribute to our stakeholders' perseverance and persistence in pulling together and displaying the kind of fortitude that brings out the best in all of us. Let me express again on behalf of the Board our heartfelt thanks to Malaysia's frontliners in the fight against COVID-19 and upholding our healthcare system.

Our thanks go to our major shareholder, Darul Ehsan Investment Group, for the trust and confidence in the Board, Management Team and employees at the headquarters and subsidiary companies. To my fellow Board Members, thank you for your wise counsel and astute guidance in steering the Group's direction. As always, your assurance gave my team and I the confidence to do what we felt was best for the Group and its stakeholders.

I take this opportunity to express the Group's gratitude to former Independent Non-Executive Director Puan Rita Benoy Bushon, who resigned from the Board on 30 June 2020 after two years of service. She displayed all the values and virtues of a keen spirit and sharp mind in performing her multiple roles as Member of the Board Audit Committee, Board Risk & Compliance Committee, Sustainability Board Committee, and Chairman of the Tender Board Committee. We wish her all the best in her current and future pursuits.

Our acknowledgement also goes out to our valued shareholders and customers for your unwavering trust and support in KPS. We are appreciative of the regulatory authorities, the media, and all those who have played a vital role in ensuring KPS' sustainable development.

Let me also salute our brave, dedicated, and hardworking colleagues at the headquarters and subsidiary companies. We have all risen above and gone beyond the call of duty in an immensely trying time where we were pressure-tested and pushed to the limits to overcome overwhelming hurdles. The Group's future success will be a direct result of your ongoing commitment.

Thank you.

AHMAD FARIZ BIN HASSAN

Managing Director/Group Chief Executive Officer



BOARD OF DIRECTORS PROFILE



YB DATO' NOR AZMIE BIN DIRON

Chairman, Non-Independent Non-Executive Director

Nationality : **Malaysian**

Date of Appointment : **17 January 2020**

Age/Gender : **52/Male**

Length of Tenure as Director : **1 year 3 months**

QUALIFICATIONS

- Masters in Information Technology, Universiti Kebangsaan Malaysia.
- Bachelor of Economic (Hons), Universiti Malaya.
- Diploma in Public Administration, National Institute of Public Administration (INTAN).
- Advanced Management Development Program organised by Harvard Business School.
- Columbia University Leadership Programs.

MEMBERSHIP OF ASSOCIATIONS

- Institute of Corporate Directors Malaysia.

AREA OF EXPERTISE

- Government Relations, Finance, Economics.

OTHER DIRECTORSHIPS

Listed Entities

- None

Public Companies

- Worldwide Holdings Berhad
- Invest Selangor Berhad
- Permodalan Negeri Selangor Berhad
- Air Selangor Holdings Berhad (formerly known as Kumpulan Darul Ehsan Berhad)
- Kumpulan Hartanah Selangor Berhad
- Darul Ehsan Investment Group Berhad
- Yayasan Selangor
- Yayasan Warisan Anak Selangor
- Yayasan Hijrah Selangor

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 22 March 2021)

- None

MEMBERSHIP OF BOARD COMMITTEES

- None

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Chairman)	6/6
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WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Dato' Nor Azmie bin Diron has spent more than 25 years working in various Federal and State Government departments. Dato' Nor Azmie held the position of State Financial Officer of the State of Selangor since 1 January 2018 until his appointment as the Selangor State Secretary on 3 February 2021.

Abbreviation

BOD Board of Directors

BAC Board Audit Committee

NRC Nomination and Remuneration Committee

BGRC Board Governance and Risk Committee

BIRC Board Investment Review Committee

SBC Sustainability Board Committee

TBC Tender Board Committee

BOARD OF DIRECTORS PROFILE

**ENCIK SOFFAN AFFENDI BIN AMINUDIN**

Non-Independent Non-Executive Director

Nationality : **Malaysian**Date of Appointment : **17 January 2020**Age/Gender : **42/Male**Length of Tenure as Director : **1 year 3 months****QUALIFICATIONS**

- National Diploma in Business Studies, majoring in Accounting from Kolej Yayasan Pelajaran MARA, Kuala Lumpur (KYPMKL), a twinning programme with Dublin Business School.
- Chartered Certified Accountant, the Association of Chartered Certified Accountants.

MEMBERSHIP OF ASSOCIATIONS

- Member of Association of Chartered Certified Accountants (ACCA).
- Member of the Malaysian Institute of Accountants.

AREA OF EXPERTISE

- Accounting, Financial Reporting, Private Equity Investment.

OTHER DIRECTORSHIPS**Listed Entities**

- None

Public Companies

- Permodalan Negeri Selangor Berhad
- Air Selangor Holdings Berhad (formerly known as Kumpulan Darul Ehsan Berhad)
- Kumpulan Hartanah Selangor Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 22 March 2021)

- None

MEMBERSHIP OF BOARD COMMITTEES

- Member of the Board Audit Committee
- Member of the Nomination and Remuneration Committee
- Member of the Board Investment Review Committee
- Member of the Sustainability Board Committee

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	6/6
BAC (Member)	6/6
NRC (Member)	3/3
BIRC (Member)	3/4
SBC (Member)	2/2

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Soffan Affendi bin Aminudin started his career as an Auditor at KPMG from 2002 until 2003. He then served as an Investment Research Analyst at BBMB Securities Berhad in 2003 and the Employees Provident Fund ("EPF") in 2004 where he was involved in the Private Equity Investment arm of EPF. In 2008, he was appointed as Head of Corporate Finance of Alam Maritim Resources Berhad before being re-designated as Chief Financial Officer until November 2014. In December 2014, he was the Chief Operating Officer ("COO") of Menteri Besar Selangor (Incorporated) ("MBI"). He was the Acting Chief Executive Officer of MBI, a position he held from 1 December 2019 until 31 July 2020 before being re-designated as COO of MBI on 1 August 2020.

BOARD OF DIRECTORS PROFILE

**YBHG DATO' IDRIS BIN MD TAHIR, DIMP**

Independent Non-Executive Director

Nationality : **Malaysian**Date of Appointment : **15 August 2013**Age/Gender : **67/Male**Length of Tenure as Director : **7 years 8 months****QUALIFICATIONS**

- Graduated from The Chartered Institute of Management Accountants (CIMA), UK and subsequently admitted to fellowship in 1995.

MEMBERSHIP OF ASSOCIATIONS

- Member of the Malaysian Institute of Accountants.

AREA OF EXPERTISE

- Accounting, Audit, Financial Reporting.

OTHER DIRECTORSHIPS**Listed Entities**

- None

Public Companies

- Syarikat Pengeluar Air Selangor Holdings Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 22 March 2021)

- None

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Board Audit Committee.
- Member of the Nomination and Remuneration Committee.
- Member of the Tender Board Committee.
- Member of the Board Governance and Risk Committee.

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	6/6
BAC (Chairman)	6/6
NRC (Member)	3/3
BGRC (Member)	1/1

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Dato' Idris bin Md Tahir started his career with Bank Negara Malaysia (Central Bank of Malaysia) as an Executive Officer of the Investment Department from 1978 until 1983, before joining Bank Islam Malaysia Berhad ("BIMB") as one of the pioneers of the group in establishing the first Islamic Bank in Malaysia. In his 29 years of service with BIMB Group of Companies, he held various senior managerial posts and was also the Chief Internal Auditor where he was involved in various Islamic Financial activities which included Islamic banking, Takaful (Islamic Insurance), Ijarah (Islamic Leasing), Wakallah (Islamic Nominees), Islamic Asset Management and Islamic Stockbroking. His last post was as Executive Director/Chief Executive Officer of BIMB Securities Sdn Bhd, an Islamic stockbroking company, before his retirement in 2012.

BOARD OF DIRECTORS PROFILE

**YBHG DATO' IKMAL HIJAZ BIN HASHIM, DIMP**

Independent Non-Executive Director

Nationality : **Malaysian**Date of Appointment : **1 January 2018**Age/Gender : **67/Male**Length of Tenure as Director : **3 years 4 months****QUALIFICATIONS**

- Bachelor of Arts with Honours, University Malaya.
- MPhil. in Land Management, University of Reading, UK.

MEMBERSHIP OF ASSOCIATIONS

- None

AREA OF EXPERTISE

- Project Management, Strategic Planning and Business Strategy, Human Capital.

OTHER DIRECTORSHIPS**Listed Entities**

- EP Manufacturing Bhd

Public Companies

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 22 March 2021)

- None

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Nomination and Remuneration Committee
- Chairman of the Tender Board Committee
- Member of the Board Investment Review Committee
- Member of the Sustainability Board Committee

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	6/6
NRC (Chairman)	3/3
BIRC (Member)	4/4
SBC (Member)	2/2

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Dato' Ikmal began his career in the Administrative and Diplomatic Service of the Government of Malaysia in 1976. In late 1991, he left government service and joined United Engineers (M) Berhad as General Manager of the Malaysia Singapore Second Crossing project.

In 1993, he became the Chief Operating Officer of Projek Lebuhraya Utara-Selatan Berhad (PLUS) and in 1995 he was promoted as the company's Managing Director.

In 1999, he was then appointed as the Managing Director of Prolink Development Sdn Bhd (Prolink) and concurrently assumed the position of President for the Property Division of the Group. He was subsequently appointed as Managing Director of Renong Berhad from 2002 until 2003.

In November 2003, Dato' Ikmal was seconded to Pos Malaysia Berhad as the Chief Executive Officer/Managing Director as well as the Group Managing Director of Pos Malaysia and Services Holdings Berhad. In November 2007, he was appointed as Chief Executive of Iskandar Regional Development Authority (IRDA) until February 2009. He then became the Chairman of Faber Group Berhad from 1 March 2009 until June 2014. During the said period, he was also appointed as Independent Non-Executive Director of UEM Land Berhad.

BOARD OF DIRECTORS PROFILE

**PUAN NORLIZA BINTI KAMARUDDIN**

Independent Non-Executive Director

Nationality : **Malaysian**Date of Appointment : **6 April 2018**Age/Gender : **57/Female**Length of Tenure as Director : **3 years****QUALIFICATIONS**

- Industry Adjunct Professor Multimedia University.
- Professional Certificate in Corporate Public Affairs (CPA) from The Center of Corporate Public Affairs, Melbourne Business School, Australia.
- Bachelor in Arts and Design from Universiti Teknologi Mara.

MEMBERSHIP OF ASSOCIATIONS

- International Public Relations Association.

AREA OF EXPERTISE

- Communication, International Business/Relations, Crisis Communications, Branding, and Sustainability.

OTHER DIRECTORSHIPS**Listed Entities**

- Sedania Innovator Berhad

Public Companies

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 22 March 2021)

- None

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Sustainability Board Committee.
- Member of the Nomination and Remuneration Committee.
- Member of the Board Governance and Risk Committee.

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	6/6
NRC (Member)	3/3
BGRC (Member)	3/3
SBC (Chairman)	3/3

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Norliza binti Kamaruddin is a senior communications specialist with more than 25 years of experience in Malaysia and other international markets. She specialises in multiple sectors including energy, finance, banking, aviation, telecommunications and hospitality and has experience in various communications practices particularly reputation management, communications strategy, strategic planning, corporate and government stakeholder management, crisis communications, corporate social responsibility, branding, media relations and internal communications. Norliza has helped organisations within ASEAN, the Middle East and the Americas to develop and execute communication strategies.

She is the only Malaysian to be recognised in the world's three most prestigious Public Relations and marketing awards. She was named one of 'Top 500 Most Influential PR Professional in PR Week Power Book 2014 and 2015' by the global PR Week magazine and included in the 'Power List 2014 - Top 50 Most Influential People in PR' by PR Week Asia. The Internationalist, New York also named Norliza as 'The Internationalist of the Year 2014'. Multimedia University Malaysia in recognition to her contribution in helping to formulate and develop the new Bachelor in Strategic Communications programme, named their communications best student award "Liz Kamaruddin Communication Excellence Award".

Leadership Perspective and Profiles

BOARD OF DIRECTORS PROFILE

**ENCIK KOAY LI ONN (LEON)**

Independent Non-Executive Director

Nationality : **Malaysian**Date of Appointment : **1 January 2019**Age/Gender : **50/Male**Length of Tenure as Director : **2 years 4 months****QUALIFICATIONS**

- Executive Education Programme from University of Oxford, Saïd Business School.
- Masters in Law from Harvard Law School, USA.
- Bachelor of Laws from International Islamic University, Malaysia.

MEMBERSHIP OF ASSOCIATIONS

- Registered Attorney, New York State Bar.
- Member, Institute of Corporate Directors Malaysia.
- Affiliate Member, Asian Institute of Chartered Bankers.

AREA OF EXPERTISE

- Corporate Finance and Banking, Legal and Compliance.

OTHER DIRECTORSHIPS**Listed Entities**

- None

Public Companies

- Century Bond Bhd

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 22 March 2021)

- None

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Board Governance and Risk Committee.
- Member of the Board Audit Committee.
- Member of the Board Investment Review Committee.

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	6/6
BAC (Member)	6/6
BGRC (Chairman)	4/4
BIRC (Member)	4/4

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Koay Li Onn (Leon) has more than 24 years of experience in law, banking, corporate & structured finance, and treasury & markets. He has won multiple industry awards over the years for innovative structures and landmark transactions in Malaysia and the region. He was admitted to the Malaysian Bar and the New York State Bar, and practised law in Kuala Lumpur, before entering the banking sector in 2002 with Standard Chartered Bank. He served in various roles with Standard Chartered and was based in Singapore between 2005 and 2011, covering different parts of the Asian region including North/ North East Asia, South East Asia and India for corporate/structured finance. He returned to Malaysia in 2011 as Managing Director & Head, Financial Markets, and Co-Head, Wholesale Banking (for conventional & Islamic businesses) for Standard Chartered Bank Malaysia Berhad. He served on the Main Committee of the Financial Markets Association of Malaysia (2012-2015), the Capital Markets Committee of the Association of Banks Malaysia (2012-2015) and the Bank Negara Malaysia Heads of Treasury Forum (2011-2015).

Koay Li Onn (Leon) is currently Managing Director of Bangsawan Group, which provides corporate, Merger & Acquisition, financial and strategic consulting in Singapore and Malaysia. He also currently serves as a consultant to a Malaysian regulatory organisation, is a company mentor in the Malaysian start-up ecosystem, and an advisor/working partner for a Singapore-based P2P lending & financial solutions platform.

BOARD OF DIRECTORS PROFILE

**YBHG DATO' NOORAZMAN BIN ABD AZIZ**

Independent Non-Executive Director

Nationality : **Malaysian**Date of Appointment : **1 January 2020**Age/Gender : **65/Male**Length of Tenure as Director : **1 year 4 months****QUALIFICATIONS**

- BSc (Finance)
Louisiana State University, USA.
- Citicorp Associate Programme
Training Institute, New York, USA.

MEMBERSHIP OF ASSOCIATIONS

- Member of Australian Institute of
Company Directors (AICD).
- Member of Chartered Institute of Islamic
Finance Professionals (CIIF).
- Member of Institute of Corporate
Directors Malaysia (ICDM).

AREA OF EXPERTISE

- Strategy, Business Management,
Investment.

OTHER DIRECTORSHIPS**Listed Entities**

- UEM Edgenta Berhad
- UEM Sunrise Berhad
- Hong Leong Financial Group Berhad

Public Companies

- PLUS Malaysia Berhad

Private Companies, Trustees & Other Organisations

- Yayasan UEM
- International Centre for Education in
Islamic Finance (INCEIF)
- CTOS Digital Sdn Bhd

Advisory

- Kumpulan Wang Amanah Pekerja
- Ancora Fund Management Co.,
Indonesia
- Creador Sdn Bhd

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 22 March 2021)

- None

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Board Investment
Review Committee.
- Member of the Board Audit
Committee.
- Member of the Board Governance and
Risk Committee.
- Member of the Tender Board
Committee.

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)	6/6
BAC (Member)	1/1
BGRC (Member)	3/3
BIRC (Chairman)	3/3

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Dato' Noorazman bin Abd Aziz has over 37 years of experience in banking and finance, investments and capital markets having served as Executive Director, Investments in Khazanah Nasional Berhad, Managing Director of Fajr Capital Ltd and held key positions in Citigroup, Bank Islam Malaysia Berhad, Kuala Lumpur Stock Exchange and Labuan Offshore Financial Services Authority (LOFSA), to name a few.

He was appointed to the Board of Kumpulan Perangsang Selangor Berhad on 1 January 2020. He is currently the Chairman of UEM Sunrise Berhad and sits on the Boards of UEM Edgenta Berhad, PLUS Malaysia Berhad, and Hong Leong Finance Group Berhad.

He serves as Chairman of the Board of Trustees of Yayasan UEM, the philanthropic arm of UEM Group, and Chairman of Board of Trustees of International Centre for Education in Islamic Finance (INCEIF).

Leadership Perspective and Profiles

BOARD OF DIRECTORS PROFILE

**ENCIK AHMAD FARIZ BIN HASSAN**

Managing Director/Group Chief Executive Officer

Nationality : **Malaysian**Date of Appointment : **1 January 2019**Age/Gender : **44/Male**Length of Tenure as Director : **2 years 3 months****OTHER DIRECTORSHIPS****Listed Entities**

- None

Public Companies

- Century Bond Bhd
- Cash Band (M) Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 22 March 2021)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Ahmad Fariz bin Hassan was appointed to the Board as Managing Director on 1 January 2019, simultaneously taking up the role of Group Chief Executive Officer. Prior to this appointment, he was the Chief Executive Officer of KPS since 1 May 2016. A primary authority for governance, investment, control, and management of the Group, he provides management oversight and responsibility, ensuring the efficient functioning of the business by conceiving its vision and purpose, developing corporate and business strategies, and ensuring effective structures and processes to meet the Group's strategic and operational needs.

Earlier in his career, he built upon key competencies of corporate governance. Subsequently, he moved forward to embark on and gain experience in investment banking at CIMB Investment Bank, honing his skills in treasury operations and cementing expertise in private equity. After that, he joined Ekuiti Nasional Berhad ("Ekuinas"), where he developed mastery in strategic acquisition, value creation, and process innovation. During this period, he was seconded as Chief Operating Officer to Cosmo Restaurants Sdn Bhd, one of Ekuinas' investee companies. Subsequently, he joined Khazanah Nasional Berhad as Senior Vice President (Investment).

Ahmad Fariz joined KPS as Head of Strategic Planning & Investment in 2015. In 2016, he was reassigned to Chief Executive Officer. He inspired and embedded a culture of high-performance and empowerment in support of the Group's shared purpose of optimising returns while staying committed to providing significant contributions toward sustainable economic, environmental, and social development for all stakeholders' benefits. After assuming this position, he spearheaded an aggressive business transformation, strategising an exploitative and explorative growth agenda to elevate KPS' growth opportunities.

Ahmad Fariz has been instrumental in steering a new business direction for the Group, one which aims for sustainably strong business growth through continual identification of future business catalysts, at the same time repositioning KPS' brand equity in the marketplace. KPS has since evolved into an investment holding company with core investments in the manufacturing sector and businesses in the trading, licensing, and infrastructure sectors. 20 years of experience has proven his transformational leadership, leading KPS to achieve a new milestone of breaching RM1 billion revenue in 2020.

MEMBERSHIP OF BOARD COMMITTEES

- None

QUALIFICATIONS

- Bachelor's Degree in Accountancy, Universiti Teknologi Mara (UiTM).
- Chartered Global Management Accountant.

MEMBERSHIP OF ASSOCIATIONS

- Associate Member of the Chartered Institute of Management Accountants.

AREA OF EXPERTISE

- Strategic Planning & Business Transformation, Investment Management & Value Creation, Empowerment, Governance, and Risk Management.

BOARD AND BOARD COMMITTEE MEETINGS ATTENDANCE

BOD (Member)

6/6

Notes**Declaration by the Board:**

- None of the Directors has any family relationship with any Director and/or Major Shareholder of KPS.
- None of the Directors has any conflict of interest with KPS.
- Other than traffic offences, none of the Directors has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.
- Dato' Nor Azmie bin Diron was nominated as Non-Independent Non-Executive Chairman by Menteri Besar Selangor (Incorporated) ("MBI"). Darul Ehsan Investment Group Berhad ("DEIG") is a major shareholder of the Company with direct shareholding of 57.88%. MBI is a holding company of DEIG.
- Encik Soffan Affendi bin Aminudin was nominated as Non-Independent Non-Executive Director by MBI. DEIG is a major shareholder of the Company with direct shareholding of 57.88%. MBI is a holding company of DEIG.

KEY SENIOR MANAGEMENT PROFILE

PUAN SUZILA KHAIRUDDIN

Deputy Chief Executive Officer (Finance & Corporate Services)

MEMBERSHIP OF ASSOCIATIONS

- Fellow Member of Association of Chartered Certified Accountants (ACCA)
- Member of Malaysian Institute of Accountants (MIA)

OTHER DIRECTORSHIPS

Listed Entity

- None

Other Public Companies

- Cash Band (M) Berhad

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 22 March 2021)

- 57,307 shares in Kumpulan Perangsang Selangor Berhad

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Suzila binti Khairuddin was appointed Deputy Chief Executive Officer (Finance & Corporate Services) on 27 February 2020. In this capacity, she manages KPS' finances and is responsible for financial reporting and taxation, treasury matters, monitoring of financial risks and opportunities as well as supervising the Group's finances. Assisting with high level decisions on policies and strategies, Suzila leads the setting and tracking of the Group's financial goals, objectives, budgets and financial metrics, whilst ensuring that financial and regulatory documents comply with the laws and regulations.

She also works closely with the Managing Director/Group Chief Executive Officer in developing other corporate policies, strategies, goals and long-term objectives for consideration, adoption and implementation at the Group level.

Prior to her current position, Suzila had served as Deputy CEO (Operations) ("DCEOO") since 1 January 2019, Chief Operating Officer ("COO") since 1 April 2017 and COO/Chief Financial Officer ("CFO") since 1 June 2016. As the DCEOO and COO, she was instrumental in overseeing the Group's ongoing operations, maintaining control over myriad businesses within the Group. As the CFO of KPS, she led the strategic development of financial and operational strategies.

She joined KPS as Finance Manager on 15 December 2003, was later promoted to Senior Manager of Finance on 1 January 2008 and subsequently to Assistant General Manager of Finance on 1 January 2009. She was appointed Acting General Manager Finance and Administration on 1 November 2013 and was subsequently promoted to General Manager Finance and Administration on 1 October 2014. Prior to joining KPS, Suzila had four years of experience in Audit during her tenure with PricewaterhouseCoopers Malaysia, where she was involved in statutory and special audits of public listed companies, multinational corporations and private companies in various industries.



Nationality : **Malaysian**

Age : **45**

Gender : **Female**

Date appointed to the Company
as Deputy Chief Executive Officer
(Finance & Corporate Services):

27 February 2020

QUALIFICATIONS

- **Bachelor of Science (Hons) in Finance and Accounting, University of Salford, United Kingdom**
- **Chartered Certified Accountant, the Association of Chartered Certified Accountants**

KEY SENIOR MANAGEMENT PROFILE

ENCIK AZLAN BIN ABDUL JALIL

Deputy Chief Executive Officer (Strategy & Investments)

MEMBERSHIP OF ASSOCIATIONS

- None

OTHER DIRECTORSHIPS

Listed Entity

- None

Other Public Companies

- Century Bond Bhd

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 22 March 2021)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Azlan bin Abdul Jalil was appointed as Deputy Chief Executive Officer (Strategy & Investments) of KPS on 1 January 2019. Prior to that, he had served as Chief Investment Officer since 1 July 2017 and Director of Strategic Planning and Investments since 1 June 2016. In his capacity as Deputy Chief Executive Officer (Strategy & Investments), Azlan is responsible for leading the end to end matters pertinent to Investments and Strategic Planning. He has played a vital role in spearheading KPS' various mergers and acquisitions ever since KPS first embarked on its Business Transformation Plan. He has displayed tremendous leadership qualities in welcoming these new companies into the bigger KPS family, as well as guiding, nurturing and finally transforming them into high performance companies.

Prior to joining KPS, Azlan was attached to Hong Leong Islamic Bank Berhad where he led and managed the bank's Islamic corporate banking end, comprising debt capital market transactions; financing syndication and financing restructuring exercises, servicing numerous clients encompassing government departments and agencies, GLCs, and Small and Medium Enterprises. His last position there was Head of Wholesale Banking.

Azlan has extensively developed his experience in banking, finance, investment and capital markets for over 20 years, starting at CIMB Investment Bank Berhad, Kuwait Finance House, Saudi-Arabian based Siraaj Capital Limited, Bursa Malaysia Berhad and HSBC Bank (Malaysia) Berhad. Notably, during his tenure as the Head of Sales and Market Development at Bursa Malaysia Berhad, he led the business development arm in driving the Islamic finance initiatives to greater heights, enhancing market awareness of the Malaysian Islamic finance initiatives and successfully increasing participation of global financial institution players. He started his career as an Associate with PricewaterhouseCoopers in Audit and Business Advisory, specialising in the banking sector.



Nationality : **Malaysian**

Age : **44**

Gender : **Male**

Date appointed to the Company as Deputy Chief Executive Officer (Strategy & Investments):

1 January 2019

QUALIFICATIONS

- **Bachelors of Science (Hons) in Accounting, University of Wales, Cardiff, United Kingdom.**

HEADS OF SUBSIDIARIES

PUAN LIM HUI BIAN (STACEY)

Chief Executive Officer of Toyoplas Manufacturing (Malaysia) Sdn Bhd

MEMBERSHIP OF ASSOCIATIONS

- Malaysian International Chamber of Commerce & Industry
- Federation of Malaysian Manufacturers
- Singapore Business Federation

OTHER DIRECTORSHIPS

Listed Entity

- None

Other Public Companies

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 22 March 2021)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Since graduating from Monash University, Australia in 2005, Stacey Lim started her career in Toyoplas Manufacturing (Malaysia) Sdn Bhd (“Toyoplas”) as a Programme Manager in Shanghai. Although it was a family business, her hard work and persistence have earned her recognition, of which in less than a year she was able to manage key major customer accounts.

In 2012, she was promoted to Global Business Development Manager and subsequently within two years of exemplary performance, she was promoted to Senior Business Development Director. Besides expanding the business, Stacey has improved the corporate image of the company and developed new sales kits for pitching the Company’s services and competencies to new customers and market segments.

She was promoted to Chief Executive Officer in 2015 based on her accumulated experience and leadership positions in the manufacturing industry. Under her leadership, Toyoplas has transformed from an expert in Plastics Injection Moulding into an experienced full turnkey assembler, providing global customers with a one stop solution.



Nationality : **Malaysian**

Age : **38**

Gender : **Female**

Date appointed as Chief Executive Officer of Toyoplas Manufacturing (Malaysia) Sdn Bhd:

12 August 2015

QUALIFICATIONS

- **Master of Business Administration, Singapore Management University**
- **Bachelor of Business and Commerce, Monash University Australia**

Leadership Perspective and Profiles

HEADS OF SUBSIDIARIES

ENCIK LIM LAI CHIN

Chief Executive Officer of CPI (Penang) Sdn Bhd

MEMBERSHIP OF ASSOCIATIONS

- None

OTHER DIRECTORSHIPS**Listed Entity**

- None

Other Public Companies

- None

**INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES
(as at 22 March 2021)**

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Lim Lai Chin was appointed as the Chief Executive Officer of CPI (Penang) Sdn Bhd ("CPI") at the inception of the company in 1990. CPI is now an indirect subsidiary of KPS. Subsequent to KPS' acquisition of CPI in March 2018, his continuation as the CEO of CPI was further reaffirmed. Lim, who was also the founder of CPI, brings along with him over 30 years of experience in the plastics injection moulding and electrical/electronic industries. His extensive knowledge from having served these industries throughout the years, coupled with his passion, had enabled him to steer CPI into becoming a name to be reckoned with in the global market.

He started his career working in a manufacturing facility in Singapore. Through continuous dedication and interest in the manufacturing industry, he then founded CPI in 1990 with only six injection moulding machines to serve a single customer at that point of time.

In 2001, Lim had further responded to increasing market demand, and taken CPI to the next level by establishing a new manufacturing facility to expand his plastics injection moulding capabilities.

Subsequently, riding on the growth of the electrical/electronics industry, he ventured into the manufacturing of printed circuit boards ("PCB") and assembly in 2007.

Today, the same facility houses 86 high-precision plastics injection moulding machines, equipped with robotic automation in order to be ready to embrace future advancement and serve the relevant industries.

His focus on precision and delivering high-quality products has made it possible for CPI to establish long-lasting relationships with over 90 corporations globally, encompassing market leaders and multinational companies from the automotive, healthcare, telecommunications, and electronics industries. In addition to his well-proven technical skills and industry know-how, Lim's strong interpersonal skills combined with his charismatic leadership has allowed him to effectively and continuously manage stakeholders at every level from employees, customers, suppliers and even competitors, thus positioning CPI as a successful company today.

Nationality : **Malaysian**Age : **52**Gender : **Male**

Date appointed as Chief Executive Officer of CPI (Penang) Sdn Bhd:

4 January 1990 (Founder)

HEADS OF SUBSIDIARIES

ENCIK TAN CHEE KIT

Chief Executive Officer of Aqua-Flo Sdn Bhd

MEMBERSHIP OF ASSOCIATIONS

- Member of Malaysian Institute of Chemistry
- Member of Malaysian Water Association

OTHER DIRECTORSHIPS

Listed Entity

- None

Other Public Companies

- None

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES (as at 22 March 2021)

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Tan Chee Kit started his career at Perbadanan Kilang Felda in 1978 as a Quality Control Chemist prior to joining a leading American water treatment company. Thereafter, in 1985, he joined a British multinational company. In 1995, he assisted in setting up Aqua-Flo Sdn Bhd. Throughout his career, he has been involved in many water treatment projects, in particular, water quality control and marketing of water treatment chemicals. As the Chief Executive Officer of Aqua-Flo Sdn Bhd, he brings with him more than 38 years of water treatment experience to the company.



Nationality : **Malaysian**

Age : **66**

Gender : **Male**

Date appointed as Chief Executive Officer of Aqua-Flo Sdn Bhd:

1 January 2019

QUALIFICATIONS

- **Bachelor of Science (Hons) in Chemistry, University of Malaya**
- **Diploma in Marketing, C.I.M., United Kingdom**

Notes

Declaration by the Key Senior Management:

- None of the Key Senior Management has any family relationship with any Director and/or Major Shareholder of KPS.
- None of the Key Senior Management has any conflict of interest with KPS.
- Other than traffic offences, none of the Key Senior Management has been convicted for any offences within the past five (5) years nor has been imposed of any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.

HEADS OF DEPARTMENTS



Encik Ahmad Fariz bin Hassan
*Managing Director/
Group Chief Executive Officer*



Puan Suzila binti Khairuddin
*Deputy Chief Executive Officer
(Finance & Corporate Services)*



Encik Azlan bin Abdul Jalil
*Deputy Chief Executive Officer
(Strategy & Investments)*



Puan Hashimah binti Mohd Isa
Company Secretary



Encik Ahmad Rosly bin Ahjar
*Director, Human Resource
Development*



Encik Zulkifli bin Mawardi
*Director, Investor Relations &
Strategic Communication*



Encik Russell Raj George
*Director, Legal & Compliance/
Chief Integrity & Governance
Officer*



Puan Tan Eng Eng
*Director, Internal Audit &
Risk Management*

AWARDS AND ACCOLADES



**NACRA
2020
EXCELLENCE AWARDS**
COMPANIES WITH LESS THAN RM2 BILLION
IN MARKET CAPITALISATION

SILVER
**KUMPULAN PERANGSANG
SELANGOR BERHAD**

Drawing the curtains on 2020, we are proud to have achieved a new milestone by being awarded Silver for the NACRA 2020 Excellence Awards for Companies with less than RM2 Billion Market Capitalisation category.



**SILVER FOR THE NACRA 2020
EXCELLENCE AWARDS**
Companies with less than
RM2 Billion Market Capitalisation



**SUSTAINABILITY & CSR MALAYSIA
AWARDS 2020**
COMPANY OF THE YEAR
(Manufacturing and Trading)



CSR MALAYSIA AWARDS 2019
COMPANY OF THE YEAR
(Manufacturing and Trading)



**HR ASIA BEST COMPANIES
TO WORK FOR IN ASIA 2018**
HR Asia

Our Achievements

AWARDS AND ACCOLADES

**SILVER AWARD:
EMPLOYER OF CHOICE
(PRIVATE SECTOR) 2018**

Malaysian Institute of Human Resource Management



**ASIA RESPONSIBLE
ENTERPRISE AWARD
2018**

Health Promotion Enterprise Asia



**2017 JURY AWARD
Selangor Sports Council**



**SILVER AWARD:
EMPLOYER OF CHOICE
(PRIVATE SECTOR) 2017**

Malaysian Institute of Human Resource Management



**CHAMPION 2016
RISK MANAGER OF THE YEAR**

Malaysian Association of Risk and Insurance Management



**SECOND RUNNER-UP 2015
RISK MANAGER OF THE YEAR**

Malaysian Association of Risk and Insurance Management



**ASIA RESPONSIBLE
ENTREPRENEURSHIP
AWARD 2015**

Social Empowerment Award (Asia)
Enterprise Asia



**ASIA RESPONSIBLE
ENTREPRENEURSHIP
AWARD 2013**

Social Empowerment Award (Southeast Asia)
Enterprise Asia

MEDIA HIGHLIGHTS

TheEdge Market
Kumpulan Perangsang Selangor welcomes new chairman



The STAR
KPS records jump in 1Q net profit on broader earnings base



Bernama
Kumpulan Perangsang's Q1 profit rises to RM3.14 million



Tuesday, 30 June 2020
KPS preserving liquidity due to impact of COVID-19



30 June 2020

KUALA LUMPUR: Kumpulan Perangsang Selangor Bhd (KPS) will emphasise on preserving liquidity and safeguard its present operations and business prospects as it expects the Covid-19 pandemic to impact its financial performance this year.

The STAR
KPS preserving liquidity due to impact of COVID-19



Thursday, 05 March 2020

KPS' robust plans for core businesses pays off as 4QFY19 results jump

27 February 2020



KPS managing director/group CEO Ahmed Feroz Hassan said 2019 was a transformational year for KPS with new earnings dynamics post the SFLASH disposal shedding brighter lights on the earnings visibility.

The STAR
KPS' robust plans for core businesses pays off as 4QFY19 results jump



Thursday, 27 August 2020

KPS' Q2 revenue grows, previous profit turns to a loss



New Strait Times

KPS' Q2 revenue grows, previous profit turns to a loss



Our Achievements

MEDIA HIGHLIGHTS

Friday, 26 February 2021

KPS surpasses RM1bil revenue mark for fiscal year 2020

TheStar



The STAR

KPS surpasses RM1bil revenue mark for fiscal year 2020



Sunday, 28 February 2021

Kumpulan Perangsang Selangor catat prestasi kewangan 2020 lebih RM1 bilion

SELANGOR

SHAH ALAM, 28 FEB: Kumpulan Perangsang Selangor Berhad (KPS) mencatat perolehan berjumlah RM1.1 bilion pada tahun kewangan 2020 sekali gus merealisasikan pencapaian baharu syarikat.

Prestasi kewangan itu adalah 24 peratus lebih tinggi berbanding hasil RM866.9 juta dicatat pada tahun kewangan 2019.

KPS berikwa perolehan suku keempat berakhir 31 Disember meningkat kepada RM318.6 juta berbanding RM297.2 juta bagi tempoh sama pada tahun sebelumnya.

"Ia menunjukkan kejayaan syarikat mengimbangi keputusan taktikal untuk membangunkan daya tahan operasi serta kewangan di samping kekal fokus matlamat jangka panjang," katanya menerusi kenyataan.

SelangorKini

Kumpulan Perangsang Selangor catat prestasi kewangan 2020 lebih RM1 bilion



Friday, 26 February 2021

KPS sets new milestone, surpassing RM1bil revenue in 2020

NEW STRAITS TIMES



New Straits Times

KPS sets new milestone, surpassing RM1bil revenue in 2020



Perolehan KPS lebihi paras RM1 bilion



Utusan Sarawak

Perolehan KPS lebihi paras RM1 bilion



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) and Management of Kumpulan Perangsang Selangor Berhad (“KPS” or “the Company”) are pleased to present the Corporate Governance Overview Statement (“CGOS”), which highlights key areas on how the Company complies with the principles, practices and step-ups of the Malaysian Code on Corporate Governance 2017 (“MCCG”), for the year 2020.

This CGOS is complemented with a Corporate Governance Report (“CG Report 2020”), prepared in accordance with the prescribed format pursuant to paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), and is made available on the Company’s website at www.kps.com.my and the Bursa Securities website. The CG Report 2020 provides a detailed explanation of how the Company has applied each Practice under the MCCG during financial year 2020 (“FY2020”).

EMBRACING HIGH STANDARD OF CORPORATE GOVERNANCE CULTURE WITHIN KPS GROUP

The Board is fully committed to discharging its duties to enhance shareholders’ value in line with the broader stakeholder view of creating and delivering sustainable value for the long-term success of the Company. Concurrently, the Board is committed to upholding the highest standards of Corporate Governance (“CG”) by embracing good practices that ensure the business affairs of the Company are conducted with integrity, transparency and professionalism.

The Board strongly advocates the importance of best practices and plays an active oversight role in the Company’s governance, with a continued focus on the implementation of an effective corporate governance framework throughout the organisation.

As testament to the Board and Management’s commitment to CG, KPS was recognised with Overall Excellent Awards (Silver) for companies with market capitalisation of less than RM2.0 billion for its Annual Report 2019 by the National Annual Corporate Report Awards (“NACRA”) 2020.

Apart from that, KPS also maintained its 46th ranking over two consecutive years among 100 public-listed companies (“PLCs”) in the 2019 ASEAN Corporate Governance Scorecard (“ACGS”) assessment. The ACGS assessment is collective effort of the ASEAN Capital Markets Forum and Asian Development Bank, as part of the ASEAN CG initiative introduced in 2011, aim to raise CG standards among ASEAN PLCs.

To raise the bar in the Company’s CG standards, the Board, from time to time, reviews, benchmarks, and refines KPS’ governance structures and processes based on global best practices and guidelines while at the same time ensuring continued support for effective and ethical leadership, and that business sustainability is applied in the best interests of KPS.

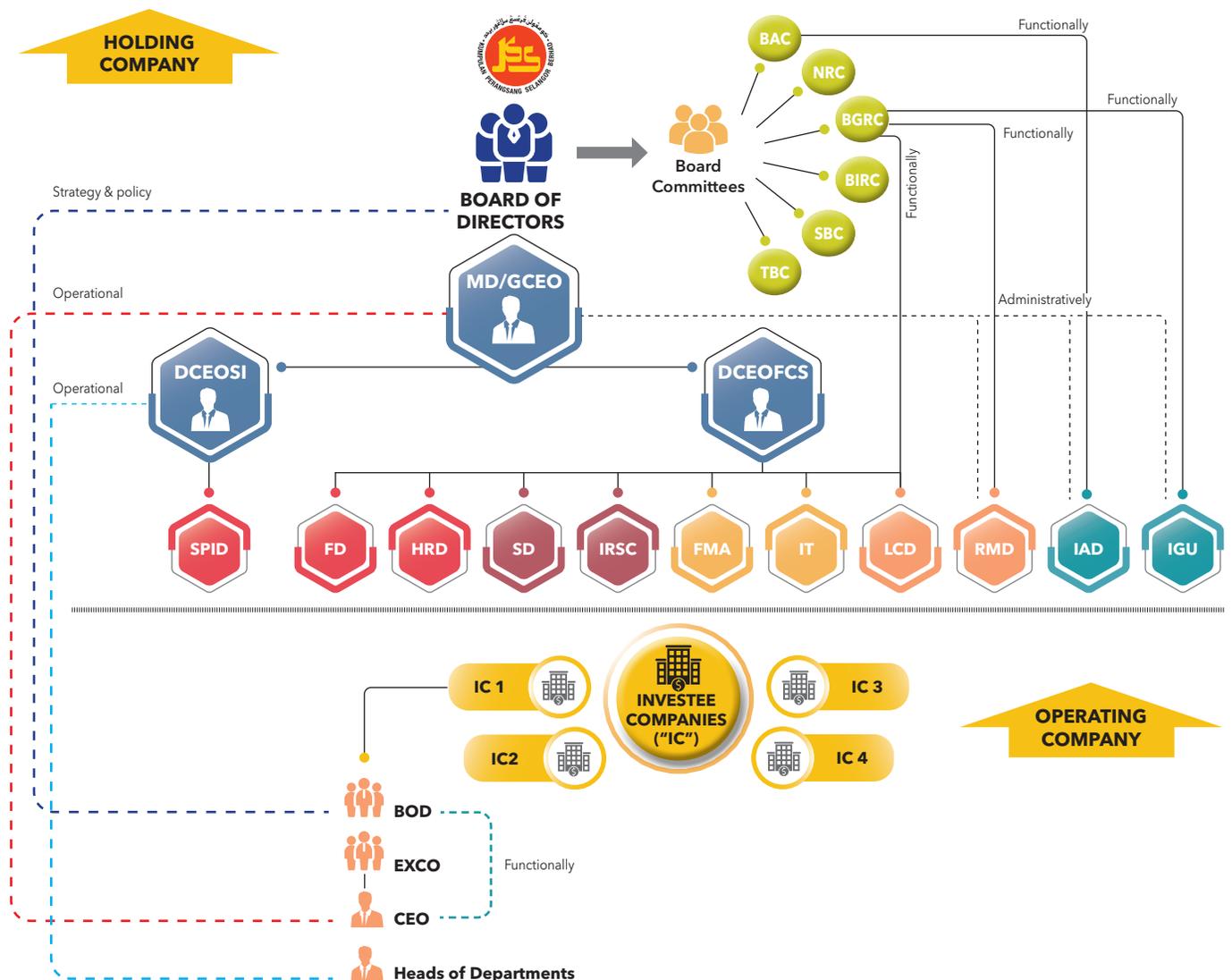
During FY2020, several enhancements were implemented, inter alia, the establishment of the KPS Group Internal Control Framework (“KPS-ICF”), revision of various policies/documents such as Enterprise Risk Management Policy and Framework (“ERM”), External Auditors Assessment Policy, Related Party Transaction Policy, Procurement Policy, Board Charter, Terms of Reference (“TOR”) of Board Committees (“BC”), Internal Audit Charter, Annual Board Evaluation (“ABE”) Template and adoption of Anti-Bribery and Corruption Policy (“ABC Policy”) at subsidiaries. In addition, on 27 November 2020, the Board approved the establishment of the Integrity and Governance Unit (“IGU”) headed by a Chief Integrity and Governance Officer (“CIGO”) aimed at further strengthening its internal controls to prevent corruption, abuse of power and malpractice, creating a clean and healthy business culture free from corruption, abuse of power and misappropriation in line with the provision in Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009.

The enhancement initiatives above were undertaken to ensure that they are in line with Bursa Securities MMLR, best practices of the MCCG issued by Securities Commission Malaysia (“SC”), other relevant rules and regulations, and the Company’s business direction. The Board and the Management will continue evaluating their governance practices in response to evolving best practices and changing requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

KPS GOVERNANCE FRAMEWORK

As an investment holding company (“IHC”) having diverse businesses in multiple geographies, the Board had on 28 February 2017 approved the establishment of the KPS Group (“the Group”) governance framework, known as the Organisational Management Structure (“OMS”), which caters for KPS’ current and future businesses. There is no revision made on the OMS to date as it is still applicable and relevant to the existing business model and strategy of KPS. The OMS will facilitate the Board in ensuring orderly and effective discharge of the Board’s responsibilities at investee companies (“IC”) with regards to key areas of strategy, policy, governance and efficient execution of value creation plans (“VCPs”) as depicted below:



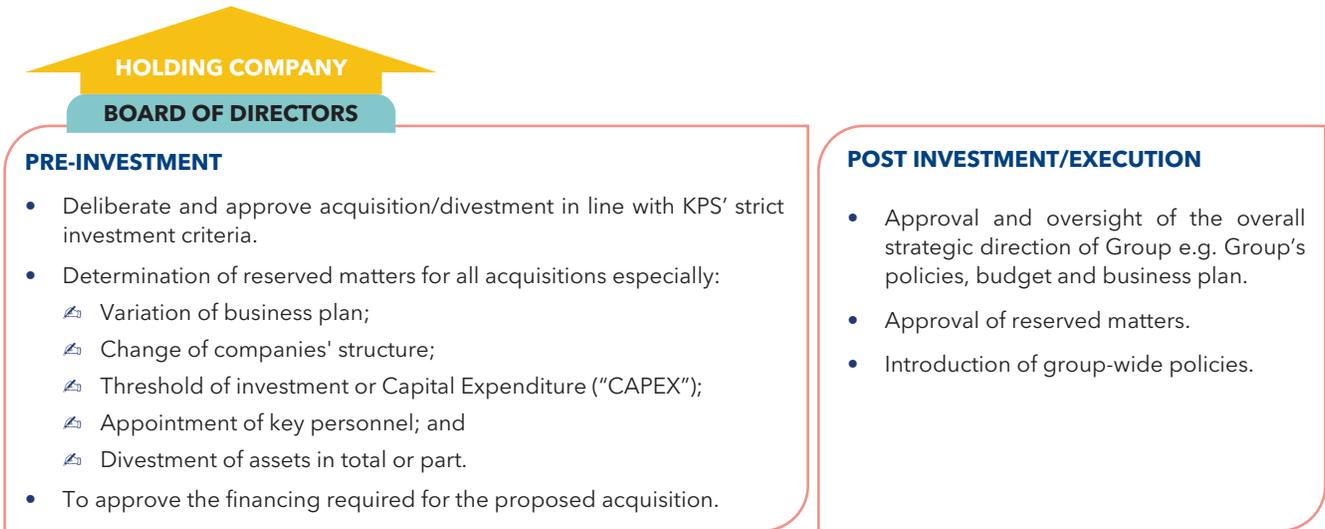
Notes:

Deputy Chief Executive Officer, Finance & Corporate Services (“DCEOFCS”); Deputy Chief Executive Officer, Strategy and Investments (“DCEOSI”); Executive Committee (“EXCO”); Board Audit Committee (“BAC”); Nomination and Remuneration Committee (“NRC”); Board Governance and Risk Committee (“BGRC”); Board Investment Review Committee (“BIRC”); Sustainability Board Committee (“SBC”); Tender Board Committee (“TBC”); Strategic Planning and Investment Department (“SPID”); Investor Relations and Strategic Communication Department (“IRSC”); Finance Department (“FD”); Human Resource Development Department (“HRD”); Secretarial Department (“SD”); Legal and Compliance Department (“LCD”); Facilities Management and Administration Department (“FMA”); Information and Technology (“IT”); Risk Management Department (“RMD”); Internal Audit Department (“IAD”); Integrity and Governance Unit (“IGU”); Investee Companies (“IC”).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Under the OMS, the Board is responsible for overseeing the management and business affairs of KPS Group and makes major policy decisions for the Group. The Board has delegated certain functions to the respective BC, namely the BAC, NRC, BGRC, BIRC, SBC, TBC as set out in their respective TOR, to facilitate overall board effectiveness. In addition, the Board has delegated specific powers to the MD/GCEO with respect to day-to-day management within the approved Limit of Authority (“LOA”). The LOA outlines the decision-making authority of the Board, BC, MD/GCEO and the delegation of authority by the MD/GCEO to Management.

KPS, as an active shareholder, places great emphasis on strategy, policies, governance (internal controls, risk management, compliance, and integrity), audit and financial controls, sustainability and performance management as outlined below:



Each IC has in place its delegation of authority and financial authority limit as essential guiding principles for the conduct of business and accomplishment of the organisational goals. Each IC’s Board establishes an EXCO which comprises members nominated by the respective shareholders pursuant to the applicable shareholders’ agreement. The EXCO’s TOR shall govern the roles and responsibilities of each EXCO member of the IC. Execution of IC plans are aligned to KPS’ Group-wide strategies and policies as outlined below:



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Following each acquisition of an IC, existing Holding Board members are nominated as board representatives (“BR”) to undertake chairmanship and directorship(s) on the IC board, together with key management personnel or external candidates with relevant expertise (Subject Matter Expert). This is expected to augment Holding Board oversight of the overall strategic direction of the Group in terms of Group policies, budgets and business plans without compromising the BRs’ fiduciary duties to act in good faith in the interests of the IC in line with Paragraph 3.02 of the SC Guidelines on Conduct of Directors of Listed Corporations & Their Subsidiaries (“SCGCD”) issued on 30 July 2020 and Board Charter of KPS.

Guided by the above governance framework, the Board is pleased to present this CGOS based on the following three (3) key CG principles as set out in the MCCG:



PRINCIPLE A **BOARD LEADERSHIP AND EFFECTIVENESS**

1) **BOARD RESPONSIBILITIES**

Primary responsibility of the Board (Practice 1.1 of MCCG)

The Board of the Company takes full responsibility for the overall performance of the Group. The Board guides the Management on its short and long-term goals, defining the overall strategic direction of the business, providing advice and devising corporate strategic initiatives developed by Management, developing strategies on management and business development issues, and monitoring the Management’s performance in implementing them.

- **Establishing and Reviewing the Strategic Direction of the Company**

The Board plays a pivotal role in reviewing the Company’s strategic direction and approving corporate strategic initiatives developed by the Management. The Board deliberates annually on the Company’s strategic initiatives and business plan as proposed by the Management, including the annual capital and revenue budget for the ensuing year as well as the Corporate Key Initiatives (“CKIs”) and Key Performance Indicators (“KPIs”) for the Company and MD/GCEO. This will ensure that the CKIs/KPIs correspond with the Company’s annual strategic and business plan. The Board reviews and deliberates on the Management’s views/assumptions in ensuring the best decisions are reached after considering all relevant aspects.

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A separate offsite informal session between the Board, Senior Management and Heads of Subsidiaries (“HOS”), known as the Board Retreat Session (“BRS”), is held to have in-depth discussions and exchange of views on the Company’s strategic issues/challenges. The BRS is coordinated by the DCEOFC’s Office at least twice a year and/or as and when the need arises. The BRS is a platform for the Board and Management/HOS to deliberate, exchange views/opinions and brainstorm in formulating strategic initiative plans, charting the direction of the Group, and including the reporting of its progress. During the financial year under review, two (2) BRS were held on 26 September 2020 and 12 to 13 December 2020.

- **Overseeing and Evaluating the Conduct of the Company’s Business**

Apart from its strategic role, the Board also assumes oversight in relation to the conduct of the Company’s business. The MD/GCEO is responsible for managing the strategic and operational agenda of the Group and implementing the Group’s strategies and policies as agreed by the Board. In doing so, he is well supported by the Management team. The performance of the Management is measured through the Company’s and Group’s quarterly financial reports as well as half yearly and full year performance review of the MD/GCEO. The Board, on a continuous basis, is kept informed at quarterly Board meetings on the progress of the Company’s strategic initiatives (their execution and challenges), critical operational issues, as well as the Group’s performance based on approved CKIs/KPIs.

- **Ensuring Strategic Initiatives Plan Supports Long Term Value Creation and Includes Strategies on Economic, Environmental and Social Considerations Underpinning Sustainability**

The Board exercises oversight of policy and strategy to strengthen sustainability at the Group level and across all subsidiaries. The oversight is central to gaining the trust and confidence of the shareholders and stakeholders. To this effect, the Board had on 28 November 2018 approved the adoption of the Sustainability Policy, which sets out the principles facilitating the Group’s commitment to conducting its business responsibly via Economic, Environmental and Social (“EES”) considerations. Guided by the Sustainability Policy, the Group shall take considerable steps to:

- Ensure that its activities create long term value for all stakeholders via sustainable development practices; and
- Execute the Group’s strategy in a manner that addresses EES risks and opportunities in achieving its business aspirations and operational excellence.

- **Establishing Orderly Succession Planning**

Besides that, the Board is mindful of ensuring that there is effective and orderly succession planning for the Board and Senior Management in place throughout the Group. Hence, the Board had on 29 August 2018 approved the establishment of the Board Succession Planning Framework (“BSPF”) to formalise the existing process related to Board Succession Planning (“BSP”) in a structured manner. The framework aims to guide the Board and Management in ensuring that every action taken connected to succession planning is in accordance with the BSPF. Premised on this, the Board upon recommendation by NRC, had on 27 February 2020 endorsed the proposed BSP for KPS Holding Board in the BC and BR in the IC to ensure continuity of Board effectiveness and sustainability of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

As for Talent Management and Succession Planning for Senior Management, during the financial year under review, the NRC had on 18 March 2020 reviewed the Talent Management and Succession Planning for MD/GCEO level position ("C Level") and Senior Management positions (C-1 Level) of the Company and Talent Management and Succession Planning for HOS positions which was subsequently endorsed by the respective subsidiaries board. The Board was satisfied that the NRC had efficiently discharged its duties pertaining to the nomination and succession management functions as set out in its TOR.

A Chairman of the Board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed (Practice 1.2 of MCCG).

The Board is led by YB Dato' Nor Azmie bin Diron ("Dato' Nor Azmie"), a Non-Independent Non-Executive Chairman ("NINEC"). He was appointed as Chairman on 17 January 2020 and his principal responsibility is to ensure the effective running of the Board. As the Chairman of the Board, Dato' Nor Azmie also plays a key role in ensuring the effectiveness of the Board and is responsible for instilling good CG practices, leadership and effectiveness of the Board as a whole.

Based on the ABE 2020, the Chairman has demonstrated strong leadership skills and has promoted high standards of corporate governance as well as efficient and effective conduct of the Board meetings. This was acknowledged by his score rating of 3.63 (Exceed Expectations) out of 4.00 (Excellent) rating scale. This is translated to mean that the Chairman has discharged his duties as a Chairman of the Company effectively.

The detail roles and responsibilities of the Chairman of the Board are clearly stipulated in Clause 3.5.1 of the Board Charter which is available on the Company's website at www.kps.com.my.

Position of Chairman of the Board and MD/GCEO held by different individuals (Practice 1.3 of MCCG)

The roles of Chairman and MD/GCEO are separate and held by different individuals with clear and distinct roles as stipulated in Clause 3.5.1 and 3.5.2 of the Company's Board Charter. The separation of powers ensures that no one individual has unfettered decision-making powers, thus safeguarding the equilibrium of power in the Company, as summarised below:



CHAIRMAN OF THE BOARD

- The Chairman presides over the meetings of the Board and manages the Board's operation by focussing on strategy, policy, governance and compliance as well as collective oversight of Management.
- Provides leadership to the Board in relation to all aspects of the Board's roles and responsibilities.
- In promoting a strong corporate governance culture within the Group, the Chairman leads the Board by setting the tone at the top, emphasising the importance of embracing integrity and ethical values across the organisation.



MD/GCEO

- The MD/GCEO is responsible for the overall operation of the business, organisational effectiveness and the implementation of the Group's strategies and policies approved by the Board.
- The MD/GCEO works closely with the HOS and is fully supported by the Management team in managing the business as a whole on a day-to-day basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Qualified and Competent Company Secretaries (Practice 1.4 of MCCG)

The Company Secretaries of KPS are persons qualified to act as company secretaries under Section 235 of the Companies Act, 2016 ("CA 2016"). The Company Secretaries provide advisory to the Board on corporate administrative and governance issues including compliance to relevant laws, rules, procedures and regulatory requirements affecting the Group, as well as the principles of best corporate governance practices.

The Company Secretaries are also responsible for advising the Directors of their obligations and adherence to matters pertaining to disclosure of interest in securities, disclosure of any conflict of interest in any transaction involving the Company, prohibition on dealing in securities and restrictions on disclosure of price-sensitive information; managing all Board and BC meetings; attending and recording all Board and BC meetings, Annual General Meeting ("AGM"), Extraordinary General Meeting ("EGM"); and facilitating Board communications.

Besides that, the Company Secretaries serve as a focal point for stakeholders' communication and engagement on CG issues as well as communication between regulators and the Board and Senior Management. They ensure that regulators' requests and instructions are conveyed to the Board and Senior Management in a timely manner and with the appropriate advice.

The Company Secretaries constantly keep themselves abreast of evolving regulatory changes and developments in CG through continuous training. During the year under review, the Company Secretaries attended the following training programmes:

No.	Company Secretary	Courses Attended in 2020	Date	Organiser
1.	Hashimah binti Mohd Isa (Practicing Certificate No. 201908000993 / MAC 01269)	<ul style="list-style-type: none"> • Webinar Series: The Economics of Remote Work • Workshop 2020 on CA2016: <ul style="list-style-type: none"> ◦ Capital Reduction Regime ◦ Beneficial Ownership on Legal Person • Director Strategic Thinking Series - Optimising Risk and Resilience Planning to Manage Disruptions • How Governance Risk and Controls ("GRC") - "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board." 	<p>26 August 2020</p> <p>5 September 2020</p> <p>14 September 2020</p> <p>14 September 2020</p>	<p>Tricor</p> <p>Malaysian Association of Company Secretaries ("MACS")</p> <p>Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)</p> <p>Speaker: Mr Lee Min Onn (Internal Training Series for Board and Management: Organised by SD KPS)</p>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

No.	Company Secretary	Courses Attended in 2020	Date	Organiser
		<ul style="list-style-type: none"> Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020 Information Security Management System (ISMS) Webinar: Violations of the CA2016 - Oversights by Directors and Secretaries Webinar: Technical Briefing for Companies of Listed Issuers 2020 Webinar: MAICSA Annual Conference 2020: New Decade Governance: Influence, Strategy, Impact 	<p>2 October 2020</p> <p>6 October 2020</p> <p>20 October 2020</p> <p>22 October 2020</p> <p>2 December 2020 - 3 December 2020</p>	<p>Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)</p> <p>SmartSEL</p> <p>MACS</p> <p>Bursa Securities</p> <p>The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA")</p>
2.	Selfia binti Muhammad Effendi (Practicing Certificate No. 201908000999/ MAICSA 7046782)	<ul style="list-style-type: none"> Webinar Series: Violations of the CA2016: Oversight by Directors & Secretaries Webinar Series: Section 117 Capital Reduction Program Pegawai Integriti Bertauliah Siri 2 Bil 1/2020 Untuk GLC Director Strategic Thinking Series - Optimising Risk and Resilience Planning to Manage Disruptions How Governance Risk and Controls ("GRC") - "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board." 	<p>23 July 2020</p> <p>27 July 2020</p> <p>17 August 2020 - 10 September 2020</p> <p>14 September 2020</p> <p>14 September 2020</p>	<p>MAICSA</p> <p>MAICSA</p> <p>Malaysia Anti-Corruption Academy</p> <p>Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)</p> <p>Speaker: Mr Lee Min Onn (Internal Training Series for Board and Management: Organised by SD KPS)</p>

CORPORATE GOVERNANCE OVERVIEW STATEMENT

No.	Company Secretary	Courses Attended in 2020	Date	Organiser
		<ul style="list-style-type: none"> Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020 	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)
		<ul style="list-style-type: none"> Information Security Management System (ISMS) 	6 October 2020	SmartSEL
		<ul style="list-style-type: none"> Webinar: Technical Briefing for Company Secretaries of Listed Issuers 2020 	19 October 2020	Bursa Securities
		<ul style="list-style-type: none"> Webinar: MAICSA Annual Conference 2020: New Decade Governance: Influence, Strategy, Impact 	2 December 2020 - 3 December 2020	MAICSA
		<ul style="list-style-type: none"> Webinar: The Company Secretary Becoming a Changemaker 	15 December 2020	Bursa Securities & Institute of Corporate Directors Malaysia ("ICDM")

Board Meeting and Supply of Meeting Papers/Information and Circulation of Minutes of Meeting (Practice 1.5 of MCCG)

- Board Meeting**

The Board schedules meetings on a quarterly basis. Additional meetings are held as necessary to discuss specific issues that require deliberation in between the scheduled meetings. The calendar for Board and BC meetings is scheduled in advance, which include the pre-Board meetings, AGM and BRS, with dates for the year circulated to the Board in the month of November of the preceding year to give the Directors ample time to plan their attendance. A pre-Board meeting is held prior to any Board meetings for the Management to provide the Chairman with insights into the papers that will be deliberated.

In light of the COVID-19 pandemic and the Movement Control Order ("MCO"), the Conditional Movement Control Order ("CMCO") and followed by the Recovery Movement Control Order ("RMCO") imposed by the government thereof, the Board has taken the necessary measures to conduct the Board meeting virtually via online platform as permitted under Clause 120 of the KPS's Constitution, where it stipulates that the Directors may participate in the Board/BC Meeting by means of teleconference, video conference or any other communication channel that allows the Board's participation in the meeting virtually.

In view of the above circumstances, the majority of KPS Board meetings during FY2020 were held virtually. All Directors attended 100% of the Board meetings and complied with the minimum attendance requirement of at least 50% of the Board meetings pursuant to Paragraph 15.05(3) of Bursa Securities MMLR. Overall, the Board is satisfied that all Directors have given their full commitment to the Board meetings by attending all the Board meetings held during FY2020. Their meeting attendance at Board and BC meetings as well as other meetings is evidenced by the attendance record set out in the table below:

Governance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Director	Board	BAC	NRC	#BGRC	BIRC	SBC	##TBC	AGM
\$DAD	6/6						No TBC meeting was held in 2020	1/1
^SAA	6/6	6/6	3/3		3/4	2/2		1/1
^^DI	6/6	6/6	3/3	1/1				0/1
^^^DIH	6/6		3/3	1/1	4/4	2/2		1/1
^^^^NK	6/6		3/3	3/3		3/3		1/1
*LK	6/6	6/6		4/4	4/4	1/1		1/1
**DNA	6/6	1/1		3/3	3/3			1/1
***AFH	6/6							1/1
Former member who served during the year under review								
****RB	4/4	4/4		2/2		1/1		1/1

Notes

- 1) \$ As Chairman of the Board, DAD did not sit as member of any BC for good governance practice.
- 2) ^SAA was appointed as member of BAC and SBC on 27.2.2020 respectively.
- 3) ^^DI was appointed as BGRC member on 27.8.2020.
- 4) ^^^DIH was appointed as SBC member and resigned as BGRC member on 27.2.2020 respectively.
- 5) ^^^^^NK was appointed as member of BGRC on 27.2.2020.
- 6) *LK resigned as SBC member on 27.2.2020.
- 7) **DNA was appointed as member of BGRC and BIRC on 27.2.2020 respectively and BAC on 27.8.2020.
- 8) ***As an Executive Director, AFH is not a member of any BC, however, was present at the meeting as an invitee.
- 9) ****RB resigned as director of KPS on 30.6.2020 and automatically ceased as member of BAC thereof.
- 10) # Previously known as BRCC and was subsequently renamed to BGRC, effective from 1.1.2021.
- 11) ## No TBC meeting held in 2020.

Abbreviation:

DAD	-	Dato' Nor Azmie bin Diron
SAA	-	Soffan Affendi bin Aminudin
DI	-	Dato' Idris bin Md Tahir
DIH	-	Dato' Ikmal Hijaz bin Hashim
NK	-	Norliza binti Kamaruddin
LK	-	Koay Li Onn (Leon)
AFH	-	Ahmad Fariz bin Hassan
DNA	-	Dato' Noorazman bin Abd Aziz
RB	-	Rita Benoy Bushon

- **Board Committees**

The Board has established six (6) BC with delegated authority from the Board to exercise oversight in specific areas. Prior to each Board meeting, the Board shall receive reports from the Chairman of each BC on their deliberations and recommendations of each BC. This ensures that each Director is informed of the decisions made including views/comments raised. The Chairman of each BC shall then table to the Board its report and present the BC's recommendations for the Board's approval accordingly at each Board meeting. This permits the Board to raise any comments/views on all deliberations of the BC.

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In summary, total number of meetings by Board, BC and AGM held in KPS during FY2020 are as follows:

Types of Meetings	Board	BAC	NRC	BGRC	BIRC	SBC	TBC	AGM	Total Meetings for 2020
Number of Meetings in 2020	6	6	3	4	4	3	-	1	27 meetings

- **Supply of meeting papers/information**

In support of a paperless environment and in line with the Group sustainable practices, the Company had since August 2014 uploaded copies of the Board papers/documents via a meeting software platform which allows the directors to securely access, read and review the Board/BC papers electronically at least five (5) working days prior to the meetings. This permits prior review by the Directors and if necessary, to request to provision of further information for deliberation at the meeting to ensure informed and effective decision-making.

All key deliberations and decisions at Board/BC meetings are duly recorded in the respective minutes of meetings. The draft minutes of Board and BC meetings were disseminated via email for the Board's and BC review and comments before tabling at the following meetings for confirmation and signature by the respective Chairpersons. The signed board minutes are entered in minutes books kept by the Company Secretaries at the registered office.

The Company Secretaries will also communicate to the relevant Management on the Board's decisions/recommendations via circulation of Board Decision for appropriate actions to be taken. The Company Secretaries will follow up with Management on the status of actions as matters arising and be tabled at the subsequent Board/BC meetings for notation/deliberation until they are resolved.

The Directors have direct access to the Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties. The Directors also have direct access to the advice and services of the Company Secretary and are regularly updated on new statutory and regulatory requirements relating to the duties and responsibilities of the Directors. The Directors, whether collectively as a Board or in their individual capacity, may seek independent professional advice at KPS' expense in furtherance of their duties.

Board Charter (Practice 2.1 of MCCG)

The Board has in place the Board Charter which sets out the roles, powers, duties and responsibilities of the Board, BC, individual Directors, MD/GCEO and Company Secretary. It outlines the guidelines and procedures for the Board and its BC in discharging their stewardship effectively and efficiently.

The Board Charter is reviewed from time to time and updated regularly to ensure that it remains relevant to the Company's objectives and strategies to align with the current rules and regulations. Hence, the Board had on 14 October 2020 approved the revision of the Board Charter to incorporate the roles and responsibilities of BR and to align it with SCGCD issued on 30 July 2020.

The Board Charter is available on KPS' website at www.kps.com.my

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Code of Conduct (Practice 3.1 of MCCG)

The Board has established a Code of Conduct and Ethics for Directors (“the Code”) to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:

- a) To establish a standard of ethical behaviour for Directors based on trustworthiness and that acceptable values are held or upheld by any one person; and
- b) To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administering a company.

The Board has also in place a Code of Conduct for staff (“Code for Staff”) which emphasises and advances the principles of discipline, good business ethics, professionalism, loyalty, integrity and cohesiveness, all of which are critical to the success and well-being of KPS Group. The Code for Staff is part of the KPS Group Scheme and Conditions of Service and is binding for all employees.

Whistleblowing Policy and Guidelines (Practice 3.2 of MCCG)

Similarly, the Board established a Whistleblowing Policy and Guidelines (“Whistleblowing Policy”) on 25 August 2011, which was subsequently revised in May 2018 and on 25 February 2021. The Company does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by all employees and directors in the course of their work.

The Whistleblowing Policy is intended to provide a framework to promote responsible whistleblowing without fear. Responsible whistleblowers are offered protection from adverse consequences. Employees, suppliers, customers, contractors and other stakeholders may use the procedures set out in the Whistleblowing Policy to report any concerns regarding questionable conduct.

The Whistleblowing Policy enables key internal and external stakeholders of the Company to raise concerns regarding the Company in that it provides:

- a) a safe and acceptable platform for staff or any other stakeholders to raise concerns so that these can be addressed in an independent and unbiased manner; and
- b) an internal mechanism for the Company to be notified about such concerns and if required, take any action deemed appropriate.

The Whistleblowing Policy covers amongst others, misconduct on matters relating to

- a) an offence or a breach of law;
- b) breach of the Company’s rules and regulations, financial regulations or other policies or standards that applies;
- c) fraud and corruption;
- d) disclosure related to possible miscarriage of justice;
- e) health and safety issues which violate relevant laws and standards;
- f) sexual or physical abuse; and
- g) other unethical conduct.

With the establishment of the IGU, the administration of the Whistleblowing Policy are transferred to IGU in February 2021. The Whistleblowing Policy provides the contact details of the CIGO (via email: integrity@kps.com.my or telephone: +603-5524 8448) and the Chairman of the BGRC (via email: chairmanbgrc@kps.com.my) as the avenue for stakeholders to raise concerns. During the year under review, there were no material concerns raised.

The Code and Whistleblowing Policy can be found on the Company’s corporate website at www.kps.com.my.

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- **Anti-Bribery and Corruption Policy**

In line with the amendment to the Bursa Securities MMLR on 18 December 2019 with regards to anti-corruption measures ("Anti-Corruption Amendments") in support of the National Anti-Corruption Plan 2019-2023, the Board had on 28 November 2019 approved the establishment of an ABC Policy to prevent corrupt practices, provide adequate safeguard measures and defences against corporate liability for corruption under Section 17A of the MACC Act 2009.

The ABC Policy shall be reviewed periodically to assess its effectiveness at least once every three (3) years. The ABC Policy can be found on the Company's corporate website at www.kps.com.my.

- **Integrity Governance Unit**

The Board had on 27 November 2020 approved the establishment of an IGU and appointment of CIGO at KPS Group as of 1 January 2021 in line with the Government's directive and effort, that all Government-Linked Companies ("GLC"), to establish IGU in their respective companies.

The establishment of the IGU will help KPS Group in strengthening its internal controls to prevent corruption, abuse of power and malpractice to inculcate a clean and healthy business culture free from corruption, abuse of power and misappropriation in line with the provision in Section 17A MACC Act 2009.

2) BOARD COMPOSITION

At least half of the Board comprises Independent Directors. For Large Companies, the Board comprises a majority Independent Directors (Practice 4.1 of MCCG)

The Board, led by a NINEC, consists of seven (7) Non-Executive Directors ("NEDs") and a MD/GCEO, five (5) of whom are Independent Directors ("IDs"). The existing composition of IDs exceed the minimum number of IDs as prescribed under Paragraph 15.02 of Bursa Securities MMLR which states that at least one third (1/3) of the Board of Directors are IDs and Practice 4.1 of the MCCG where at least half of the Board comprises IDs.

A high proportion of IDs, which is 62.5%, provides for an effective check and balance in the functioning of the Board. Details of the Directors, including their qualifications, experience, and details of their length of service, can be referred to in the Profile of Directors section of this AR.



Note:

Non-Independent Non-Executive Director ("NINED")

Independent Non-Executive Director ("INED")

CORPORATE GOVERNANCE OVERVIEW STATEMENT

With the appointments of three (3) new directors in the beginning of 2020 namely, Dato' Nor Azmie and Soffan Affendi who were both appointed on 17 January 2020 and appointment of Dato' Noorazman on 1 January 2020, the Board strongly believes that the present Board composition is appropriate and well-balanced as it includes professionals in the fields of strategic planning and business strategy, investor relations and stakeholders, corporate governance, risk management & internal control, audit, investment management, corporate finance, treasury management, international business relations, communication, project management, accounting, financial reporting, sustainability management, human capital, change management, legal and regulatory requirements, conflict and dispute resolution, sales and marketing, taxation, information technology and production & quality assurance. This wide spectrum of skills and experience provides the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board.

Overall, the Board, having reviewed the size and complexity of the Group's operations, believes the number of members in the Board is appropriate. Currently, there is no specific policy on board composition. Nevertheless, it has been the practice of the Company for the composition of the Board to be periodically reviewed on an annual basis by the NRC to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge its duties effectively.

- **Independence Assessment of Independent Directors**

The Board recognises the importance of the role of the INEDs, particularly in ensuring that strategies proposed by Management are fully deliberated and examined objectively, taking into perspective among others, the long-term interests of shareholders as well as other stakeholders and the community at large.

During the financial year under review, the NRC and Board have considered, assessed, and concluded that the independence of the IDs remains objective and intact and has met the independence criteria developed by the NRC based on Paragraph 1.01 of Bursa Securities MMLR. The IDs are also assessed on their ability to provide strong, valuable contributions to the Board's deliberation without interference to and acting in the best interest of KPS.

The IDs have declared themselves to be independent from Management and free of any business or other relationship or circumstances which could materially interfere with the exercise of their independent judgement and objective participation in the decision-making process of the Board. Such declarations by the IDs were made via written confirmation in the IDs Self-Assessment Checklist of the ABE Template which form part of the ABE 2020 exercise.

- **Board Skills Matrix**

A Board Skills Matrix ("BSM") was developed in 2017 to serve as a guide to identify skills, knowledge, experience and capabilities of the existing Board as well as the desired Board to enable it to meet both current and future challenges of the Company. Besides that, the BSM reveals the appropriate mix of skills, expertise and experience required to address existing and emerging business and governance issues.

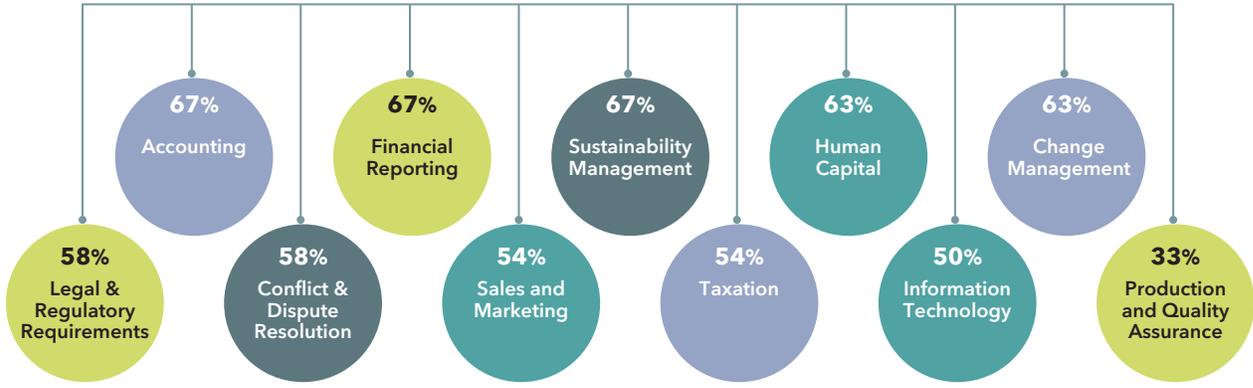
The BSM, which forms part of the ABE Template, comprises three (3) criteria namely Key Skills; Experience; and Industry/Sector Background that the Directors bring to the Board. The Directors are required to make a self-declaration based on the above three (3) criteria and rate their degree of competencies accordingly based on the rating scales endorsed by the NRC/Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

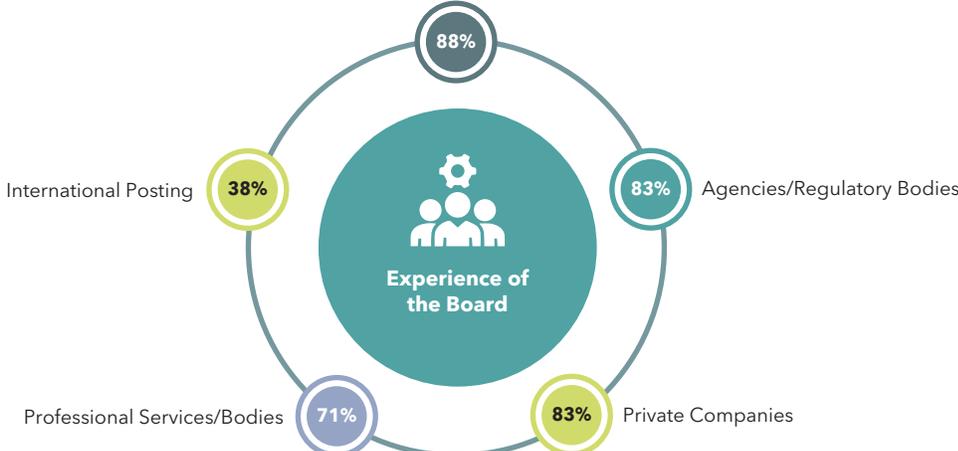
Based on ABE 2020 result, the landscape of skills, experience and industry background of the existing Board composition are as follows:



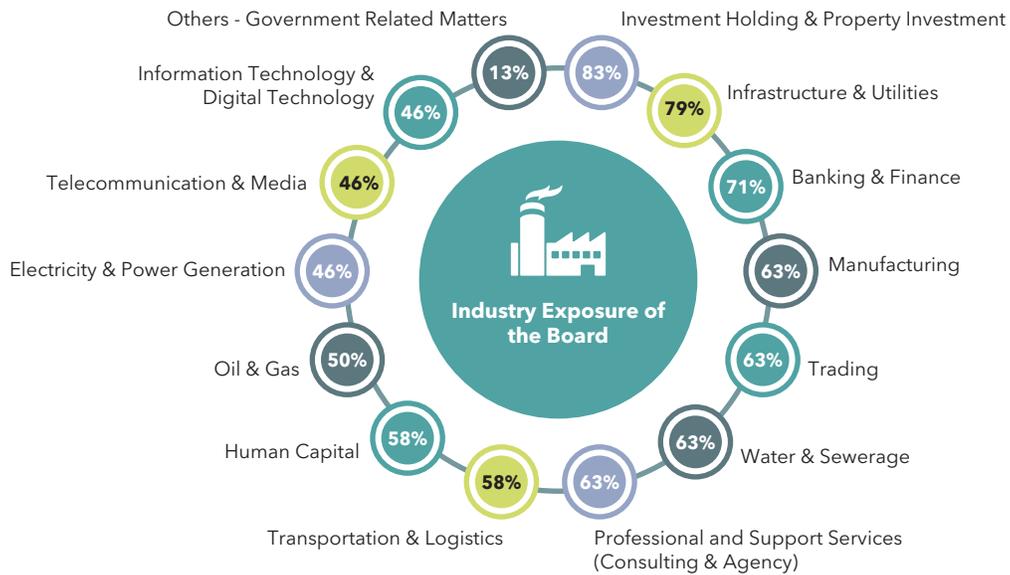
Skill Competencies of the Board



Public/Public Listed Companies



CORPORATE GOVERNANCE OVERVIEW STATEMENT



Tenure of Independent Directors (Step Up Practice 4.3 of MCCG)

The Board has in place an Independent Directors Tenure Policy (“IDT Policy”) which limits the tenure of ID to nine (9) years. Upon completion of the nine (9) years, the ID may continue to serve on the Board as a non-independent director (“NID”), subject to the NRC’s rigorous review and recommendation for the Board to retain and redesignate the affected director(s) as NID. Currently, none of the ID have served on the Board for more than nine (9) years from the date of his or her appointment.



The IDT Policy can be found on the Company’s corporate website at www.kps.com.my.

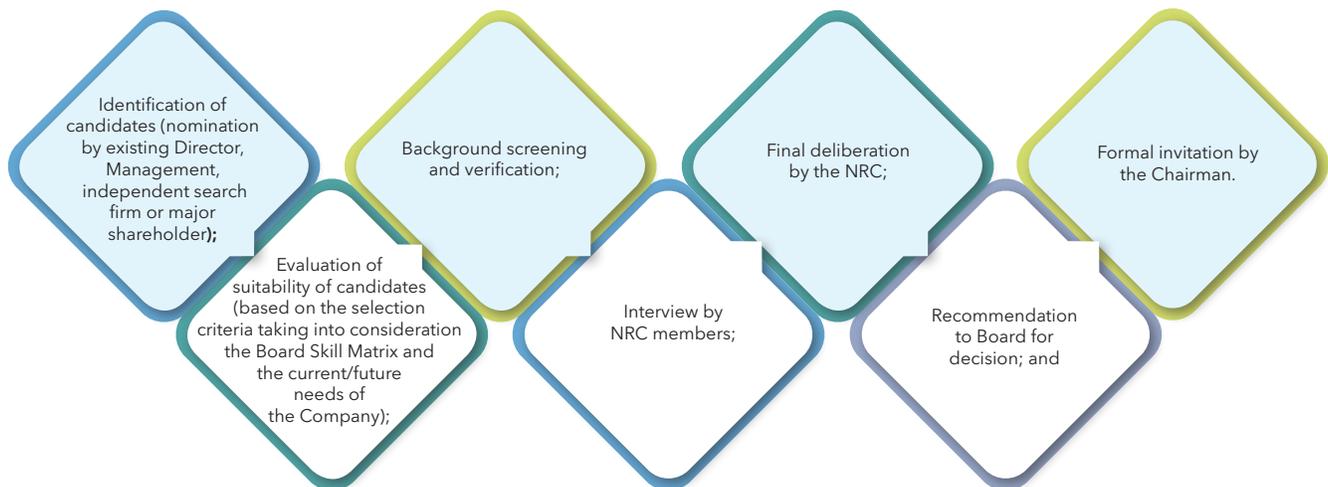
CORPORATE GOVERNANCE OVERVIEW STATEMENT

Appointment of Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background, and gender. (Practice 4.4 of MCCG)

The NRC is responsible for reviewing the Board's composition, identifying and recommending suitable candidates for appointment to the Board. The NRC also recommends to the Board the re-election of Directors. In such review, the NRC shall evaluate the suitable candidate based on merit and against objective criteria developed by the NRC in a formal and transparent manner having considered the candidates':

- i) diversity in skills, knowledge, expertise and experience, age, cultural background and gender (based on the current BSM);
- ii) professionalism;
- iii) integrity; and
- iv) in the case of candidates for the position of IDs, the NRC would also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from IDs.

The Board has established a clear and transparent nomination process for the appointment of a Director of the Company which involves seven (7) stages as illustrated below:



- **Re-election of Directors**

The requirements for the re-election of Directors are laid down in the Company's Constitution. An election of Directors by rotation will take place each year at the AGM where one-third (1/3) or if the number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election. All Directors shall retire at least once in every three (3) years.

The Directors recommended to be re-elected at the AGM are subject to the prior assessment by the NRC and the affected Directors are required to give their consent on their reelection prior to the KPS Board meeting. In assessing the candidates, NRC takes into consideration their attributes, competencies, commitment, personality and qualities, as well as their contribution and performance based on the ABE. Assessment of the Board's structure and balance as well as the concerned Directors' independence is also made. The NRC's recommendations are thereafter submitted to the Board and shareholders for approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

At the forthcoming 44th AGM in May 2021, three (3) Directors namely Dato' Idris, Norliza and Leon Koay whose profiles are set out on pages 96, 98 and 99 will retire pursuant to Clause 76(3) of the Company's Constitution.

With regards to appointment of MD/GCEO (Senior Management) of the Company, the assessment by the NRC was also made based on merit and against objective criteria developed by the NRC, in a formal and transparent manner and with due regard for diversity in skills, experience, age, cultural background and gender as well as candidate's professionalism and integrity. As for renewal of contract for MD/GCEO, the NRC would also appraise the past trend records of the MD/GCEO CKI/KPI results as well as other non-financial achievements as the basis for the recommendation to the Board for approval.

In identifying candidates for appointment of Directors, the Board does not solely rely on recommendations from existing Board members/ Management/Major shareholders but also utilises independent sources (Practice 4.6 of MCCG).

The sourcing of candidates is made via recommendations by other Board Members or shareholders, based on the expectation of the roles and capabilities described and required by the Board. This is subsequently followed by a submission to the NRC for deliberation. Besides that, if the need arises, the Board may engage an independent professional search firm in identifying suitably qualified candidates for succession planning of the Board as stipulated in Clause 3.8.3 of the Board Charter.

Board Diversity (Practice 4.5 of MCCG)

The Board is mindful of diversity in the areas of skills and competencies, experience and background, age, gender, ethnicity and nationality as an important element in maintaining its competitive advantage and to ensure a balanced and effective decision-making process. In this regard, the Board embraces initiatives that encourage greater diversity throughout the organisation and in the boardroom, not only on gender but also skill sets, experience et cetera.

Currently, the Board composition and all Board appointments/re-election are based on merit and to fill the gaps in the BSM identified as necessary rather than fulfilling any gender quotas. This is to provide a balanced board composition that meets the objectives and strategic goals of the Company.

Notwithstanding the above, the Board had on 28 April 2015 established the Board Diversity ("BD") Policy which was subsequently revised on 30 May 2019 to incorporate diversity on skill, expertise, experience and independence in addition to gender, age, ethnicity in pursuit to inculcate boardroom diversity in the Board composition of KPS in maintaining a competitive edge.

To uphold gender diversity commitment, the Company currently has one (1) woman Director namely Norliza who has been in the Board since 2018, representing 12.5% of overall Board composition of KPS. The BD Policy can be found on the Company's corporate website at www.kps.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year under review, the landscape of KPS Board diversity is illustrated as follows:



NOMINATION AND REMUNERATION COMMITTEE REPORT - PARAGRAPH 15.08(A)(3) OF BURSA SECURITIES MMLR

Nomination and Remuneration Committee Chaired by Independent Director or the Senior Independent Director (Practice 4.7 of MCCG)

The NRC is chaired by Dato' Ikmal Hijaz, an ID who was appointed on 27 February 2020, and is well supported by three (3) members. Presently, the NRC comprises exclusively NEDs with majority being IDs. As a Chairman of NRC, Dato' Ikmal leads the succession planning and appointment of Board and Senior Management, and leads the annual review of board effectiveness, ensuring that the performance of each individual director is independently assessed.

NRC REPORT

i) Background

The Board had established a Nomination Committee ("NC") and Remuneration Committee ("RC") respectively since 2003 and these were consolidated on 30 August 2018 to become the NRC. Both roles and responsibilities on nomination as well as remuneration were combined for the purposes of expediency and practicality, whereby the same members are entrusted with both responsibilities.

ii) Membership Composition

The NRC continued to be chaired by an ID following the change of its composition early in of the year and the composition of the NRC complies with Paragraph 15.08A(1) of Bursa Securities MMLR and Practice 4.7 of the MCCG, where the members of the NRC were appointed by the Board from amongst the Directors of the Company and consists exclusively of NEDs, the majority of whom are independent.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NRC Membership			
	Name	Designation	Meeting Attendance
Chairperson	Dato' Ikmal Hijaz	INED	3/3
Members	Dato' Idris	INED	3/3
	Norliza	INED	3/3
	Soffan Affendi	NINED	3/3

iii) Key objectives of NRC

- a) Primary objectives of NRC in relation to the nomination function:
- In assessing the existing directors' ability to contribute to the effective decision making of the Board;
 - In identifying, recommending appointments of directors and orientating new directors;
 - In identifying the mix of skills and experience and other qualities the Board requires for it to function completely and efficiently;
 - In identifying, assessing and recommending to the Board of KPS, the NEDs/external experts as board representatives to sit on the board of subsidiaries and/or associate companies;
 - In reviewing and recommending to the Board of KPS the executive appointments of the MD/GCEO of KPS; and
 - In identifying, reviewing and recommending to the board of subsidiary companies the prospective independent non-interested candidate(s) with experience and/or relevant expertise.
- b) Primary objectives of NRC in relation to remuneration function:
- To review and recommend to the Board the remuneration packages for the NEDs, Board Committees members and MD/GCEO of KPS; and
 - To ensure that the MD/GCEO of KPS is fairly rewarded for his/her performance as well as encourage him/her to act in ways that enhances the Company's long-term profitability, sustainability and value.

iv) Overview on NRC Activities during FY2020

During FY2020, there were three (3) NRC meetings held on 14 February 2020, 18 March 2020 and 19 August 2020 and the following matters were reviewed:

- Performance Bonus for year ended 31 December 2019 and 2020 Performance Increment of KPS;
- Performance Bonus for year ended 31 December 2019 for the MD/GCEO of KPS;
- Revision of BC Membership and BR at IC;
- Outcome of the ABE of KPS for the financial year ended 31 December 2019;
- Re-election of Directors who were retiring pursuant to Clause 78 and 76(3) of the Company's Constitution;
- Update of the Talent Management and Succession Planning programme for C and C-1 Level at KPS;
- Implementation of Graduate Attainment Programme ("GAP") for fresh graduates and professionals in KPS;
- Merit bonus for MD/GCEO for financial year ended 31 December 2019;
- Update on Talent Management & Succession Planning for HOS of KPS Group of Companies;
- Progress of 2020 CKIs and KPIs for MD/GCEO as at 30 June 2020;
- Incentive Bonus for MD/GCEO for financial year ended 31 December 2019;
- Revision of ABE Template; and

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Changes in the BC Membership and Replacement of BR in Smartpipe Technology Sdn Bhd, a subsidiary company of KPS.

Meetings of the NRC are attended by the MD/GCEO and DCEOFCS. Other Senior Management are invited to the meetings of NRC, when necessary, to support detailed discussions.

The NRC is governed by its own TOR which is accessible on KPS' website at www.kps.com.my.

The Board should undertake a formal and objective Annual Board Evaluation (Practice 5.1 of MCCG, Paragraph 15.08A(3)(c) and Paragraph 15.20 of Bursa Securities MMLR)

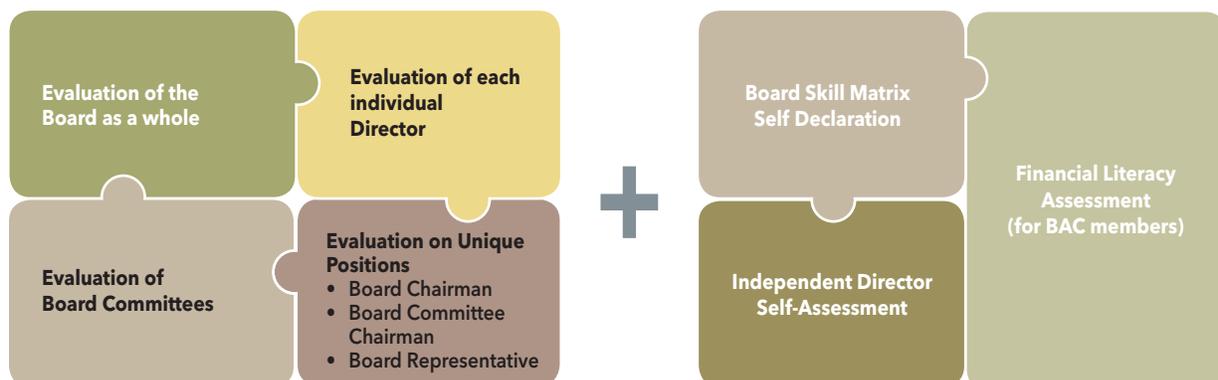
The NRC is entrusted with the responsibility of carrying out the ABE on the effectiveness of the Board. The exercise was facilitated by the Company Secretarial Department which has professionally and continuously maintained an objective evaluation methodology. Candid assessment by the Directors is well kept, maintaining confidentiality of the feedback given. The assessment was then analysed, and the findings presented to the NRC for deliberation and thereafter the summary of the results were tabled to the Board for discussion/endorsement.

During the financial year under review, the questionnaires of the ABE Template were for the first time revised since it was introduced in 2016. The revised ABE Template was then approved by the Board on 14 October 2020 for adoption in ABE 2020. The rationale for the revision is to ensure that the quality of questionnaires used in the ABE are more objective and map against the latest roles and responsibilities of the Board as set out in the Board Charter, as well as aligned with the latest guidance/framework on board evaluation as espoused in Bursa Securities Corporate Governance Guide 3rd Edition ("Bursa CG Guide"). Besides that, the focus of the questionnaires was also linked to the Company's Governance Framework where the Board is being assessed from the perspective of Strategic, Governance (Audit & Risk Management), Financial Reporting, Communication (Investor Relations) rather than on operational.

Having the appropriate performance criteria in place will enable the Board to meet the following ABE objectives:

- Improve the overall performance of the Company and its Board/BC;
- Assess individual and collective success;
- Improve working relationship;
- Reinforce individual relationship; and
- Improve the support given by Management to the Board members.

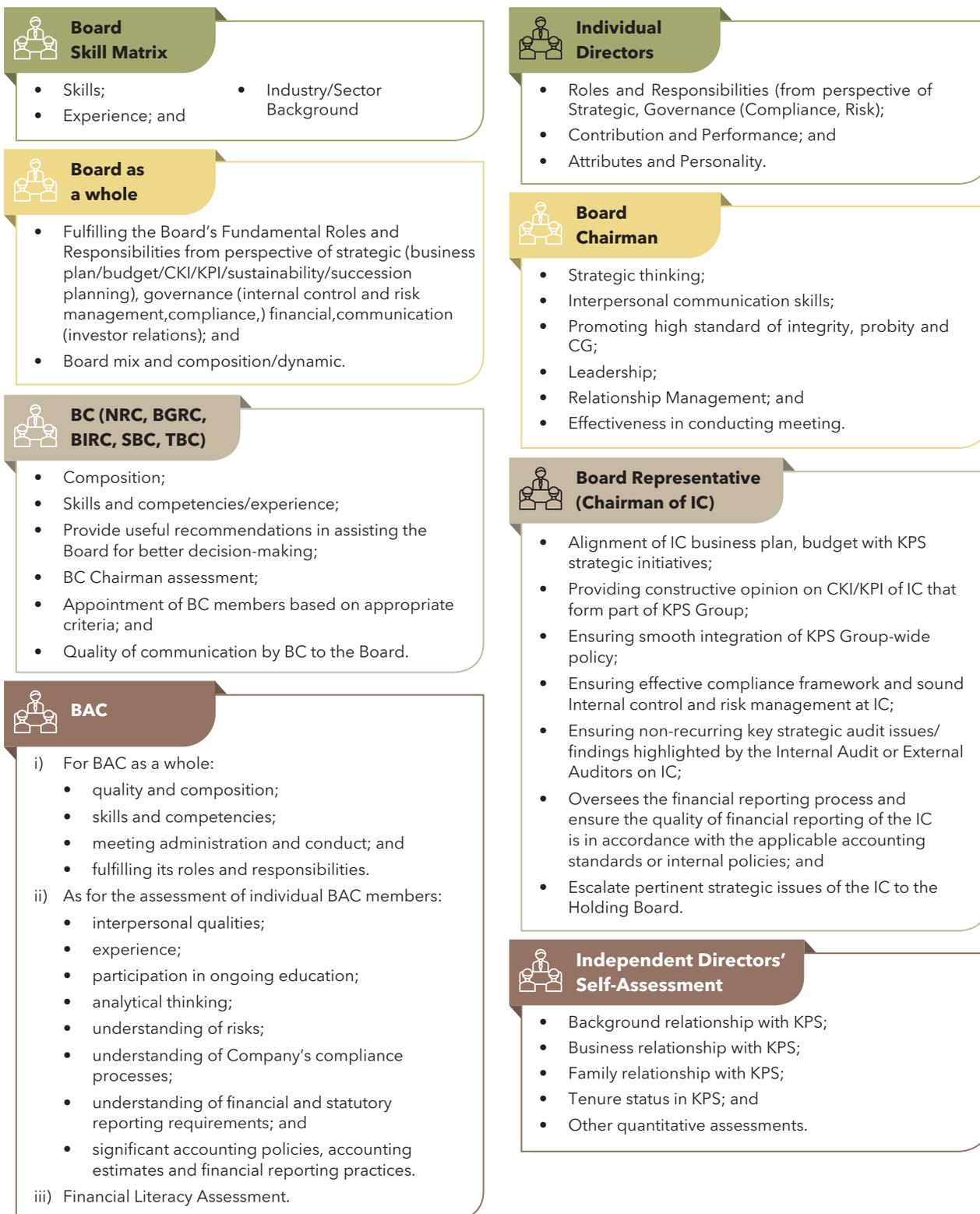
As guided by the Bursa CG Guide and MCCG, the Board has concurred with the following subject reviews for the ABE 2020:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Performance Criteria/Parameters used for each of the above subject reviews are illustrated below:

PERFORMANCE EVALUATION CRITERIA



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Each Board member was provided with their own individual results of the ABE, together with a peer average rating in each area of assessment for personal information and further development. The results of these assessments formed part of the justifications of the NRC's recommendations to the Board for the re-election of Directors at the next AGM. The results of the evaluations and comments from the Directors concerning the Board and general performance of the Directors were also presented to the Board by the NRC.

- **Directors' Continuous Education Programme (Paragraph 15.08 of Bursa Securities MMLR)**

In line with Paragraph 15.08 of Bursa Securities MMLR, the Directors recognise the importance and value of attending conferences, training programmes and seminars in order to keep themselves abreast of the development and changes in the industry the KPS Group operates in, as well as update on new statutory and regulatory requirements.

During the financial year under review, all Board Members including Dato' Nor Azmie and Soffan Affendi, who were both appointed on 17 January 2020, attended the Mandatory Accreditation Programme ("MAP") for Directors of Public Listed Companies on 31 March, 7 & 9 April 2020 and 7, 8 & 9 April 2020 respectively and Dato' Noorazman attended the MAP prior to joining KPS on 1 January 2020, as prescribed under Paragraph 15.08 by the MMLR.

Besides that, the Directors are also updated by the Company Secretaries on any changes to regulatory requirements and governance practices which affect the Directors, from time to time. The SD's office facilitates the Board in organising internal and arranging external programmes, training sessions, briefings, workshops and seminars that are relevant to the Directors.

During FY2020, the SD organised three (3) Internal Training Series on the following topics for the Board and Senior Management of KPS:

14 September 2020

01

Topic

Director Strategic Thinking Series - Optimising Risk and Resilience Planning to Manage Disruption

14 September 2020

02

Topic

Governance Risk and Controls - The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board

2 October 2020

03

Topic

Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020 and Beyond

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of Directors' training for FY2020 are as follows:

Directors	Course/Programme Attended	Date	Remarks/Organiser
Dato' Nor Azmie	MAP	31 March 2020 7 & 9 April 2020	International Centre for Leadership in Finance ("ICLIF")
	Governance Risk and Controls ("GRC") - "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."	14 September 2020	Speaker: Mr Lee Min Onn (Internal Training Series for Board and Management: Organised by SD KPS)
Soffan Affendi	MAP	7 - 9 April 2020	ICLIF
	Director Strategic Thinking Series - Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)
	GRC - "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)
	Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)
Dato' Idris	Director Strategic Thinking Series - Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)
	GRC - "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Course/Programme Attended	Date	Remarks/Organiser
	Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)
	Information Security Management System (ISMS)	6 October 2020	SmartSEL
	Economic update: Impact of COVID-19 on the vulnerable groups in Malaysia	22 October 2020	ANU Institute
	The U.S. Presidential Election: What's at stake?	28 October 2020	FTI Consulting
Dato' Ikmal	Director Strategic Thinking Series - Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)
	GRC - "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)
	Caption's Forum: Transformation towards recovery: Session 1: Financial Resilience	25 September 2020	KPMG
	Information Security Management System (ISMS)	6 October 2020	SmartSEL
	Caption's Forum: Transformation towards recovery: Session 2: Financial Resilience	9 October 2020	KPMG
	Caption's Forum: Transformation towards recovery: Technology and Data	19 October 2020	KPMG
	The Fraud Risk Management workshop	23 November 2020	Bursa Securities

Governance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Course/Programme Attended	Date	Remarks/Organiser
	How safe are the safe haven assets in Malaysia? Lesson from COVID-19 pandemic	2 December 2020	Permodalan Nasional Berhad (PNB)
Norliza	Director Strategic Thinking Series - Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)
	GRC - "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)
	Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)
Leon Koay	Director Strategic Thinking Series - Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)
	GRC - "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)
	Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)
	The Fraud Risk Management workshop	4 November 2020	Bursa Securities

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Course/Programme Attended	Date	Remarks/Organiser
Dato' Noorazman	Corruption Risk Management ("CRM") Awareness Session for the Board and Top Management of UEM Sunrise	25 June 2020	Raddhi Zeva Sdn Bhd
	The FIDE Core Programme Module A - Bank	29 June to 2 July 2020 6 - 9 July 2020	Financial Institutions Directors' Education ("FIDE")
	The FIDE Core Programme Module B - Bank	13 - 21 July 2020	FIDE
	Director Strategic Thinking Series - Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)
	GRC - "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)
	Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)
Ahmad Fariz	Director Strategic Thinking Series - Optimising Risk and Resilience Planning to Manage Disruptions	14 September 2020	Speaker: Mr Ranjit Singh, Tricor Axcelasia (Internal Training Series for Board and Management: Organised by SD KPS)
	GRC - "The Importance of GRC System in Business Sustainability and How They are Intertwined to Provide Reasonable Assurance to the Audit Committee and Board."	14 September 2020	Speaker: Mr Lee Min On (Internal Training Series for Board and Management: Organised by SD KPS)
	Defending Your Company & Keeping up to date with Key Cybersecurity Risks in 2020	2 October 2020	Speaker from FTI Consulting (Internal Training Series for Board and Management: Organised by SD KPS)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3) REMUNERATION

Directors' and Senior Management Remuneration Policy and Establishment of Remuneration Committee (Practice 6.1 and 6.2 of MCCG)

The Board of KPS had delegated to the NRC the responsibility to set the principles and parameters relating to the KPS Group's remuneration matters. The Board had established a Remuneration Committee since 2003 and in August 2018, the RC was consolidated into NRC to provide for a more streamlined approach towards the deliberation of remuneration matters of KPS Group. This has resulted in the expanded role of the NRC, whereby the NRC is responsible for the following remuneration matters of KPS:

- i) To formulate or review the remuneration for the members of the Board;
- ii) BC, BR on the functional board;
- iii) To review, appraise and make recommendations to the Board on the remuneration, salary increment, performance bonus and compensation for the MD/GCEO of KPS;
- iv) To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company;
- v) To review and recommend to the Board on the staff annual salary increment pool, performance bonus pool in respect of each financial year; and
- vi) To review and recommend any major changes in remuneration policy and employees' benefits structure throughout the Company in line with market practice.

In line with MCCG Practice, the Company aims to set remuneration for Directors and Senior Management at levels which are fair and equitable to attract and retain Directors of calibre to guide the Group successfully, taking into consideration fiduciary obligations and responsibilities, time commitment, business complexities, the nature of and changes in business/ market environments, Company's performance as well as skills and experience required.

Guided by the above, the Company established the Directors' Remuneration Policy and Senior Management Remuneration Policy on 26 February 2018 and 30 March 2018 respectively. The policies are designed to support the Company's key strategic initiatives, business objectives and create a high performance-oriented environment. In addition, the policies are expected to attract, motivate and retain talent as well as promote business sustainability and growth, support long-term success of the Company and align with market/industry practices.

To ensure continued relevance, the said policies will be reviewed at least once every three (3) years at a minimum or as change arises to ensure KPS remains at the forefront of best practices in governance. This is also to preserve their consistency with KPS' strategic direction, whilst at the same time remaining fair, competitive, and aligned to the changes in business and market environment including prevailing rules and regulations.

Details of the Directors' Remuneration Policy and Senior Management Remuneration Policy can be found on the Company's website at www.kps.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The remuneration structure for NED of KPS are as follows:

a) Directors' Fees & Meeting Allowance (Board and BC)

No.	Category	Directors Fee (RM)	Meeting allowance per attendance (RM)		
			Board	BAC	Other BC
1.	Chairman	130,000	3,500	3,000	2,000
2.	Member	100,000	2,500	2,000	1,500

b) Other Benefits

- The NEDs shall also be entitled to be repaid all travelling and hotel expenses properly incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from meetings of Directors or general meetings or which they may otherwise incur on or about the business of the Company; and
- NEDs have the benefit of Directors & Officers ("D&O") Insurance in respect of any liabilities arising from such acts committed in their capacity as Director of the Company. However, the said insurance policy does not indemnify a Director if he/she is proven to have acted negligently, fraudulently or dishonestly, or in breach of his/her duty or trust. The Directors are required to contribute jointly with the Company towards the premium of the said policy.

The fee payable to NEDs shall be a fixed sum and shall not be by a commission on or percentage of profits or turnover. The fees and any benefits payable to NEDs shall be subjected to annual shareholders' approval at a general meeting in accordance with Section 230(1) of the CA 2016.

Any proposed revision of Directors' Remuneration shall be deliberated and recommended by the NRC and concurred by the Board before tabling the same to shareholders at the general meeting for approval. NEDs are not entitled to receive performance-based bonuses. The Company may extend the participation of Share Issuance Scheme or any other short-term and/or long-term incentive plans to NEDs subject to provisions set out in Bursa Securities MMLR.

The remuneration structure for MD/GCEO

As for the MD/GCEO, the remuneration would be dealt within the MD/GCEO's service contract. Remuneration packages for MD/GCEO (and of members of senior management or any other individual, as defined by the Board) should involve a balance between fixed and performance-linked (variable) elements but shall not include a commission or a percentage of turnover. The relative weightage of fixed and variable remuneration for target performance varies with level of responsibility, complexity of the role and typical market practice. The remuneration of the MD/GCEO shall be deliberated and recommended by the NRC and approved by the Board.

c) Benefit in Kind:

- Group Hospitalisation and Surgical
- Group Term Takaful
- Group Personal Accident
- Medical Outpatient Benefits

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Disclosure of Directors' Remuneration (Practice 7.1 of MCCG)

Detailed disclosure on named basis for the remuneration of individual Directors, which includes fees, meeting allowances, and other benefits in-kind, is provided for under Practice 7.1 of the CG Report 2020 of the Company.

Disclosure of Top Five (5) Senior Management Remuneration (Practice 7.2 of MCCG)

Details of remuneration for the Company's top five (5) Senior Management on an aggregate basis, including salary, bonus and benefits, are disclosed under Practice 7.2 of the CG Report 2020.



EFFECTIVE AUDIT & RISK MANAGEMENT

1) BOARD AUDIT COMMITTEE

The primary objective of the BAC as a committee of the Board is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, timely and accurate financial reporting, and development of sound internal controls.

Throughout the year, the BAC dealt with issues related to financial reporting, external and internal audit findings, related party transactions and internal control, in line with the mandate provided by the TOR. The BAC has provided valuable recommendations and views to assist the Board in making informed decisions which have greatly contributed to the Board's discussions on high level review of the financial reporting process and financial statements.

In assisting the Board in overseeing the financial reporting process and ensuring the quality of financial reporting by the Group, the BAC monitored and reviewed the accuracy and integrity of the Group's annual and quarterly financial statements. The BAC also assisted the Board in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.

The Chairman of the Board Audit Committee is not the Chairman of the Board (Practice 8.1 of MCCG).

The BAC comprises four (4) NEDs of whom three (3) are INEDs and one (1) NINED, which is in line with Paragraph 15.09 of Bursa Securities MMLR. The Chairman of the BAC is Dato' Idris, who is not the Chairman of the Board and is an INED. This is to promote robust and open deliberations by the Board on matters referred by the BAC. Dato' Idris is a member of the Malaysian Institute of Accountants (MIA), a fellow member of the Chartered Institute of Management Accountants (CIMA) and former member of the Institute of Internal Auditors (IIA).

The BAC has a policy that former key audit partners to observe a cooling-off period of at least two (2) years before being appointed as a member of the BAC (Practice 8.2 of MCCG).

The TOR of the BAC has incorporated a policy on observation of a cooling-off period of two (2) years and was subsequently amended on 25 February 2021 to three (3) years in line with the latest provision of MIA By-Laws, Section 540.5. The cooling off period is applicable to former key audit partners before being appointed as a member of the BAC. This is to ensure that the objectivity, independence and effectiveness of the external auditors are maintained.

Currently, none of the present BAC members are former key audit partners. A copy of the BAC TOR is available on the Company's website at www.kps.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BAC has policies and procedures to assess the suitability, objectivity and independence of the External Auditor (Practice 8.3 of MCCG).

In assessing the suitability, objectivity and independence of the external auditor, the BAC is guided by the External Auditors Assessment Policy ("EAA Policy"), which was approved by the Board on 29 March 2017 and subsequently revised and approved by the Board on 27 November 2020. Besides that, KPS has also established a policy known as Policy on Appointment of Existing External Auditors for Non-Audit Related Services ("NARS Policy"), approved by the Board on 29 August 2018, which stipulates that in the event that the cumulative engagement's fee on appointment of External Auditors for non-audit related services exceeds 30% of the total audit fees payable to them, concurrence from BAC is required. This is to ensure the independence and objectivity of the external auditor are not compromised and there is a transparent reporting process in place for the BAC to monitor the observance and compliance of the External Auditors with the NARS Policy.

The annual evaluation of the external auditor provides the BAC with a disciplined approach for maintaining effective oversight of the external auditor's performance. The assessment criteria used to evaluate the performance, objectivity and independence of the external auditors are, amongst others, as follows:

- The quality of service;
- Sufficiency of resources;
- Communication;
- Independence;
- Objectivity; and
- Professionalism.

Based on the External Auditors Assessment 2020 carried out by the BAC together with the Management, the BAC was satisfied with the performance and the independence of the external auditors. In its assessment, the BAC was satisfied in its review that the provision of audit and non-audit services by BDO to the Company for FY2020 did not in any way impair their objectivity and independence as external auditors of the Company.

The BAC should solely comprise Independent Directors (Step-up Practice 8.4 of MCCG - Not Adopted)

Currently, the BAC of KPS comprises majority IDs which is in line with Paragraph 15.09(1)(b), which stipulates that all the BAC members must be non-executive directors, with a majority of them being independent directors:

No.	Member	Designation
1.	Dato' Idris, Chairman of BAC	INED
2.	Leon Koay, member	INED
3.	Dato' Noorazman, member	INED
4.	Soffan Affendi, member	NINED

BAC members should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. (Practice 8.5 of MCCG)

In view of the increasingly demanding role as BAC members, the BAC recognises the importance of continual training and professional development to keep members abreast of relevant developments in accounting and auditing standards, practices and rules in order to serve effectively on, and contribute positively to the BAC.

Detailed disclosure on the training programmes attended by the BAC during the FY2020 is provided under Practice 8.5 of the CG Report 2020.

In accordance with Paragraph 15.20 of the Bursa Securities MMLR, the NRC also reviewed the term of office and performance of the BAC and each of its members annually to determine the members' financial literacy levels, ability to pose probing questions, competencies in grasping complex issues and skills as well as knowledge to discharge their duties and responsibilities under its TOR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Based on the ABE 2020, the Board was satisfied with the overall performance and effectiveness of the BAC. All four (4) members demonstrated a high degree of independence, professionalism and integrity with balanced diversity, skills and experience.

With regards to financial literacy of the BAC members, it was observed that all of the BAC members had financial knowledge and literacy in that they possess the ability and competency to read, analyse and interpret financial statements, including the Company's statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement, notes to the statements, cost accounting, budgets and management discussion and analysis. The BAC members' accountability in discharging their duties and responsibilities are in accordance with the BAC's TOR, as required under MMLR and recommended under Principle B of MCCG.

More details on how the BAC discharged its duties in FY2020 are presented in the BAC Report of this Annual Report.

2) FINANCIAL REPORTING

The Board accepts responsibility that the annual audited financial statements and interim financial results have been prepared to comply with the CA 2016 and applicable financial reporting standards in Malaysia. This includes adopting all necessary measures to ensure that all applicable accounting policies have been applied consistently, and that the policies are supported by reasonable and prudent judgement and estimates.

3) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board should establish an effective risk management and internal control framework and disclose the features thereof, the adequacy and effectiveness of the framework (Practice 9.1 and 9.2 of the MCCG)

The Board remains committed towards maintaining sound and effective risk management and internal control procedures covering financial, operational, regulatory and compliance, governance, and sustainability to safeguard shareholders' investments and the Group's assets, and to provide assurance on the reliability of the financial statements. In addition, equal priority is given to internal control of its business management and operational techniques.

While the internal control system is devised to cater for the needs of the Group and to manage the risk that may impede the achievement of the Group's business objectives, such internal control system, by its nature, cannot eliminate risk and can only provide reasonable assurance and not absolute assurance, against material misstatement or loss by identifying, managing and controlling risks, including operational risk.

In view of the above, the Group has established an ERM framework since 2013, revised in 2018 and further enhanced in August 2020 in alignment with the ISO 31000 International Standards of Risk Management - Principles and Guidelines. The rationale for the enhancement is to proactively identify, evaluate and manage key risks to an optimal level, taking into consideration changing risk profiles as dictated by changes in business strategies, external environment and/or regulatory environment. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated and organised risk management approach entity wide.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Besides that, the Group had actively executed the ERM initiatives based on the approved ERM Framework which includes continuous review, tracking and monitoring of the key mitigation strategies implementation and update on the Key Risk Indicators (“KRIs”) for the key risk areas identified. The ERM initiatives were further extended to the subsidiaries since 2019 and the key risk areas for subsidiaries were identified and assessed together with the respective key management and EXCO of subsidiaries and subsequently approved at the respective subsidiaries’ Board.

During the financial year, a structured KPS Internal Control Framework (“KPS-ICF”) was established and approved by the Board on 28 May 2020, to strengthen the governance process and internal control design.

The Board establishes a Risk Management Committee which comprises majority of Independent Directors, to oversee the company’s risk management framework and policies (Step-up Practice 9.3 of MCCG).

The above framework incorporates a formalised reporting structure via establishment of the Board Risk and Management Committee since 2011, renamed to BRCC on 29 August 2019 and was recently renamed to BGRC effective 1 January 2021 in line with the establishment of the IGU at KPS Group effective 1 January 2021. The rationale for the change of name is in tandem with the additional responsibilities placed with the BGRC to reinforce effective CG in monitoring integrity and governance matters in addition to the existing responsibility of BGRC to ensure the effectiveness of regulatory compliance, overall internal controls, risk management, governance systems and processes.

The BGRC is supported by the Risk and Governance Working Committee (“RGWC”), which is chaired by the MD/GCEO. The RGWC meets on a quarterly basis and it monitors the consistent enforcement of the ERM Policy and Compliance Policy. It also reviews and recommends to the BGRC for endorsement the risk parameters, risk appetite, risk profiles, risk action plans as well as compliance key risks, status and action plans.

The BGRC comprises four (4) members, who are all INED including the Chairman. Currently, the BGRC is chaired by Leon Koay, who was appointed as Chairman of BGRC on 27 February 2020. Other members are Dato’ Noorazman and Norliza, both appointed on 27 February 2020, and Dato’ Idris appointed on 27 August 2020 in place of Rita Benoy who resigned as Director of KPS on 30 June 2020. They possess sound judgement, objectivity, independent attitude, management experience, professionalism, integrity and knowledge in the industry where KPS Group operates.

A Statement of Risk Management and Internal Control is set out in pages 149 to 163 of this Annual Report.

The Internal Audit function is effective and able to function independently (Practice 10.1 of MCCG)

The Board has established an in-house internal audit (“IA”) function which is led by the Director of IA (“DIA”) who reports functionally to the BAC, and administratively to the MD/GCEO. The IA provides independent review on the adequacy, efficiency and effectiveness of risk management, internal control and governance processes and monitoring of compliance with policies and procedures implemented by the Management at KPS Group. The IA provides reasonable assurance to the BAC that no material issue or major deficiency has been noted which would pose a high risk to the overall system of internal control under review.

The risk-based internal audit plan that includes internal audit coverage and scope of work is presented to the BAC for its consideration and approval annually. The IA activities and performance are also reviewed periodically by the BAC to ensure its adequacy and independence in performing its role and is in line with the Institute of Internal Auditors (“IIA”), International Professional Practice of Framework (“IPPF”) on Internal Auditing and the pertinent regulations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

To ensure that the responsibilities of the IA are fully discharged, the BAC reviews:

- i) The appointment and removal of the DIA;
- ii) The adequacy of the IA's scope, competency, experience, and resources of the IA function;
- iii) Annual review of IA Charter;
- iv) BAC TOR once in every three (3) years;
- v) Annual IA Plan;
- vi) Setting of CKI/KPI for IA; and
- vii) The appraisal or assessment of performance of the IA function and performance of the DIA, who is responsible for the regular review of the effectiveness of risk management, control and governance processes within the Group.

The IA reports encompassing the significant internal audit findings together with recommendations thereon are presented to the BAC on a quarterly basis. The relevant Management is responsible to ensure that corrective actions on reported weaknesses are executed within an appropriate timeframe. The deadlines committed by relevant Management on corrective actions are monitored on a monthly basis and undue delays have to be justified to the BAC for approval.

The IA personnel constantly keep themselves abreast with developments in the profession, relevant industry and regulations through attendance at conferences/ trainings and knowledge sharing within the group.

To ensure independence of IA function, the BAC held separate meeting with the IA on 26 March 2020, without the presence of Management to discuss any pertinent issues relating to the 2020 annual audit that require special attention of the BAC other than those areas of audit emphasis highlighted.

In accordance with the BAC TOR, the BAC had in February 2021 conducted an annual assessment of the performance of the IAD by reviewing the 2020 IA Balance Scorecard as well as completing the annual IA Evaluation Questionnaire.

Disclosure that IA personnel are free from any conflicts of interest, the number of resources in the Internal Audit Department; name and qualification of the person responsible for Internal Audit; and whether the Internal Audit function is carried out in accordance with a recognised framework. (Practice 10.2 of MCCG)

All the IA personnel confirmed via the annual declaration that they are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

During the financial year under review, the IAD was headed by Encik Sukman Suzzak bin Zakaria ("Encik Sukman"), the former DIA and assisted by two (2) internal auditors and one (1) assurance officer at each material subsidiaries namely, Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas") CPI (Penang) Sdn Bhd ("CPI") and Century Bond Berhad ("CBB"). Encik Sukman is a fellow member of the Association of Certified Chartered Accountants ("ACCA") and a member of the IIA with more than 23 years of internal auditing experience. Besides that, all the internal auditors have the relevant tertiary education in audit. Encik Sukman resigned on 31 December 2020 upon expiry of his employment contract.

Following the above resignation, Madam Tan Eng Eng ("Eng Eng") was appointed as the DIA effective February 2021. Eng Eng graduated in BA Economic (Hons) from the University Malaya in 1997 and subsequently completed her Post Graduate studies of MBA (General) from the University of Strathclyde in 2003. She is a Fellow Member of ACCA, member of MIA and IIA. Eng Eng has vast experience in planning, supervision, coordination, and management of audit assignments including carrying out risk and control assessment of companies of various industries such as in Financial Institutions, Automotive-Retail, After Sales & Manufacturing, Construction & Property, Trading and Services.

The IAD function is guided by its Audit Charter as approved by the BAC which defines its responsibilities, authority and scope of work within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The BAC was satisfied that the IA function is performed in accordance with the IIA's Definition of Internal Auditing and Code of Ethics and that it conforms to the International Standards for Professional Practice of Internal Auditing ("IPPF"). The IAD is also guided by the MCCG issued by SC.



INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1) COMMUNICATION WITH STAKEHOLDERS

The Board ensures there is effective, transparent, and regular communication with its stakeholders (Practice 11.1 of MCCG).

The Company is committed to having open, clear and timely internal and external communications, recognising the importance of transparency, accountability and avoidance of selective dissemination in disclosing information on the Group's business activities and prospect to its stakeholders. The Company has in place the Investor Relations ("IR") Policy which sets out the principles and various platforms of communication relating to the dissemination of information. This enables both the Board and Management to communicate effectively with its shareholders and other stakeholders at all times via the following multiple channels of communications:

- a) The Annual Report and relevant circulars dispatched to shareholders and published on the Company's website;
- b) Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group to Bursa Securities;
- c) Series of engagement through IR programmes such as analyst and investor briefings; and
- d) AGM/EGM.

In addition, the Company has established and actively updates its corporate website at www.kps.com.my, which allows easy access to corporate information and provides a platform to gain feedback from stakeholders. In addition, the Company has also established an integrated IR portal in the corporate website where shareholders can remain updated on the latest information about the Group such as corporate announcements, quarterly financial results, stock charts, dividend payment and interactive annual reports to enable them to make informed investment decisions and for their feedback as well as concerns to be understood and answered.

Guided by the IR Policy, the Company has in place an IR Strategy that guides effective two-way engagements between KPS and the investment community as well as other stakeholders. Embedded in the strategy is a comprehensive approach to provide factual and adequate disclosure on the prospects of KPS' business through various communication channels to enable the shareholders and investors to make informed investment decisions about KPS.

To facilitate effective communications with stakeholders, the Board has mandated the Management to roll out various IR programmes, amongst others:

- a) Briefing sessions such as quarterly financial results, presentation to the investment community comprising analysts, investment managers (including one-on-one), significant shareholders, and minority shareholders at general meetings;
- b) Participation in non-deal roadshows organised by research houses;
- c) Plant visit to subsidiaries, targeting participants from analyst and fund managers; and
- d) Engagement with the media via centralised strategic communication.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework (Practice 11.2 - Not Adopted).

The Board acknowledges that the MCCG encourages the adoption of integrated reporting based on a globally recognised framework to improve the quality of information available to investors and promote greater transparency and accountability. Recognising that integrating reporting is a journey which requires cross functional efforts, the Company will gradually build upon the necessary processes and systems to support the development towards integrated reporting.

2) CONDUCT OF GENERAL MEETINGS

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting (Practice 12.1 of MCCG).

The AGM, which is held once a year, is the primary platform for shareholder engagement and for the Company to explain its progress and to answer any questions from shareholders, proxies and corporate representatives.

The Annual Report, together with the Notice of AGM for the 43rd AGM held on 30 June 2020, was sent to shareholders 28 days prior to the meeting, which is in accordance with Practice 12.1 of the MCCG and within the prescribed period as allowed under the Company's Constitution, Bursa Securities MMLR. Similarly, for this forthcoming 44th AGM to be held on 25 May 2021, notice of the same will be issued 28 days prior to the meeting. Where special business items appear in the notice of AGM, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact of the resolution.

The Notice is also published in the local newspaper (The Star) and made available on KPS' website at www.kps.com.my.

All directors attend General Meetings. The Chair of the BAC, NRC, BGRC and other BC provide meaningful responses to questions addressed to them (Practice 12.2 of MCCG).

The 43rd AGM of the Company was conducted entirely through live streaming from its corporate office as guided by the SC Guidance and FAQs on the Conduct of General Meetings for Listed Issuers (Guidance Note) with the enforcement of the MCO due to the COVID-19 pandemic. During the said meeting, four (4) Directors were present in person at the corporate office venue while four (4) Directors were present via online Webex platform while one (1) Director, namely Dato' Idris, was not present due to his attendance of a funeral of a close family member at the time the meeting took place.

Before commencement of the 43rd AGM, the MD/GCEO gave a detailed presentation of the Company and of the Group's financial performance for financial year ended 31 December 2019.

The Chairman of the Board chaired the 43rd AGM in an orderly manner and the shareholders were given the opportunity to submit questions online or to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group via a facility which is available on Tricor Investor & Issuing House Services Sdn Bhd ("TIHS")'s TIHS online website at: <https://tihs.online>. Detailed procedures were provided to the shareholders in the Administrative Details for the 43rd AGM.

The external auditors of the Company also attended the 43rd AGM virtually and were available to answer questions about the conduct of the audit, preparation and content of the auditors' report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

In line with MMLR, all resolutions passed at the AGM were conducted via poll voting. A poll administrator was appointed to conduct the polling process and independent scrutineers to verify the poll results at the AGM. In view that the 43rd AGM was conducted fully virtual, the shareholders cast their vote online via a facility which is available on TIIHS' TIIH online website at: <https://tjih.online>. The Chairman announced the poll results at the end of the AGM, and these were submitted to Bursa Securities on the same day for the benefit of all shareholders.

Leveraging on technologies to facilitate voting including voting in absentia; and remote shareholders' participation at General Meetings (Practice 12.3 of MCCG).

In light of the rapidly evolving developments relating to COVID-19 and the social distancing measures being widely implemented, KPS 43rd AGM was conducted entirely through live streaming from its corporate office. The shareholders participated in the virtual AGM via remote participation and voting facilities. This arrangement is in accordance with Clause 53(4) and (5) of the Constitution of the Company. To ensure the effectiveness of the proceeding and allow shareholders' participation at the AGM, KPS will continuously leverage on the advances in information technology and avail to the shareholders a platform upon which remote online voting (i.e. voting in absentia) can be cast whilst the broadcast is in session. During the broadcast, shareholders were given the option to submit their questions by using the Query Box for the Chairman/Board to respond.

In accordance with Paragraph 8.29A of Bursa Securities MMLR and to improve efficiency and accuracy of the AGM results, KPS has leveraged on technology to facilitate electronic voting ("e-voting") for the conduct of polling on all resolutions proposed at its AGM and EGM.

To facilitate the process, a Poll Administrator, namely TIIHS, was appointed to conduct the polling process and Boardroom Corporate Services Sdn Bhd as Scrutineers to verify the poll results. The Chairman announced the poll results at the end of the AGM, and these were submitted to Bursa Securities on the same day for the benefit of all shareholders. Minutes of the 43rd AGM was also made available on KPS' website.

Alternatively, the shareholders are allowed to appoint person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting.

COMPLIANCE STATEMENT BY THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has deliberated, reviewed and approved the CG Statement. Pursuant to Paragraph 15.25 of the Listing Requirements, the Board is pleased to report that the Board is satisfied that to the best of its knowledge, the Company has fulfilled its obligations in accordance with applicable laws, regulations, throughout the financial year ended 31 December 2020. Save as disclosed in our CG Report 2020, which is available on our Company's website www.kps.com.my, KPS is in compliance with the main principles of the MCCG.

This CG Statement was presented and approved at the meeting of the Board on 25 February 2021.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors is pleased to present this statement on Risk Management and Internal Control ("SORMIC"/This Statement) which outlines the nature of risk management and internal controls within Kumpulan Perangsang Selangor ("KPS" or "the Company" or "the Group") for the financial year ended 31 December 2020.

This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements and guided by the "**Statement on Risk Management and Internal Control** - Guidelines for Directors of Listed Issuers" issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). Risk management and internal controls are integrated into the management processes and embedded in all business activities within the Group.

This SORMIC does not deal with associate companies as the Group does not have management control over their operations.

2. RESPONSIBILITY OF THE BOARD

The Group is led by the Board. The Board affirms its responsibility for overseeing and ensuring a sound system of risk management and internal control for the Group. Such a system covers not only controls on the financial aspects, but also matters relating to operational, investment, risk management and compliance with applicable laws, regulations, and guidelines. Effective risk management helps the Group achieve its optimal performance and profitability targets by incorporating risk information for decision making.

The Board has delegated the risk management and governance responsibilities to the respective Board Committees to ensure independent oversight of internal controls and risk management. The Board is cognisant of the importance of having in place an integrated approach to manage key risks in achieving the Group's business objectives. The Board also recognises the fact that internal control systems are designed to manage and minimise rather than eliminate and avoid the occurrence of material misstatements, unforeseeable circumstances, fraud or losses.

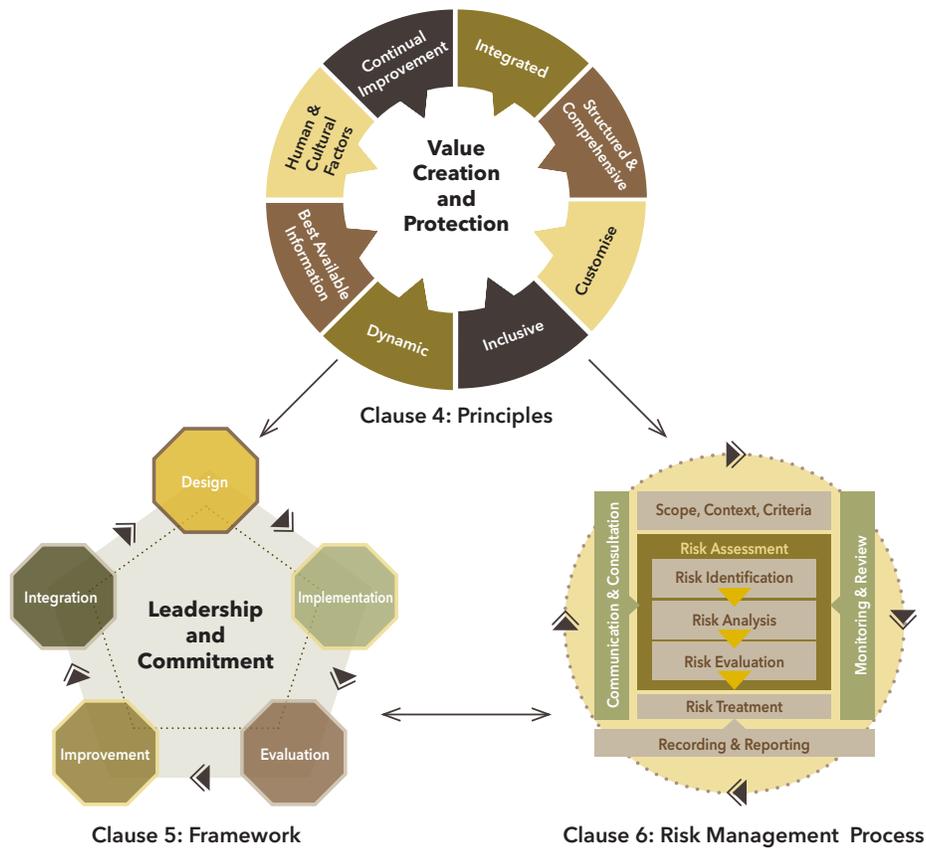
During the year under review, the Board Risk and Compliance Committee ("BRCC") was renamed as the Board Governance and Risk Committee ("BGRC") following the establishment of Integrity and Governance Unit ("IGU") in November 2020 which reports to the BGRC. The primary roles of BGRC are to provide oversight and advice to the Board with respect to risk management, internal control systems and governance matters through various policies, terms of reference, processes, initiatives and compliance with applicable laws and regulations. This is to ensure effective management of regulatory compliance throughout the Group.

The Group consistently includes deliberation of key risk issues, regulatory compliance matters and operational concerns of all subsidiaries and associate companies in the quarterly convened Executive Committee ("EXCO") meetings, Risk and Governance Working Committee ("RGWC") meetings, Subsidiary Board meetings, Board Committee meetings and Board meetings.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

3. RISK MANAGEMENT

The Group has established an Enterprise Risk Management (“ERM”) framework based on the ISO 31000:2018 International Standard of Risk Management - Principles and Guidelines, to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group’s commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach to managing key risks. To uphold this broader risk management framework, the Group have an internal control system that augments the adequacy and effectiveness of the risk management process. The main aspects of risk management and internal control systems are as outlined below:



(Note: Clause references are to corresponding provisions of ISO 31000:2018)

The ERM framework includes a formalised reporting structure which comprises the BGRC chaired by an Independent Director. The BGRC deliberates, recommends and reports on all ERM and compliance related matters to the Board of Directors of KPS. The BGRC is supported by the RGWC, which is chaired by the Managing Director / Group Chief Executive Officer (“MD/GCEO”). Both the BGRC and RGWC convene quarterly.

By function, the RGWC assists the BGRC in providing: oversight, direction and counsel on the overall risk management process; establishing and reviewing the risk management framework, processes and responsibilities; and in providing reasonable assurance that the risks are managed within tolerable ranges.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The BGRC's and RGWC's Terms of Reference have been established and approved by the Board and BGRC respectively to enhance the Group's corporate governance.

The Group has executed ERM initiatives based on the approved ERM framework and these include continuous review, tracking and monitoring of key mitigation strategies, implementation of action plans and identification of key risk areas.

3.1 RISK MANAGEMENT DEPARTMENT

The Risk Management Department ("RMD") supports the Board and BGRC in discharging their risk management responsibilities. The RMD is established to provide adequate support to both the head office and subsidiary companies with regards to ensuring consistent implementation of risk management activities. The priorities and direction of RMD activities are aligned with the overall corporate strategic plan.

3.2 RISK MANAGEMENT POLICY

The Board has a stewardship responsibility in the oversight of enterprise risk by:-

1. Developing policies and procedures around risk that are consistent with the organisation strategy and risk appetite;
2. Overseeing management's implementation of risk management policies and procedures; and
3. Taking the necessary steps to foster a culture of risk awareness.

During the year, the Board approved an updated Enterprise Risk Management Policy. This policy adopts the key principles of ISO 31000:2018. The Board has communicated the updated requirements of the Enterprise Risk Management Policy throughout the organisation for the purposes of guiding the organisation to deal with both current and emerging risks. The policy addresses the following:

1. To embed and dissolve risk management processes into all policies and procedures.
2. To identify, assess and analyse both risks and opportunities.
3. To embrace greater transparency culture.
4. To ensure that risk assessment is performed and that the process is embedded in the system.
5. To require that an effective and formalised risk management framework is established and maintained by KPS.

The KPS Board Charter includes risk management and internal control oversight as one of the main functions of the Board, in line with the requirement under the Companies Act 2016. The Board Charter can be found in the Company's website specifically under Corporate Governance section.

3.3 RISK MANAGEMENT PROCESSES

3.3.1 CONTINUOUS RISK IDENTIFICATION AND ASSESSMENT

KPS Headquarters (Company Level)

The RMD is responsible for developing, coordinating and facilitating the risk management processes within the Group. A database of risks and mitigation strategies are captured in risk registers. Continuous risk assessment and challenge sessions are conducted to ensure the risk mitigation strategies are updated. Risk owners present their risk updates to the RMD for further deliberation on their adequacy and completeness.

High Level Risk profiles for the key business units are also presented to the RGWC, BGRC and the Board on a quarterly basis for deliberation and approval.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

KPS Subsidiaries

During the year under review, the key risk areas for subsidiaries were identified and assessed together with the respective key management and EXCO of the respective subsidiaries and they were subsequently approved by the respective subsidiaries' Board of Directors.

3.3.2 MONITORING OF KEY MITIGATION ACTIONS AND KEY RISK INDICATORS

Key mitigation actions and key risk indicators are reviewed and updated for each of the identified key risks areas for KPS and its subsidiaries. During the financial year under review, new key mitigation actions were established in line with the updated Group business initiatives while the status of the implementation was reviewed, tracked and monitored based on the agreed estimated timeline for completion. Any delays in the key mitigation actions would be highlighted and reported to RGWC, BGRC and Board on a quarterly basis.

3.3.3 CONTINUOUS RISK AWARENESS AND RISK CULTURE EMBEDMENT

To inculcate the risk management culture within the Group, ERM Key Performance Indicators ("KPIs") have been included as part of each of the departments' KPIs.

As part of the risk management culture embedment initiative, RMD on 14 September 2020 and 2 October 2020 organised risk awareness sessions for key management of the subsidiaries.

The objectives of the sessions were:

- i) To update and refresh on current trends and key challenges ahead with regards to risk management and corporate governance; and
- ii) To inform and create awareness on types of cybersecurity risks.

3.3.4 RISK APPLICATION

KPS's risk management is embedded in every aspect of its business operations. Risk management is applied when there are changes to the business processes, system changes and business direction due to internal and external factors.

During the year under review, RMD was involved in various key business processes such as process reviews of various policies and standard operating procedures ("SOP"), advisory assistance in Information Technology ("IT") risk assessments, investment or divestment evaluations and information system upgrading.

3.4 KEY RISK AREAS

The risk management process is continuously embedded into key business processes, enabling effective risk management practices group-wide. During the year under review, KPS regularly assessed, deliberated, and monitored the key risk areas as follows:

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK AREAS	KEY MITIGATION ACTIONS
<p>1. Cashflow Monitoring</p> <p>Monitoring cash and collateral obligations is crucial to supporting ongoing funding requirements. This entails coordination of various sources of available funds for business and potential investment.</p>	<ul style="list-style-type: none"> Establishment of Fund Management Policy to govern the process of surplus funds. Regular monitoring of receivable balances and follow up via stringent credit policy. Funding strategy to support business growth and working capital requirements for the Group.
<p>2. Business Continuity and Crisis Response Risk</p> <p>Robust business continuity plans and crisis communication strategies are imperative for the Group's business. These enable the Group to continue sustaining business while maintaining stakeholder confidence during stress scenarios.</p>	<ul style="list-style-type: none"> Establishment of Group business continuity plan, crisis communication plan and strategy to enable consistent and robust crisis response. Establishment of crisis sub-committees such as crisis management team, emergency response team, disaster recovery team and Health, Safety and Environment ("HSE") team. Loss prevention strategy by procuring optimum insurance coverage.
<p>3. Cybersecurity Risk</p> <p>Cybersecurity risk is an emerging and quickly evolving risk area. These include threats to confidentiality, availability and integrity of KPS digital assets, network and system security.</p>	<ul style="list-style-type: none"> Deployed security measures to protect confidential information against cybersecurity threats. Continuous monitoring review on IT security and safety. Continuous training on cyber security awareness.
<p>4. Regulatory Risk</p> <p>The Group has regional presence and is subject to regulatory requirements in different jurisdictions. These require consistent monitoring and supervision to ensure continued compliance.</p>	<ul style="list-style-type: none"> Legal and Compliance Department retains overall responsibility for regulatory compliance. Heads of subsidiaries and assurance officers are concurrently responsible to escalate compliance issues to Legal and Compliance Department. Establishment of Sustainability Board Committee and Corporate Sustainability Champions to address Economic, Environmental and Social ("EES") responsibilities.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK AREAS	KEY MITIGATION ACTIONS
<p>5. Crisis Response Risk - COVID-19</p> <p>The COVID-19 pandemic and Movement Control Order (“MCO”) enforced by various governments where the Group has presence in 2020 has resulted in close monitoring of its impact to the Group’s operations. The priority is largely focussed on health, safety and working environment for our employees and customers, as well as compliance with applicable rules and regulations in different jurisdiction.</p>	<ul style="list-style-type: none"> • Approved and documented Business Continuity, Crisis Response Plan and Crisis Communication to be used as guideline by all subsidiaries. • Continuous guidance issued Group-wide by Crisis Management Team on latest security and health requirements. • Strong HSE culture at all factories. • Activation of Work From Home procedures for non-core activities. • Establish strong rapport with relevant government agencies and local health authorities. • Sanitisation, temperature screening, social distancing, travelling restriction and compulsory face mask procedure in line with the applicable local authorities’ requirement. • Adequate insurance coverage and social insurance for employees to perform swab test and to be warded. • Adequate alternative suppliers if the main supplier could not meet the quantity for production demand due to MCO.

4. CONTROL STRUCTURE AND ENVIRONMENT

The Group has established an internal control structure and is committed to continuously evaluating, enhancing and maintaining the structure to ensure effective control over the Group’s business operations as well as to safeguard the value and security of the Group’s assets. There is a clearly defined operating structure with lines of responsibility and delegated authority to assist the Board to maintain proper control. The key elements that support the control structure and environment are described as follows:

4.1 BOARD COMMITTEES HAVE CLEARLY DEFINED ROLES AND TERMS OF REFERENCE

Respective Board Committees have individual roles and Terms of Reference with clearly defined functions, authority and responsibilities. The management of the various subsidiaries in the Group is entrusted to the respective Chief Executive Officers or Chief Operating Officers, whose roles and responsibilities are defined in the job description and whose authority limits are set by the respective Boards. All major decisions require the final approval of the respective Boards within the Group and are only made after appropriate in-depth analysis. The respective Boards receive regular and comprehensive information covering all divisions in the respective subsidiaries within the Group.

The details of the Board Charter can be found in the Company’s website at www.kps.com.my.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.2 INDEPENDENCE OF THE BOARD AUDIT COMMITTEE

Members of the Board Audit Committee ("BAC"), comprising exclusively Non-Executive Directors of the Board, are persons of high calibre and integrity; they collectively possess vast experience, knowledge and expertise across many industries. The BAC plays a significant role in helping the Board to fulfil its oversight responsibilities through the review of financial information and to provide an unbiased review of the effectiveness and efficiency of the Group's internal controls from an independent perspective.

The BAC has explicit authority to review and investigate any matters within its terms of reference and has:

- (i) the required resources to perform its duties;
- (ii) full and unrestricted access to any information pertaining to the Company and Group including the support and cooperation from Management;
- (iii) direct communication channels with both the External and Internal Auditors to obtain independent professional advice; and
- (iv) the right to convene meetings with the External Auditors, the Internal Auditors, or both without the presence of other Executive Directors and employees of the Company, whenever deemed necessary.

In addition, the BAC also ensures the objectivity, effectiveness and independence of the Internal Audit Function ("IAF") of Management. The direct accountability of IAF to the BAC enables the internal audit activity to be independent, and the Internal Auditors to be objective in performing the internal audit activity. During the year under review, the BAC Terms of Reference ("TOR") was reviewed and approved by the Board in November 2020. The details of the BAC TOR can be found in the Company's website at www.kps.com.my.

4.3 INTERNAL AUDIT

The Internal Audit Department ("IAD") which is an integral part of the Group's internal control systems, reports directly to the BAC. The IAD's primary role is to provide independent and objective assurance designed to add value and improve efficiency of operations within the Group. It assists the Group in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The mission for internal auditing is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The annual internal audit plan, established on a risk-based approach, is reviewed and approved by the BAC annually. The IAD's performance and conduct is guided by The International Standards for the Professional Practice of Internal Auditing (the IIA Standards) and the International Professional Practices Framework ("IPPF"). IPPF is the conceptual framework that organises authoritative guidance promulgated by the Institute of Internal Auditors ("IIA").

The IAD is also guided by the Malaysian Code on Corporate Governance established by Bursa Securities.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.4 DOCUMENTED INTERNAL POLICIES AND PROCEDURES

The Group periodically reviews, updates and establishes the internal policies and standard operating procedures for improvement and to reflect changes in the business structure and processes as and when necessary. The main policies and procedures are as follows:

4.4.1 FINANCIAL POLICIES & PROCEDURES

- i) Delegation of Authority (“DoA”) and Limit of Authority/Financial Authority Limit (“LOA/FAL”)
 - There is an organisational structure with formally defined lines of responsibility and delegation of authority to ensure proper identification of accountability and segregation of duties.
 - There are operational authority limits imposed on the MD/ GCEO and Management within the Group with regards to day-to-day operations.
- ii) Treasury Policy

The Treasury Policy, which covers policy in relation to fund management, financing and inter-company advances, was established with the objective of ensuring all transactions are properly authorised and reviewed in order to safeguard the Company’s interests in its treasury activities as well as to enable preparation of proper financial statements.
- iii) Related Party Transactions Policy and Procedures

This policy aims to: -

 - Provide guidelines for KPS and its subsidiaries under which all related party transactions are reviewed by the BAC and approved by the Board;
 - Provide guidance to management and employees to ensure that all transactions involving potential related parties are determined at an arm’s length basis while any conflicts of interest are appropriately disclosed and addressed; and
 - Ensure compliance with the disclosure requirements for all related party transactions.
- iv) Foreign Exchange Policy and Guidelines

The Foreign Exchange (“FX”) Policy is to cater for business in international markets as the Group is exposed to FX risks which could affect revenue, cost competitiveness and profitability.

The main objective of the FX Policy is to ensure all FX exposures are prudently managed and mitigated in order to minimise negative effects of adverse exchange rate fluctuation.
- v) External Auditors Assessment Policy

The objective of the External Auditors Assessment Policy is to outline the guidelines and procedures to be performed by the BAC in assessing, reviewing, selecting and appointing External Auditors.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

According to Section 271(4) of the Companies Act 2016, the Company shall at each annual general meeting appoint or re-appoint the External Auditors of the Company. The appointed External Auditors shall hold office until the conclusion of the next annual general meeting of the Company.

- vi) Appointment of Existing External Auditors for Non-Audit Related Services Policy

The Policy on Appointment of Existing External Auditors for Non-Audit Related Services is a set of basic principles and guidelines enforced by KPS relating to the appointment of existing external auditors for non-audit related services in the Group.

- vii) Dividend Policy for Subsidiaries

This policy is a set of guidelines established to ensure that dividends declared are in reflection of subsidiaries financial and cashflow position, operating performance and future investment needs in order to ensure sustainable returns to the shareholders.

- viii) Budgeting Process

A detailed budgeting process exists to require all entities in the Group to prepare budgets annually, which are discussed at management level and approved by the respective subsidiaries' Boards.

A reporting system on actual performance against approved budgets is in place whereby significant variances are reported on a monthly basis to management and on a quarterly basis to the Board.

4.4.2 BUSINESS PLANNING, INVESTMENT POLICIES AND PROCEDURES

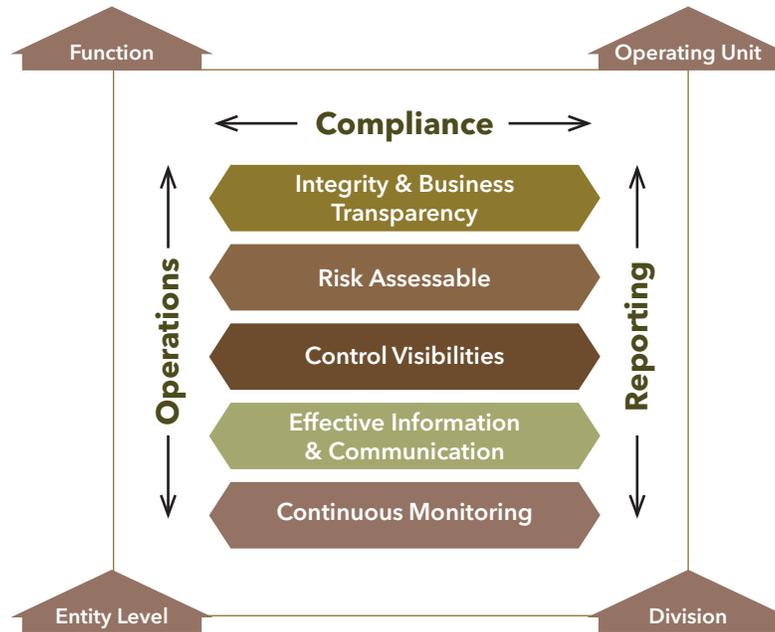
The Group has established policies and procedures for business planning, investment evaluation and monitoring which includes business planning processes and approval, investment mandate and criteria, tracking mechanism and establishment of the Investment Evaluation Committee ("IEC") and Board Investment Review Committee ("BIRC"), whose terms of reference are reviewed periodically.

4.4.3 KPS INTERNAL CONTROL FRAMEWORK ("KPS-ICF")

Any effective internal control system works best with certain components that reflect the overall mission, strategies and related business objectives. During the financial year, a structured KPS Internal Control Framework ("KPS-ICF") was established and approved by the Board on 28 May 2020. This KPS-ICF is intended to strengthen the governance process and internal control design in the Group by driving a uniformity of internal control structures, for the purposes of meeting strategic objectives of the businesses.

The KPS-ICF was developed based on Committee of Sponsoring Organizations of the Treadway Commission ("COSO")'s Internal Control-Integrated Framework commonly used by many global organizations. The KPS-ICF Model was designed and established featuring five (5) customised control components similar to COSO i.e. Integrity and Business Transparency, Risk Assessable, Control Visibilities, Effective Information and Communication and Continuous Monitoring.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL



During the year under review, roll-out training on the KPS-ICF was conducted on 3 December 2020 for KPS' employees.

4.4.4. WHISTLEBLOWING POLICY AND GUIDELINES

The Whistleblowing Policy and Guidelines ("Whistleblowing Policy") are continuously reviewed to ensure effective implementation. The intent of the Whistleblowing Policy is to enable any individuals to raise concerns regarding malfeasance within the Group. The Whistleblowing Policy was developed to achieve two (2) primary objectives as follows:

1. To provide a safe and acceptable avenue for employees or any other stakeholders to raise concerns so that they can be addressed in an independent and unbiased manner; and
2. To provide an internal mechanism for the organisation to be notified about concerns at the workplace and further if required, take any action deemed appropriate.

The details of the Whistleblowing Policy can be found in the Company's website, accessible to all. This is articulated in the Whistleblowing Policy where the whistleblowing officer can be contacted either via emails, letters or calls. If the reporting individuals feel that the matter is so serious and cannot be raised via any of the abovementioned channel, they may contact the Chairman of BAC, being the Director identified in this annual report.

Post establishment of the IGU, administration of the Whistleblowing Policy was transferred to IGU in February 2021. In conjunction with the same, complaints from reporting individuals are now to be escalated to Chairman of BGRC instead of Chairman of BAC.

4.4.5 INTERNAL DOCUMENT POLICY

The Board approved the establishment of an Internal Document Policy with the aim of establishing standardised internal documents with focus on the Policy Papers, Framework, Guidelines, Procedures and other documents ("Internal Documents"). It outlines the fundamental elements of document management including document development, approval, maintaining (retention), implementation and review of an Internal Document.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.4.6 PERSONAL DATA PROTECTION (“PDP”) POLICY

The Personal Data Protection Act 2010 (“PDPA 2010”) has been implemented to govern the processing of any personal data with respect to commercial transactions. Pursuant thereto, KPS has established a PDP Policy that sets forth the personal data protection guidelines and standards that govern the Group in managing the collection, processing, usage, retaining and disclosure of personal data in accordance with the PDPA 2010.

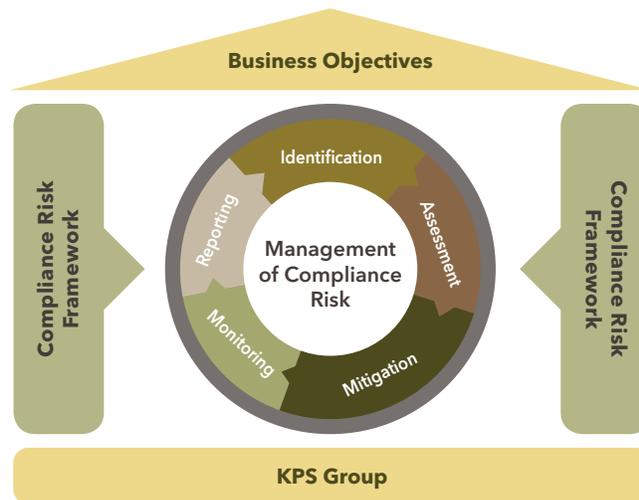
4.4.7 COMPLIANCE POLICY

KPS aims to create a business culture that gains the trust and confidence of its stakeholders and the public while at the same time promoting business transparency via dedication and commitment towards compliance with all laws and regulations. While the business units within the Group are primarily responsible for managing compliance risk in their day-to-day business activities, the Legal and Compliance Department is responsible for ensuring that adequate control are in place to manage compliance risk.

The Compliance Policy contains the principles and guidelines adopted by the Group and explains the main processes by which compliance risks are to be identified and managed at all levels of the Group. The Compliance Policy also sets out the expectations of the Board on the senior management to oversee and ensure the effective management of compliance risk.

4.4.8 COMPLIANCE RISK FRAMEWORK

KPS recognises that there are five (5) elements for an effective compliance management framework. The framework is depicted by the diagram below:-



This framework will periodically be assessed and reviewed by Legal and Compliance Department to ensure that it remains relevant to the Group’s changing business circumstances.

The Legal and Compliance Department coordinates compliance risk management activities to identify, assess, mitigate and educate KPS' employees on the risk of non-compliance. These are to provide reasonable assurance that the Group’s operation and activities are conducted in line with key regulatory requirements. The Legal and Compliance Department also reports the Group’s state of compliance via quarterly reporting to relevant boards and committees within the Group.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.4.9 ANTI-BRIBERY AND CORRUPTION POLICY

To strengthen anti-bribery and corruption management in the Group, the Anti-Bribery and Corruption Policy (the "ABC Policy") was approved by KPS in November 2019 and subsequently adopted by all subsidiaries in March 2020. The ABC Policy is intended to ensure the Group's readiness to combat corruption and any wrongdoings effectively as well as to establish adequate procedures against the corporate liability provisions under Section 17A of MACC Act 2009 which came into force on 1 June 2020. This ABC Policy is applicable to the Group, its controlled organisations, business associates acting on the Group's behalf, board of directors and all employees of the Group.

In line with the Government's directive and effort to strengthen the governance and integrity of all government-linked companies ("GLC"), the Board had on 27 November 2020 approved the establishment of IGU at KPS. The function of IGU is to oversee four (4) core functions which are complaint management, detection and verification, integrity strengthening and governance.

Establishment of IGU is intended to further encourage integrity and promote ethical practices within KPS. It will also assist KPS in creating a business environment free from corruption, abuse of power and misappropriation in line with the provisions of Section 17A of MACC Act 2009.

4.4.10 HUMAN RESOURCE POLICIES

The Human Resource Policy provides clear guidelines for KPS to enforce key aspects of human resources practices in an objective and consistent manner. The policy set standards that guide KPS in managing its business and employees effectively and efficiently. In line with effective control and compliance with good corporate governance, policies have been introduced, properly executed, monitored and controlled.

- Talent Management and Succession Planning Policy
- Performance Management System Policy
- Recruitment and Staffing Policy
- Conflict of Interest Policy
- Senior Management Remuneration Policy
- Head of Subsidiary Appointment Policy
- Entertainment and Gift Policy

The Human Resource Development ("HRD"), being the custodian of the policies, shall always and continuously provides effective human resource management support by translating the policies into programmes and services that contribute to the attainment of the organisation and individual goals. During the financial year under review, HRD together with the "PRiDE" Core Values change agent continued the core value 2.0 trainings to all KPS' employees as well as subsidiaries namely Aqua-Flo Sdn Bhd and Century Bond Bhd.

KPS believes that its business operations should be conducted in a fair, transparent, and responsible manner in compliance with all laws and regulations.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Employees are expected to conduct themselves and discharge their duties and responsibilities by adopting and adhering to the highest standards of KPS "PRiDE" Core Values. Employees are required to uphold and protect the interests of the organisation and to avoid any conflict or potential conflict between their personal interests and the interests of KPS. The Conflict of Interest Policy was established to align with the MACC Act 2009, Whistle-blower Protection Act 2010, Companies Act 2016 and all applicable laws and regulations in Malaysia.

4.4.11 PROCUREMENT POLICY

The Procurement Policy was established with the objective of achieving high standards of professionalism, transparency and accountability while maximising efficiency, effectiveness and flexibility in the procurement process within a system of checks and balances. This is to ensure that the Group obtains the best value in quality goods and services.

4.4.12 INFORMATION TECHNOLOGY POLICY

The IT Policy aims to promote, standardise, develop and implement IT activities across the Group. The IT Policy is intended to ensure that corporate IT resources are appropriately protected from hazards, that these measures are achieved in a manner consistent with the business and workflow requirements, that data integrity and security is intact, and that growth of the IT culture is strong.

4.4.13 DIRECTOR REMUNERATION POLICY

The Directors' Remuneration Policy ("DR Policy") is established to provide formal and transparent guidelines with regards to the remuneration benefits for members of the Board, Board Committees and subsidiaries and/or associates of KPS. The DR Policy is designed to support the Company's key strategies and create a strong performance-oriented environment, and to be able to attract, motivate and retain talent as well as promote business stability and growth of the Company.

4.4.14 INVESTOR RELATIONS POLICY

The Investor Relations ("IR") Policy is established with the aim of ensuring compliance with Bursa Securities' guidelines and other governing laws and regulations regarding disclosure of material information, as well as to manage investor expectations by making all required disclosures on a broadly disseminated basis with a balanced view of the prospects of KPS and its business.

The IR Policy shapes the IR strategy and the foundation of its initiatives which places emphasis on clarity and reliability of the disseminated information, its openness, timeliness and consistency. The IR Policy is the framework based on which the Board, Management and relevant employees frame effective communication with the shareholders, investors, other stakeholders, and the general public. It also facilitates feedback, which can be factored into future business decisions.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.4.15 SUSTAINABILITY POLICY

The Policy serves to drive KPS's commitment in conducting its business responsibly through the integration of Economic, Environmental and Social ("EES") considerations in its business strategy and operations. For every decision made, KPS strives to ensure that the Group's activities create long term value for all its stakeholders via sustainable development practices. In executing the Group's strategy, every level within KPS shall strive to do it in a manner that addresses the EES risks and opportunities in achieving business and operational excellence.

4.4.16 BUSINESS CONTINUITY PROGRAMME

KPS has a robust Business Continuity Management ("BCM") Programme based on the ISO 22301 standards. The programme is a management process that aims to build the capability of the Group to recover and continue delivery of products and services at acceptable pre-defined levels in the event of any prolonged disruptions. The programme includes Business Continuity Plans ("BCP"), Business Impact Analyses, Business Recovery Strategies, Testing & Exercising and risk assessments. The BCP Policy, Business Continuity Plan, Crisis Management Guidelines and Crisis Communication Policy were established to drive this. Tests on the Group BCP were also conducted to ensure the BCP effectiveness. The BCM programme was further extended to the subsidiaries.

4.4.17 DISASTER RECOVERY PLAN

KPS has established its Disaster Recovery Plan ("DRP") with the main objective of ensuring speedy recovery of critical IT applications essential to the business operations in the event of a disruption. The DRP is a key component of KPS' BCM.

Data is backed-up and stored on a daily basis at the off-site data centre located in Cyberjaya. The quality of backed-up data is verified by the IT unit on a daily basis.

The details of the Whistleblowing Policy, Directors Remuneration Policy, Senior Management Remuneration Policy, Enterprise Risk Management Policy, Anti-Bribery and Corruption Policy, Sustainability Policy and Investor Relations Policy can be found in the Company's website at www.kps.com.my.

5. MONITORING AND REVIEW

The processes adopted to monitor and review the effectiveness of the internal control system are as follows:

- i) All subsidiaries submit monthly Management Reports to their respective EXCO and Finance Departments. The reports include a review of actual results against the preceding year as well as against the budget, with significant variance being explained and necessary actions taken.
- ii) Investment proposals and investment performance reports are tabled to the Board Investment Review Committee ("BIRC") on a quarterly basis. The Chairman of the BIRC would then update the Board on matters deliberated.
- iii) Quarterly risk and compliance reports are tabled and deliberated at the RGWC and BGRC meetings for onward submission to the Board for deliberation.
- iv) Quarterly financial performance reports from the management of KPS and its subsidiaries are tabled to the BAC for deliberation and thereafter recommended to the Board for approval.
- v) The BAC meets at least every quarter to review internal audit findings and ensure that highlighted weaknesses in internal controls are appropriately addressed by management. The BAC is supported by the IAD in terms of the following:

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

- Internal Audit findings are discussed with auditees and respective EXCO members with recommendations provided to address the issues.
- Submission of reports to the BAC at quarterly intervals containing improvement opportunities, audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies.
- Monthly follow-up reviews via the Internal Audit Findings Register to determine the adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendations highlighted in the 2020 internal audit reports with progress updates provided to the BAC on a quarterly basis.
- Continuous review of the BAC TOR to reflect updates to the current business environment, including Malaysia Institute of Accountant by-law requirements and the formation of the IGU in relation to investigation functions.

Continuous efforts are undertaken to ensure standardisation, timeliness and comprehensiveness of key internal control procedures. The system of internal controls has clear management support, including the involvement of the Board, and is designed to address the risks to which the Group is exposed.

6. CONCLUSION

For the financial year ended 31 December 2020, the Board has actively monitored and reviewed the risk management practices and effectiveness of the internal control structure, based on the adopted ERM framework which includes processes for identifying, evaluating and managing significant risks faced by the Group. This is an on-going process which includes enhancement of the relevant key internal controls when there are changes in the business environment.

The Board is also assisted by the Management in the implementation of the Board's policies and procedures on risk and control. This includes the identification of risk control measures to address pertinent and relevant risks affecting the Group.

The Board has received reasonable assurance from the MD/GCEO and DCEOFCS that the Group's current risk management framework and internal control structure is operating adequately and effectively in all material aspects, based on the current risk management and internal control system of the Group. Where weaknesses are identified, rectification steps have been put in place.

Based on the assurances provided and with the implementation of a risk management framework as well as the adoption of an internal control system, the Board is of the opinion that the risk management and internal control system for the year under review, up to the date of the issuance of the Group's financial statements, are adequate and effective in safeguarding shareholders' investments and all stakeholders' interests.

7. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants.

Based on the procedures performed and evidence obtained, the external auditors have reported to the Board that nothing has come to their attention to cause them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, nor is the statement factually inaccurate.

BOARD AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the report of the Board Audit Committee (“BAC”) Report which provides insights into the manner in which the BAC discharged its functions for the Company and Group in 2020.

The BAC (as a sub-committee of the Board) plays a substantial role in providing assistance to the Board in fulfilling its oversight responsibilities through review of financial information and provides an unbiased review of the effectiveness and efficiency of the Group’s internal controls from an independent perspective. This is to ensure the Group’s alignment to best practices and that the Group operates efficiently in a dynamic market environment.

1. MEMBERS OF BAC AND ATTENDANCE

The composition of the BAC fulfills the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) as follows:

Committee Member	Designation	Appointment	Attendance
YBhg Dato’ Idris bin Md Tahir (Chairman)	Independent Non-Executive Director	15 August 2013	6/6
Encik Koay Li Onn (Leon)	Independent Non-Executive Director	1 January 2019	6/6
Encik Soffan Affendi bin Aminudin	Non-Independent Non-Executive Director	27 February 2020	6/6
YBhg Dato’ Noorazman bin Abdul Aziz	Independent Non-Executive Director	27 August 2020	1/1
Puan Rita Benoy Bushon	Independent Non-Executive Director	4 October 2018*	4/4

* Resigned as a member of the BAC from 30 June 2020

- Comprised no fewer than three (3) members;
- All five (5) members are Non-Executive Directors, majority of whom, including the BAC Chairman are independent and none of them are alternate Directors; and
- Having at least one (1) qualified accountant member meeting the requirements of paragraph 15.09(1)(c) of the MMLR.

The BAC Chairman, YBhg Dato’ Idris bin Md Tahir, is a member of the Malaysian Institute of Accountants (MIA), a former fellow member of the Chartered Institute of Management Accountants (CIMA) and former member of the Institute of Internal Auditors Malaysia (IIAM).

BOARD AUDIT COMMITTEE REPORT

2. MEETINGS

The BAC met on six (6) occasions during the financial year with meetings conducted in accordance with the requisite quorum as stipulated in the BAC's Terms of Reference ("TOR"). Detailed TOR for the BAC is available online under the Investor Relations-Corporate Governance section of the Company's website at www.kps.com.my.

3. SUMMARY OF ACTIVITIES

The BAC deliberates various agenda in its meetings such as in relation to the quarterly unaudited financial statements, accounting policies and reporting matters, internal control matters as well as other topics that are relevant to the Group's business and investments. The BAC invites the MD/GCEO and DCEOFCs to attend the BAC meeting. Upon request by BAC, other Management will attend certain BAC meetings.

During the financial year, BAC also held separate meetings with external auditors as well as Internal Auditors without the presence of Management to discuss any matters of concern.

In conducting its roles and responsibilities, BAC is guided by its TOR, which was approved by the Board and aligned to the provisions of the MMLR and other best practices. During the financial year under review, the BAC in the discharge of its functions and duties had carried out the following:

3.1 FINANCIAL REPORTING

- a) On 25 February 2020 and 26 March 2020, the BAC reviewed the financial results for the fourth quarter ended 31 December 2019 and reviewed the External Auditors Assessment for financial year ended 31 December 2019 ("FY2019") and the audited financial statements for FY2019 respectively, and recommended the same to the Board for approval.

- b) The BAC reviewed the quarterly financial results for the first, second and third quarter of 2020 on 21 May 2020, 24 August 2020, and 23 November 2020 respectively and recommended the same to the Board for approval.

On 23 February 2021 and 25 March 2021, the BAC reviewed the financial results for the fourth quarter ended 31 December 2020 and the audited financial results for financial year ended 31 December 2020 respectively and presented the same to the Board for approval.

- c) During the reviews, the BAC sought from Management additional details and explanation of material line items as well as line items that had significant movement. The material line items include related party transactions ("RPT") entered by the Company and the Group and the potential impairment of assets.
- d) On 23 November 2020, BAC reviewed two (2) policies namely RPT and External Auditors Assessment and recommended the same to the Board for approval.

3.2 EXTERNAL AUDIT

- a) On 25 February 2020, the BAC was updated by BDO on Areas of Audit Emphasis by External Auditors for FY2019, and reviewed the issuance of Letters of Financial Support to subsidiary companies for FY2019.
- b) On 26 March 2020, the BAC reviewed the External Auditors Assessment for FY2019 and recommended the same to the Board for approval.

BOARD AUDIT COMMITTEE REPORT

- c) On 24 August 2020, the BAC reviewed and discussed with Management together with the external auditors, the 2020 Audit Planning Memorandum presented by the latter, prior to commencement of the audit. The following items were deliberated during the review and discussion:
- BDO audit approach by using risk and assurance models;
 - Materiality and performance materiality;
 - The areas of significant audit emphasis such as: -
 - i. Property, plant and equipment, and investment properties - impairment assessment;
 - ii. Right-of-use assets and lease liabilities;
 - iii. Investments in subsidiaries and associates and recoverability of their amounts due;
 - iv. Goodwill and intangible assets - impairment assessment;
 - v. Inventory valuation;
 - vi. Receivables and impairment;
 - vii. Completeness of borrowings;
 - viii. Revenue recognition;
 - ix. Corporate exercises disclosures; and
 - x. Potential effects of COVID-19 pandemic on financial reporting.
 - BDO engagement team members;
 - The 2020 Audit timeline; and
 - The 2020 Audit fees.
- d) On 23 February 2021, the BAC reviewed the financial results for the fourth quarter ended 31 December 2020 and recommended the same to the Board for approval. On the same date, the BAC also received and discussed updates from the external auditors on the progress of the 2020 annual audit. Significant accounting and auditing issues deliberated include the following:
- Appropriateness and measurement of carrying amounts of trade receivables; and
 - Appropriateness and measurement of the carrying amounts of goodwill and intangible assets.
- e) On 25 March 2021, the BAC reviewed and recommended to the Board for approval the final draft of the external auditor's report on the Company and the Group's annual financial statements.
- f) The BAC held without Management's presence, three (3) private sessions on 26 March 2020, 23 February 2021 and 25 March 2021 with the external auditors to reinforce independence. Matters discussed on these occasions included whether there were any pertinent issues relating to the financial statements that require special attention of the BAC other than those areas of audit emphasis highlighted. The BAC also enquired whether the external auditors received cooperation from Management during their course of their audit.

BOARD AUDIT COMMITTEE REPORT

3.3 INTERNAL AUDIT

- a) Reviewed and approved the 2020 Internal Audit Plan on 13 December 2019.
- b) Reviewed and approved the result of 2019 Internal Audit Department (“IAD”) Key Performance Indicators (“KPIs”) and 2020 KPIs on 25 February 2020.
- c) The BAC held one (1) private session with the Internal Audit Director on 26 March 2020. Matters discussed during the session included whether there were any pertinent issues relating to internal audit functions and forward road map.
- d) Reviewed and discussed the 2020 internal audit reports during the series of BAC Meetings and sought Management’s explanation on issues highlighted in the internal audit reports.
- e) Reviewed on a quarterly basis, the status of implementation of the internal audit recommendations by the Management and sought Management’s explanation on long overdue action items.
- f) Pre-BAC meetings were held between the BAC Chairman, Internal Audit Director and Internal Audit Associate Director to discuss key internal controls and internal audit related matters.
- g) Reviewed and approved revisions to the Internal Audit Charter on 21 May 2020.
- h) Reviewed and approved the establishment and formalisation of KPS Group Internal Control Framework on 21 May 2020 and recommended the same to the Board for approval.
- i) Due to COVID-19 pandemic and its implications to KPS businesses, BAC approved the revisions to the 2020 Internal Audit Plan (“IAP”) on 23 June 2020.
- j) Reviewed, deliberated and approved the 2021 IAP for the Company and the Group on 23 November 2020.
- k) On 23 November 2020 and 25 February 2021, the BAC reviewed and proposed a revision on the BAC TOR and recommended the same to the Board for approval.
- l) Assessed the performance of the Internal Audit Director based on the agreed 2020 Balance Score Card.
- m) On 25 March 2021, deliberated on the BAC Report, Statement on Risk Management and Internal Control for inclusion in the 2020 Annual Report.

The BAC Chairman at each Board meeting updated the Board on principal matters deliberated at each BAC meeting. Minutes of the BAC meeting were tabled for confirmation at the following BAC meeting and the BAC is of the view that matters reported by it to the Board for the financial year were satisfactorily highlighted and/or resolved.

4. OTHERS

Throughout the financial year, the BAC members had attended various seminars, training programmes and conferences to keep abreast of changes in the industry and business environment. Details are set out in the Corporate Governance Report under Practice 8.5 on pages 141 to 143.

BOARD AUDIT COMMITTEE REPORT

THE INTERNAL AUDIT FUNCTION

- a) The internal audit function of the Company is performed in-house by the IAD. During the financial year, the IAD is headed by an Internal Audit Director and assisted by two (2) internal auditors and three (3) assurance officers at subsidiaries, namely Century Bond Bhd, Toyoplas Manufacturing (Malaysia) Sdn Bhd and CPI (Penang) Sdn Bhd. The IAD Director is a fellow member of the Association of Certified Chartered Accountants and a member of the Institute of Internal Auditors with more than 23 years of internal auditing experience. On 31 December 2020, IAD Director completed his tenure and the new IAD Director came on board in February 2021. The new IAD Director has similar professional memberships as per previous IAD Director, and has more than 20 years of internal auditing experience.
- b) The IAD is guided by its Internal Audit Charter ("The Charter"). The Charter sets out the purpose, scope and responsibilities of the IAD and how it maintains its independence from the Management.
- c) During the year under review, on 2 May 2020, IAD obtained approval from the BAC to revise the Charter based on the latest guideline of Internal Professional Practices Framework ("IPPF") which is in line with the Internal Audit Practices globally.
- d) During the financial year, the Internal Control Framework ("ICF") was established. The purpose of the ICF is to drive uniformity of internal control structures towards achieving strategic objectives of the business. The ICF is also aligned with Bursa Securities' Corporate Governance guide on effective audit and risk management pertaining to the assessment of internal control environment. The KPS Internal Control Framework ("KPS-ICF") was approved by BAC on 21 May 2020. The KPS-ICF was adopted from the global recognise Internal Control Framework i.e., COSO Internal Control Integrated Framework.
- e) The mission of IAD is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight on effectiveness of governance, risk management and internal controls processes in relation to the following:
- Achievement of the organisation's goals and strategic objectives;
 - Reliability and integrity of financial and operating information;
 - Effectiveness and efficiency of operations and programmes;
 - Safeguarding assets; and
 - Compliance with laws, regulations, policies, procedures and contracts.
- f) The IAD's performance and conduct in evaluating effectiveness of the governance, risk management and internal control processes is guided by the IPPF which is a conceptual framework that organises authoritative guidance promulgated by the Institute of Internal Auditors ("IIA"). The IIA is a trusted, global, guidance-setting body which provides internal audit professionals worldwide with authoritative guidance. The IAD is also guided by the Malaysian Code on Corporate Governance 2017 established by Bursa Securities.
- g) During the financial year, the IAD assisted the BAC in discharging its duties and responsibilities by executing independent review on the adequacy and effectiveness of the governance, risk management and internal control processes implemented by the Management.

The summary of works that were carried out by the IAD during the financial year encompassed the following:

- i. Prepared a risk-based Annual Internal Audit Plan for deliberation and approval by the BAC to determine the priorities of the internal audit works, consistent with the organisation's goals. Main factors taken into consideration when preparing the audit plan include the strategic and operational objectives, audit history and risk profiles of each auditable area.

BOARD AUDIT COMMITTEE REPORT

- ii. Performed audits that covered business units (subsidiary companies), support functions and investment proposals as per the approved annual audit plan. Areas reviewed under the respective audits include:
- Business units (Subsidiary companies)
Review of processes in relation to establishment of business plan and strategies, effectiveness and efficiency of operations, adequacy of risk management practices, control and monitoring activities, ensuring plans were accomplished and that assets were safeguarded, reliability and integrity of financial information as well as compliance with relevant policies, procedures and regulations.
 - Company Support Functions
Review of processes in relation to adequacy of risk management, control activities and monitoring activities within the Support Functions in ensuring that operations were effective in achieving their established objectives.
 - Investment proposals
Review of processes in relation to adequacy of risk assessment activities undertaken by the Strategic Planning and Investment Department, adequacy of independent investment evaluation performed by the Risk Management Department, adequacy and reliability of information presented in the investment proposals, decision making and governance processes as well as compliance with the relevant policies and procedures.
- iii. Internal audit findings were discussed with auditees with recommendations provided to address the issues.
- iv. Presented internal audit reports that contain improvement opportunities, internal audit findings, management response and corrective actions in areas with significant risks and internal control deficiencies to the BAC at least at quarterly intervals.
- v. Conducted monthly and reported quarterly follow-up reviews to determine and verify the adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendations highlighted in the 2020 Internal Audit reports with progress updates provided to the BAC.
- vi. Conducted quarterly review on impairment of assets and related party transactions/recurrent related party transactions.
- vii. Presented to the BAC on quarterly basis, the IAD's performance relative to the Annual Internal Audit Plan.
- viii. During the year under review, IAD was involved in two (2) special reviews requested by the Management i.e. review on KPS Standard Operating Procedures and review on a related party transactions i.e. proposed disposal of Kuala Langat Mining Sdn Bhd to Kumpulan Semesta Sdn Bhd.
- h) For the year ended 31 December 2020, the number of internal auditors were three (3) and three (3) assurance officers at three (3) subsidiaries. The total cost incurred during the year was RM913,308, excluding assurance officers' cost.
- i) All internal auditors and assurance officers possess tertiary qualifications with four (4) having either relevant internal audit and/ or accounting professional qualifications. All staff are encouraged to continuously enhance their competencies through relevant professional courses and on-the-job training. As of December 2020, two (2) staff were pursuing the Certified Internal Auditors qualification and Certified Fraud Examiner qualification.

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are described in Note 16 and Note 17 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year other than those disclosed in Note 16 and Note 17 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit net of tax and zakat	40,088	175,014
Profit attributable to:		
Owners of the parent	34,116	175,014
Non-controlling interests	5,972	-
	<u>40,088</u>	<u>175,014</u>

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year.

The Directors recommend a single-tier final dividend of 2.5 sen per ordinary share of approximately RM13,434,635 in respect of the financial year ended 31 December 2020, which is subject to the approval of shareholders at the forthcoming Annual General Meeting. The financial statements for the financial year ended 31 December 2020 do not reflect this proposed final cash dividend. The proposed final cash dividend, shall be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2021.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than that disclosed in Note 31(b) to the financial statements.

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT (Continued)**DIRECTORS**

The Directors who have held office during the financial year and up to the date of this report are as follows:

YB Dato' Nor Azmie Bin Diron
 Encik Soffan Affendi Bin Aminudin**
 YBhg Dato' Idris Bin Md Tahir**
 YBhg Dato' Ikmal Hijaz Bin Hashim**
 Puan Norliza Binti Kamaruddin**
 Encik Koay Li Onn (Leon)**
 YBhg Dato' Noorazman Bin Abd Aziz**
 Encik Ahmad Fariz Bin Hassan**
 Puan Rita Benoy Bushon**

(Resigned on 30 June 2020)

**These Directors are also Directors of the Company's subsidiaries.

Subsidiaries of Kumpulan Perangsang Selangor Berhad (excluding those who are already listed above)

Puan Suzila Binti Khairuddin	Puan Lim Hui Bian
Encik Azlan Bin Abdul Jalil	Encik Ren, Zhisheng***
Encik Yeoh Jin Hoe	Encik Tan Hooi Bee
Encik Keith Christopher Yeoh Min Kit	Encik Tan Seng Guan
Encik Ooi Inn Kee	Puan Zhang, Yanli***
Encik Abu Bakar Bin Hashim	Encik Hee Ching Hock
Encik Tan Chee Kit	Encik Kee Hee Lai
Encik Phang Kwai Sang	Encik Muhamad Hafidz Bin Abdul Jamal
YBhg Dato' Jamal Bin Nasir***	Encik Nurman Tan
YBhg Dato' Lim Yew Boon	Encik Kwek Cheng Chai
Encik Chen Tien Tsai*	Encik Ahmad Rosly Bin Ahlar
Encik Chan Heng Loong	Encik Jayapal Seshadri±
Puan Aw Kwai Fong	Encik Muhammad Hazimin Bin Jasmani^
Encik Lim Kian Tiong	Encik Syed Johan Izmin Bin Syed Mansor
Encik Chey Poh Chung*	Encik Zain Azrai Bin Zainal Abidin*
Puan Norhaniesia Binti Hasan	YBhg Dato' Suraya Binti Yaacob±
Encik Jan I-Chuan*	Encik Muhammad Sobri bin Osman±
Encik Lim Lai An*	Puan Hashimah Binti Mohd Isa∞
Encik Zamri bin Yusuf^^	Dr. Muhammad Mahadi Bin Mohamad^^
Puan Teoh Swee Hooi*	Encik Noor Hasnan Bin Hamzah^
Puan Sakeenah Binti Azman^	Encik Tan Kian Weng^
Encik Gan Shan Ye^	Encik Tan Siew Kim^

± Appointed during the financial year

∞ First Director of a subsidiary but resigned during the financial year

^^ Appointed and resigned during the financial year

^ Appointed after financial year but prior to date of Directors' report

* Resigned during the financial year

*** Resigned after financial year but prior to date of Directors' report

DIRECTORS' REPORT (Continued)**DIRECTORS' INTERESTS**

None of the Directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have 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 the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the remunerations received by certain Directors as directors/executives of the related corporation.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 9 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' and officers' liability insurance during the financial year to protect the Directors and the officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and the officers.

During the financial year, the total amount of insurance premium paid for the Directors and the officers of the Group and of the Company are RM61,078.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

DIRECTORS' REPORT (Continued)**OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)****(I) AS AT THE END OF THE FINANCIAL YEAR (continued)**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
(continued)
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year, in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT (Continued)

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Note 37 to the financial statements.

ULTIMATE HOLDING CORPORATION

The Directors regard Menteri Besar Selangor (Pemerbadanan), a corporate body formed under Enactment No. 3 of the Menteri Besar Selangor (Incorporation), Enactment 1994, as the ultimate holding corporation.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2020 are disclosed in Note 7 to the financial statements.

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

.....
Dato' Idris Bin Md Tahir

Director

Shah Alam
30 March 2021

.....
Ahmad Fariz Bin Hassan

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages to update 182 to 303 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Dato' Idris Bin Md Tahir

Director

Shah Alam

30 March 2021

.....
Ahmad Fariz Bin Hassan

Director

STATUTORY DECLARATION

I, Suzila Binti Khairuddin (CA 37527), being the officer primarily responsible for the financial management of Kumpulan Perangsang Selangor Berhad, do solemnly and sincerely declare that the financial statements set out on pages to update 182 to 303, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
 declared by the abovenamed)
 at Shah Alam this)
 30 March 2021)

Suzila Binti Khairuddin

Before me:

Chong Phow Yew (B290)

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kumpulan Perangsang Selangor Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss, statements of 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 to update 182 to 303.

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 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 ("ISAs"). 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD

(Incorporated in Malaysia) (Continued)

Key Audit Matters (continued)**(a) Annual assessment of impairment of intangible assets with indefinite useful life and goodwill**

The carrying amounts of brand name and goodwill of Licensing Cash-Generating Units ("CGU") of the Group as at 31 December 2020 amounted to RM190,664,000 and RM18,821,000 respectively as disclosed in Note 18 and Note 19 to the financial statements.

We determined the annual assessment of impairment of intangible assets with indefinite useful life and goodwill to be a key audit matter because of the significance of the assets to the Group's consolidated financial position and it requires significant management judgement and assumptions in determining the value-in-use of the CGU based on probability weighted approach to determine the expected cash flows. These judgements and assumptions include projected growth in future revenues and profit margins, as well as determining appropriate pre-tax discount rates and growth rates.

Our audit procedures included the following:

- (i) compared prior period projections to actual outcomes to assess reliability of management's projections;
- (ii) compared cash flow projections against the CGU's recent performance, then assessed and evaluated the key assumptions made in the forecast and projections;
- (iii) verified projected profit margins, growth rates and terminal values to support the key assumptions in projections by corroborating information from other areas of our audit;
- (iv) verified pre-tax discount rate used by management for each CGU by comparing to market rate, weighted average cost of capital of the Group and relevant risk factors; and
- (v) performed sensitivity analysis of our own to stress test the key assumptions in the impairment model.

(b) Impairment of trade receivables

Gross trade receivables of the Group as at 31 December 2020 were RM381,660,000 and the associated impairment losses of trade receivables were RM16,024,000, which include individually impaired trade receivables of RM8,790,000 as disclosed in Note 22 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in assessing expected credit losses, including determining the probability of default by trade receivables and appropriate forward-looking information, incorporating the impact of the Covid-19 pandemic.

Financial Statements

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD

(Incorporated in Malaysia) (Continued)

Key Audit Matters (continued)**(b) Impairment of trade receivables (continued)**

Our audit procedures included the following:

- (i) understand management's internal control and assessment process for impairment of trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors associated with this accounting estimate;
- (ii) evaluated management's assessment and explanations on the individually significant trade receivables that were past due as at 31 December 2020 with reference to supporting evidence such as payment record of the customers and correspondences with customers; and
- (iii) evaluated the appropriateness of expected credit loss allowance including examining correlation coefficient between the macroeconomic indicators applied by the Group in calculating probability of default using historical data and forward-looking information adjustment, incorporating the impact of the Covid-19 pandemic.

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and 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 MFRSs, IFRSs, 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD

(Incorporated in Malaysia) (Continued)

Responsibilities of the Directors for the Financial Statements (continued)

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) 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.
- (f) 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.

Financial Statements

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD

(Incorporated in Malaysia) (Continued)

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law 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 subsidiaries of which we have not acted as auditors are disclosed in Note 16 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.

BDO PLT

LLP0018825-LCA & AF 0206

Chartered Accountants

Kuala Lumpur

30 March 2021

Rejeesh A/L Balasubramaniam

02895/08/2022 J

Chartered Accountant

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	3	1,076,525	866,786	218,916	505,564
Cost of sales	4	(862,412)	(657,447)	-	-
Gross profit		214,113	209,339	218,916	505,564
Other income	5	24,890	29,889	2,955	7,641
Administrative expenses		(134,225)	(123,695)	(25,740)	(31,759)
Selling and marketing expenses		(40,049)	(34,104)	-	-
Other expenses		(13,692)	(5,252)	(4,504)	(4,108)
Operating profit		51,037	76,177	191,627	477,338
Finance costs	6	(30,420)	(35,972)	(15,196)	(21,686)
Share of profit of associates	17	36,641	14,789	-	-
Profit before tax and zakat	7	57,258	54,994	176,431	455,652
Income tax and zakat	10	(17,170)	(25,771)	(1,417)	(1,103)
Profit net of tax and zakat		40,088	29,223	175,014	454,549
Profit net of tax and zakat attributable to:					
Owners of the parent		34,116	26,882	175,014	454,549
Non-controlling interests		5,972	2,341	-	-
		40,088	29,223	175,014	454,549

	Note	Group	
		2020 Sen	2019 Sen
Earnings per share ("EPS") attributable to owners of the parent			
Basic EPS	11	6.35	5.00
Diluted EPS	11	6.35	5.00

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit net of tax and zakat		40,088	29,223	175,014	454,549
Other comprehensive income, net of tax and zakat					
Items that may be reclassified subsequently to profit or loss					
Gain/(Loss) on foreign currency translations		793	(6,072)	-	-
Items that may not be reclassified subsequently to profit or loss					
Re-measurement of post-employment benefits		(1,453)	(34)	-	-
Total comprehensive income		39,428	23,117	175,014	454,549
Total comprehensive income for attributable to:					
Owners of the parent		35,869	22,019	175,014	454,549
Non-controlling interests		3,559	1,098	-	-
		39,428	23,117	175,014	454,549

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 Restated RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	359,717	370,504	2,974	3,324
Right-of-use assets	14	97,310	87,869	9,573	9,753
Investment properties	15	48,165	89,498	48,165	49,331
Investments in subsidiaries	16	-	-	986,058	1,028,808
Investments in associates	17	159,593	323,181	131,809	131,809
Intangible assets	18	246,659	254,136	-	-
Goodwill	19	186,241	186,080	-	-
Club memberships	20	153	153	153	153
Trade and other receivables	22	101,908	99,236	-	-
Deferred tax assets	26	1,569	989	-	-
		1,201,315	1,411,646	1,178,732	1,223,178
Current assets					
Inventories	21	164,387	143,094	-	-
Trade and other receivables	22	423,392	368,967	8,324	9,599
Current tax assets		6,586	8,059	-	-
Cash and bank balances and short term funds	23	440,308	271,801	211,453	106,671
		1,034,673	791,921	219,777	116,270
Assets held for sale	24	40,500	92,189	-	2,915
TOTAL ASSETS		2,276,488	2,295,756	1,398,509	1,342,363

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STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020 (continued)

	Note	Group		Company	
		2020 RM'000	2019 Restated RM'000	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the owners of the parent					
Share capital	30	537,927	537,927	537,927	537,927
Reserves	31	455,705	419,836	515,799	340,785
Shareholders' equity		993,632	957,763	1,053,726	878,712
Non-controlling interests		111,835	109,250	-	-
TOTAL EQUITY		1,105,467	1,067,013	1,053,726	878,712
LIABILITIES					
Non-current liabilities					
Other payable	28	80,925	80,925	300,000	300,000
Loans and borrowings	25	475,544	505,914	10,000	20,000
Lease liabilities	14	27,108	20,461	10	31
Deferred tax liabilities	26	102,896	106,444	-	-
Post-employment benefits	27	13,422	10,715	-	-
		699,895	724,459	310,010	320,031
Current liabilities					
Trade and other payables	28	298,191	291,791	14,760	103,596
Loans and borrowings	25	140,662	106,379	20,000	40,000
Lease liabilities	14	12,310	8,843	13	24
Contract liabilities	29	11,719	10,545	-	-
Current tax liabilities		8,244	7,594	-	-
		471,126	425,152	34,773	143,620
Liabilities held for sale	24	-	79,132	-	-
TOTAL LIABILITIES		1,171,021	1,228,743	344,783	463,651
TOTAL EQUITY AND LIABILITIES		2,276,488	2,295,756	1,398,509	1,342,363

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Share capital RM'000	Foreign currency translation reserve RM'000	Capital reserve RM'000	Retained earnings RM'000	Total equity attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000	Note
As at 1 January 2020	537,927	(3,688)	1,243	422,281	957,763	109,250	1,067,013	
Profit net of tax and zakat	-	-	-	34,116	34,116	5,972	40,088	
Re-measurement of post-employment benefits	-	-	-	(1,453)	(1,453)	-	(1,453)	
Gain/(Loss) on foreign currency translation	-	3,206	-	-	3,206	(2,413)	793	
Total comprehensive income	-	3,206	-	32,663	35,869	3,559	39,428	
Transactions with owners								
Acquisition of a subsidiary	-	-	-	-	-	711	711	16
Liquidation of a subsidiary	-	-	-	-	-	(119)	(119)	16
Dividends paid to non-controlling interests	-	-	-	-	-	(2,086)	(2,086)	16
Subscription of additional interest in a subsidiary	-	-	-	-	-	520	520	16
Total transactions with owners	-	-	-	-	-	(974)	(974)	
Transfer from retained earnings	-	-	684	(684)	-	-	-	
As at 31 December 2020	537,927	(482)	1,927	454,260	993,632	111,835	1,105,467	

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Continued)

Group	Note	Share capital	Foreign currency translation reserve	Capital reserve	Retained earnings	Total equity attributable to owners of the parent	Non-controlling interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2019		537,927	1,141	-	594,701	1,133,769	108,430	1,242,199
Profit net of tax and zakat		-	-	-	26,882	26,882	2,341	29,223
Re-measurement of post-employment benefits		-	-	-	(34)	(34)	-	(34)
Loss on foreign currency translation		-	(4,829)	-	-	(4,829)	(1,243)	(6,072)
Total comprehensive (loss)/income		-	(4,829)	-	26,848	22,019	1,098	23,117
Transactions with owners								
Acquisition of a subsidiary	16	-	-	-	-	-	4,075	4,075
Dividends paid to shareholders	12	-	-	-	(198,025)	(198,025)	-	(198,025)
Dividends paid to non-controlling interests	16	-	-	-	-	-	(2,203)	(2,203)
Share capital reduction in a subsidiary		-	-	-	-	-	(2,150)	(2,150)
Total transactions with owners		-	-	-	(198,025)	(198,025)	(278)	(198,303)
Transfer from retained earnings		-	-	1,243	(1,243)	-	-	-
As at 31 December 2019		537,927	(3,688)	1,243	422,281	957,763	109,250	1,067,013

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	Note	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2020		537,927	340,785	878,712
Profit net of tax and zakat		-	175,014	175,014
Other comprehensive income, net of tax and zakat		-	-	-
Total comprehensive income		-	175,014	175,014
As at 31 December 2020		537,927	515,799	1,053,726
As at 1 January 2019		537,927	84,261	622,188
Profit net of tax and zakat		-	454,549	454,549
Other comprehensive income, net of tax and zakat		-	-	-
Total comprehensive income		-	454,549	454,549
Transaction with owners				
Dividends paid to shareholders	12	-	(198,025)	(198,025)
Total transaction with owners		-	(198,025)	(198,025)
As at 31 December 2019		537,927	340,785	878,712

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

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STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax and zakat		57,258	54,994	176,431	455,652
Adjustments for:					
Amortisation of intangible assets	18	4,729	5,674	-	-
Depreciation of:					
- property, plant and equipment	13	34,041	23,503	657	651
- right-of-use assets	14	12,587	5,684	185	185
- investment properties	15	2,738	3,994	2,185	2,888
Dividend income from subsidiaries	3	-	-	(208,754)	(495,305)
Expense arising from lease modification	14	65	-	-	-
Gain on:					
- disposal of assets held for sale	5	-	(2,900)	-	(997)
- disposal of property, plant and equipment	5	(318)	(2,303)	-	-
- fair value of short term funds	5	(2,043)	(2,791)	(2,008)	(2,772)
- bargain purchase	16	-	(1,842)	-	-
Income arising from Covid-19 related lease concession	14	(196)	-	-	-
Investment in a subsidiary written off	16	-	-	-	100
Impairment loss on:					
- trade receivables	22	8,626	2,338	67	-
- other receivables	22	18	-	-	-
- amounts due from related companies	22	64	-	-	-
- right-of-use assets	14	395	-	-	-
- investment property	15	1,857	-	-	-
- goodwill	19	723	-	-	-
- investment in a subsidiary	16	-	-	2,400	-
- property, plant and equipment	13	177	-	-	-
Inventories written down	21	2,196	789	-	-
Inventories written off	21	109	-	-	-
Loss on fair value of club membership	7	50	-	-	-
Profit payment/interest expense	6	30,420	35,972	15,196	21,686
Profit rate/interest income	5	(6,798)	(10,544)	(918)	(3,801)
Property, plant and equipment written off	7	402	29	15	8
Provision of post-employment benefits	27	1,374	969	-	-
Reversal of impairment losses on:					
- trade receivables	22	(956)	(139)	(5)	-
- other receivables	22	(1,335)	(1,738)	-	-
Share of profit of associates	17	(36,641)	(14,789)	-	-
Net loss on unrealised foreign exchange		6,873	412	-	-
Write back of accrual		(1,265)	-	-	-
Operating profit/(loss) before working capital changes		115,150	97,312	(14,554)	(21,705)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before working capital changes		115,150	97,312	(14,554)	(21,705)
Increase in inventories		(23,413)	(8,279)	-	-
Decrease/(Increase) in receivables		55,486	(186,197)	(510)	1,654
(Decrease)/Increase in payables		(14,395)	78,987	(56,479)	1,283
Net movement in intercompany balances		(33,964)	79,734	-	-
Cash generated from/(used in) operations		98,864	61,557	(71,543)	(18,768)
Contribution paid for post-employment benefits	27	(138)	(52)	-	-
Zakat paid		(1,520)	(1,119)	(1,417)	(1,064)
Tax paid, net of refunds received		(15,278)	(19,237)	-	(39)
Net cash from/(used in) operating activities		81,928	41,149	(72,960)	(19,871)
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from:					
- subsidiaries	3	-	-	208,754	495,305
- associates	17	200,229	501,502	-	-
Dissolution of a subsidiary	16	(119)	-	-	-
Profit rate/interest income received		5,223	4,524	5,058	3,801
Purchase of:					
- property, plant and equipment	13	(25,866)	(26,112)	(322)	(249)
- investment properties	15	(1,019)	(1,059)	(1,019)	(1,059)
- intangible assets	18	(1,044)	(731)	-	-
Payment of right-of-use assets		(2,018)	-	-	-
Acquisition of subsidiaries, net of cash and cash equivalents	16	(1,259)	(302,564)	-	-
Proceeds from disposal of:					
- property, plant and equipment		3,733	3,258	-	-
- assets held for sale		-	27,100	-	1,100
Placement of short term funds		(145,143)	(44,236)	(114,710)	(56,250)
Proceeds from capital reduction of an associate	17	-	119,997	-	-
Net cash from investing activities		32,717	281,679	97,761	442,648

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STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to shareholders	12	-	(198,025)	-	(198,025)
Dividends paid to non-controlling interest	16	(2,086)	(2,203)	-	-
Share capital reduction of a subsidiary	16	-	(2,150)	-	-
Loans and borrowings:					
- drawdowns	25	83,092	702,264	21,500	54,500
- repayments	25	(137,899)	(692,387)	(51,500)	(196,573)
Payments of lease liabilities	14	(11,470)	(33,660)	(32)	(33)
Payments of lease interest	14	(1,704)	(1,211)	(2)	(4)
Profit payment/interest expense paid		(25,844)	(30,464)	(14,780)	(19,054)
Net movement in intercompany balances		72	8,140	10,085	(50,091)
Net movement in deposits pledged with licensed banks for more than three (3) months and sinking trust fund		13,429	(19,110)	41,228	(16,301)
Net cash (used in)/from financing activities		(82,410)	(268,806)	6,499	(425,581)
Net increase/(decrease) in cash and cash equivalents		32,235	54,022	31,300	(2,804)
Effect of exchange rate changes on cash and cash equivalents		(5,070)	(3,545)	-	-
Cash and cash equivalents at beginning of financial year		159,814	109,337	1,448	4,252
Cash and cash equivalents at end of financial year	23	186,979	159,814	32,748	1,448

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

1. CORPORATE INFORMATION

Kumpulan Perangsang Selangor Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associates are described in Note 16 and Note 17 to the financial statements, respectively. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year other than those disclosed in Note 16 and Note 17 to the financial statements.

The immediate holding company of the Company is Darul Ehsan Investment Group Berhad, a company incorporated in Malaysia. The ultimate holding corporation is Menteri Besar Selangor (Pemerbadanan), a corporate body formed under Enactment No. 3 of the Menteri Besar Selangor (Incorporation), Enactment 1994.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 30 March 2021.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 182 to 303 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 38(a) to the financial statements.

The Group has also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions* in the current financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

3. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers:				
Sale of manufacturing products	799,750	575,773	-	-
Sale of chemical products	124,064	117,410	-	-
Sale of bedding products	94,800	75,116	-	-
Royalties	39,227	36,286	-	-
Construction contracts	9,165	51,397	-	-
Management fee from subsidiaries	-	-	1,168	1,154
	1,067,006	855,982	1,168	1,154
Revenue from other sources:				
Rental income	8,994	9,105	8,994	9,105
Leasing income	525	1,699	-	-
Dividend income from subsidiaries	-	-	208,754	495,305
	9,519	10,804	217,748	504,410
	1,076,525	866,786	218,916	505,564
Timing on revenue recognition				
Transfer over time	44,392	87,683	-	-
Transfer at a point in time	1,018,614	768,299	1,168	1,154
Revenue from contracts with customers	1,067,006	855,982	1,168	1,154

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 36 to the financial statements, which has been organised into business units based on their products and services from which the sale transactions originated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

3. REVENUE (continued)

- (a) Revenue from sales of manufacturing, chemical and bedding products

Revenue from sales of manufacturing, chemical and bedding products are recognised at a point in time when the products have been transferred or the services has been rendered to the customer and coincide with the delivery of products and services and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sales of manufacturing, chemical and bedding products.

There is no significant financing component in the revenue arising from sales of manufacturing, chemical and bedding products as the sales are made on the normal credit terms not exceeding twelve (12) months.

- (b) Revenue from royalties

Revenue from royalties represents access granted to the brand name over the contract term and is recognised over time in accordance with the substance of the agreement over the royalties term of an on-going contract.

- (c) Revenue from construction contracts

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

Revenue from construction contracts is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer.

Revenue from construction contracts is recognised over the period of the contract using the output method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

3. REVENUE (continued)

- (d) Revenue from management fee

Management fee is recognised on a straight-line basis when subsidiaries simultaneously receives and consumes the benefits.

- (e) Rental and leasing income

Rental and leasing income is recognised on a straight-line basis over the lease term of an on-going lease.

- (f) Dividend income

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

4. COST OF SALES

	Group	
	2020	2019
	RM'000	RM'000
Cost of inventories sold:		
- manufacturing products	660,313	433,809
- chemicals products	112,565	105,982
- bedding products	80,935	68,528
Construction contracts	8,599	49,128
	862,412	657,447

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

5. OTHER INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit rate/interest income from:				
- subsidiaries	-	-	-	2,067
- related company	3,618	6,020	-	-
- deposits with licensed banks	3,180	4,524	918	1,734
	6,798	10,544	918	3,801
Sales of scrap	2,024	2,792	-	-
Gain on:				
- disposal of assets held for sale	-	2,900	-	997
- disposal of property, plant and equipment	318	2,303	-	-
- fair value of short term funds	2,043	2,791	2,008	2,772
- bargain purchase	-	1,842	-	-
- realised foreign exchange	1,149	1,015	-	-
- unrealised foreign exchange	380	79	-	-
Reversal of impairment losses on:				
- trade receivables	956	139	5	-
- other receivables	1,335	1,738	-	-
Tooling income	2,315	-	-	-
Covid-19 relief	1,801	-	-	-
Income from government assistance	1,872	-	-	-
Others	3,899	3,746	24	71
	24,890	29,889	2,955	7,641

Profit rate/interest income is recognised as it accrues, using the effective interest method.

6. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit payment/interest expense on:				
- short term borrowings	1,271	3,634	504	2,230
- lease liabilities	1,704	1,211	2	4
- term loans	14,432	16,521	1,677	4,846
- sukuk murabahah Islamic medium term notes	13,013	14,606	-	-
- amount due from a subsidiary	-	-	13,013	14,606
	30,420	35,972	15,196	21,686

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

7. PROFIT BEFORE TAX AND ZAKAT

Other than those disclose elsewhere in the financial statements, the profit before tax and zakat is arrived at after charging:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Auditors' remuneration:				
- statutory audit				
- BDO PLT	669	641	170	170
- Non-BDO PLT	1,770	813	-	-
- non-statutory audit services	10	150	5	5
Directors' remuneration (Note 9)	4,956	4,596	2,773	2,793
Employee benefits (Note 8)	147,600	117,845	13,969	18,287
Loss on fair value of club membership	50	-	-	-
Property, plant and equipment written off	402	29	15	8
Loss on foreign exchange:				
- realised	590	698	-	-
- unrealised	7,253	491	-	-

8. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Wages, salaries and bonus	128,589	102,440	11,411	14,638
Defined contribution plan	7,598	6,989	1,470	1,495
Social security contributions	823	518	64	71
Other benefits	10,590	7,898	1,024	2,083
	147,600	117,845	13,969	18,287

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

9. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors during the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Non-Executive Directors:				
Fees	896	1,035	776	838
Other emoluments	270	419	250	377
	1,166	1,454	1,026	1,215
Executive Directors				
Salaries and bonus	1,500	1,349	1,500	1,349
Other emoluments	247	229	247	229
	1,747	1,578	1,747	1,578
Total remuneration for Directors of the Company	2,913	3,032	2,773	2,793
Directors of subsidiaries				
Non-Executive Directors:				
Fees	120	108	-	-
Other emoluments	18	21	-	-
	138	129	-	-
Executive Directors				
Fees	12	12	-	-
Salaries	1,721	1,313	-	-
Allowances	18	14	-	-
Other emoluments	154	96	-	-
	1,905	1,435	-	-
Total remuneration for Directors of subsidiaries	2,043	1,564	-	-
Total Directors' remuneration	4,956	4,596	2,773	2,793
Total Non-Executive Directors' remuneration	1,304	1,583	1,026	1,215
Total Executive Directors' remuneration	3,652	3,013	1,747	1,578
Total remuneration for Directors	4,956	4,596	2,773	2,793

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group and from the Company amounted to RM143,000 (2019: RM188,000).

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

10. INCOME TAX AND ZAKAT

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian income tax:				
Current income tax	16,731	15,483	-	-
(Over)/Under provision in prior years	(1,224)	672	-	-
	15,507	16,155	-	-
Foreign income tax:				
Current income tax	2,716	5,341	-	-
Under/(Over) provision in prior years	91	(374)	-	-
	2,807	4,967	-	-
	18,314	21,122	-	-
Deferred taxation: (Note 26)				
Relating to origination and reversal of temporary differences	(3,276)	2,342	-	-
Under provision in prior years	612	1,149	-	-
	(2,664)	3,491	-	-
Income tax	15,650	24,613	-	-
Real property gain tax	-	39	-	39
Zakat	1,520	1,119	1,417	1,064
	17,170	25,771	1,417	1,103

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year.
- (b) Zakat has been calculated at 2.5% of the adjusted net current assets multiplied by the estimated Muslim equity holding in the Group and the Company.
- (c) Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

10. INCOME TAX AND ZAKAT (continued)

- (d) The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax and zakat	57,258	54,994	176,431	455,652
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	13,742	13,199	42,343	109,356
Tax effects in respect of:				
- non-taxable income	(4,594)	(3,502)	(50,110)	(119,538)
- non-deductible expenses	13,108	18,011	9,727	7,301
- effect of share of results in associates	(8,794)	(3,549)	-	-
- tax incentive	(1,013)	-	-	-
- effect of utilisation of previously unrecognised deferred tax assets	(2,350)	(129)	(1,960)	-
- deferred tax assets not recognised	8,835	5,282	-	2,881
- effect of different tax rates in foreign jurisdictions	(2,763)	(6,146)	-	-
	16,171	23,166	-	-
(Over)/Under provision in prior years:				
- income tax	(1,133)	298	-	-
- deferred tax	612	1,149	-	-
	15,650	24,613	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

10. INCOME TAX AND ZAKAT (continued)

(e) Tax on each component of other comprehensive income is as follows:

	Before tax RM'000	Group Tax effect RM'000	After tax RM'000
2020			
Item that may be reclassified subsequently to profit or loss			
Gain on foreign currency translations	793	-	793
Item that may not be reclassified subsequently to profit or loss			
Re-measurement of post-employment benefits	(1,867)	414	(1,453)
2019			
Item that may be reclassified subsequently to profit or loss			
Loss on foreign currency translations	(6,072)	-	(6,072)
Item that may not be reclassified subsequently to profit or loss			
Re-measurement of post-employment benefits	(34)	-	(34)

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group for the financial year is calculated by dividing profit net of tax and zakat attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year:

	Group	
	2020	2019
Profit net of tax and zakat attributable to owners of the parent (RM'000)	34,116	26,882
Weighted average number of ordinary shares in issue ('000)	537,385	537,385
Basic earnings per share (sen)	6.35	5.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

11. EARNINGS PER SHARE (continued)

(b) Diluted EPS

The diluted earnings per ordinary share equals basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

12. DIVIDENDS

	Group and Company			
	2020		2019	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
In respect of the financial year ended 31 December 2018:				
Final dividend paid on 17 July 2019	-	-	4.25	22,839
In respect of the financial year ended 31 December 2019:				
Special dividend paid on 28 May 2019	-	-	32.6	175,186
				<u>198,025</u>

The Directors recommend a single-tier final dividend of 2.5 sen per ordinary share of approximately RM13,434,635 in respect of the financial year ended 31 December 2020, which is subject to the approval of shareholders at the forthcoming Annual General Meeting.

The financial statements for the financial year ended 31 December 2020 do not reflect this proposed final cash dividend. The proposed final cash dividend, shall be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

13. PROPERTY, PLANT AND EQUIPMENT

Group 2020	Note	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Construction work-in- progress RM'000	Total RM'000
Cost								
As at 1 January		14,020	207,126	3,165	127,227	76,816	11,922	440,276
Additions		-	576	196	12,731	6,677	6,002	26,182
Acquisition of a subsidiary	16	-	61	-	1,606	52	-	1,719
Disposals		(398)	(375)	(247)	(11,551)	(443)	-	(13,014)
Written off		-	-	(116)	(8,188)	(4,774)	-	(13,078)
Transfer to non-current assets held for sale	24	-	-	(173)	-	(32,443)	-	(32,616)
Transfer from non-current assets held for sale	24	-	-	931	216	1,061	-	2,208
Reclassification from right-of-use assets	14	-	-	-	2,666	-	-	2,666
Foreign exchange movement		-	(600)	29	1,546	(557)	(55)	363
Reclassifications		-	6,407	-	617	-	(7,024)	-
As at 31 December		13,622	213,195	3,785	126,870	46,389	10,845	414,706

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2020	Note	Freehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Office equipment, furniture and fittings RM'000	Construction work-in- progress RM'000	Total RM'000
Accumulated depreciation								
As at 1 January		-	5,927	1,788	18,719	42,589	-	69,023
Depreciation charge for the financial year		-	5,628	501	20,672	7,240	-	34,041
Disposals		-	(67)	(111)	(9,272)	(149)	-	(9,599)
Written off		-	-	(116)	(8,188)	(4,372)	-	(12,676)
Transfer to non-current assets held for sale	24	-	-	(173)	-	(29,305)	-	(29,478)
Transfer from non-current assets held for sale	24	-	-	931	183	1,010	-	2,124
Reclassification from right-of-use assets	14	-	-	-	1,263	-	-	1,263
Foreign exchange movement		-	(299)	12	391	(344)	-	(240)
As at 31 December		-	11,189	2,832	23,768	16,669	-	54,458
Accumulated impairment losses								
As at 1 January		-	479	-	-	270	-	749
Impairment charge for the financial year		-	-	-	15	162	-	177
Transfer to non-current assets held for sale	24	-	-	-	-	(395)	-	(395)
As at 31 December		-	479	-	15	37	-	531
Carrying amount								
As at 31 December		13,622	201,527	953	103,087	29,683	10,845	359,717

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2019 (Restated)	Note	Freehold	Buildings	Motor	Plant and	Office	Total
		Land	(Restated)	vehicles	machinery	equipment, furniture and fittings	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost							
As at 1 January		1,400	73,993	2,590	64,097	62,561	207,866
Additions		-	3,136	70	17,206	7,973	29,171
Acquisition of subsidiaries		12,620	128,570	695	50,534	6,778	210,086
Disposals		-	(445)	-	(829)	(151)	(1,619)
Written off		-	-	(54)	(812)	(43)	(909)
Transfer to non-current assets held for sale	24	-	-	(100)	(91)	(134)	(325)
Foreign exchange movement		-	(714)	(70)	(2,672)	(526)	(3,994)
Reclassifications		-	2,586	34	(206)	358	(2,772)
As at 31 December		14,020	207,126	3,165	127,227	76,816	440,276

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Note	Freehold land	Buildings (Restated)	Motor vehicles	Plant and machinery	Office equipment, furniture and fittings	Construction work-in-progress	Total
Accumulated depreciation								
As at 1 January		-	2,586	1,455	8,566	37,351	-	49,958
Depreciation charge for the financial year		-	4,003	545	13,190	5,765	-	23,503
Disposals		-	(331)	-	(201)	(132)	-	(664)
Written off		-	-	(54)	(803)	(23)	-	(880)
Transfer to non-current assets held for sale	24	-	-	(100)	(58)	(83)	-	(241)
Foreign exchange movement		-	(331)	(58)	(1,975)	(289)	-	(2,653)
As at 31 December		-	5,927	1,788	18,719	42,589	-	69,023
Accumulated impairment losses								
As at 1 January/31 December		-	479	-	-	270	-	749
Carrying amount								
As at 31 December		14,020	200,720	1,377	108,508	33,957	11,922	370,504

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2020	Buildings RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Total RM'000
Cost				
As at 1 January	237	451	8,911	9,599
Additions	-	-	322	322
Written off	-	-	(30)	(30)
As at 31 December	237	451	9,203	9,891
Accumulated depreciation				
As at 1 January	81	374	5,820	6,275
Depreciation charge for the financial year	5	76	576	657
Written off	-	-	(15)	(15)
As at 31 December	86	450	6,381	6,917
Carrying amount				
As at 31 December	151	1	2,822	2,974
2019				
Cost				
As at 1 January	237	451	8,675	9,363
Additions	-	-	249	249
Written off	-	-	(13)	(13)
As at 31 December	237	451	8,911	9,599
Accumulated depreciation				
As at 1 January	76	298	5,255	5,629
Depreciation charge for the financial year	5	76	570	651
Written off	-	-	(5)	(5)
As at 31 December	81	374	5,820	6,275
Carrying amount				
As at 31 December	156	77	3,091	3,324

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land and construction work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the various business segments of the Group. The principal depreciation period and annual rates are as follows:

Buildings	2%
Motor vehicles	20%
Plant and machinery	8% - 10%
Office equipment, furniture and fittings:	
- furniture, fittings and equipment	10% - 50%
- computer and office equipment	10% - 33.33%

Freehold land has an unlimited useful life and is not depreciated. Construction work-in-progress represent machinery under installation and factory building under construction are not depreciated until such time when the assets are available for use.

- (b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Purchase of property, plant and equipment	26,182	29,171	322	249
Finance cost capitalised at 3.63% per annum	(50)	-	-	-
Financed by other payables	(266)	(3,059)	-	-
Cash payments on purchase of property, plant and equipment	25,866	26,112	322	249

- (c) Certain freehold land and buildings of the Group have been charged as securities to banks for loans and borrowings granted to the Group as disclosed in Note 25 to the financial statements with carrying amounts as follows:

	Group	
	2020 RM'000	2019 RM'000
Land and building	42,590	36,878
Construction work-in-progress	4,752	10,312
	47,342	47,190

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

14. LEASES

The Group as a lessee

Right-of-use assets

Carrying amount	Balance as at	Additions	Foreign exchange movement	Depreciation charge for financial year	Termination of lease contracts	Transfer from assets held for sale (Note 24)	Transfer to property, plant and equipment (Note 13)	Impairment charge for financial year	Balance as at
	1.1.2020								31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Leasehold land	56,961	754	(7)	(1,448)	-	-	-	-	56,260
Buildings	23,091	12,582	271	(9,386)	(108)	65	-	(33)	26,482
Machineries	7,679	9,838	(1)	(1,624)	-	-	(1,403)	-	14,489
Office equipment	51	-	-	(29)	-	-	-	-	22
Motor vehicles	87	-	-	(100)	-	432	-	(362)	57
Carrying amount	87,869	23,174	263	(12,587)	(108)	497	(1,403)	(395)	97,310

Carrying amount	Balance as at	Additions*	Foreign exchange movement	Depreciation charge for financial year	Transfer to assets held for sale (Note 24)	Balance as at
	1.1.2019					31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Leasehold land	21,812	36,112	18	(981)	-	56,961
Buildings	10,586	16,970	(181)	(4,219)	(65)	23,091
Machineries	3,111	4,937	-	(369)	-	7,679
Office equipment	65	19	-	(33)	-	51
Motor vehicles	502	99	-	(82)	(432)	87
Carrying amount	36,076	58,137	(163)	(5,684)	(497)	87,869

* Additions include acquisition of subsidiaries during the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

14. LEASES (continued)

The Group as a lessee (continued)

Lease liabilities

Carrying amount	Balance as at 1.1.2020		Payments of lease liabilities		Accretion of interest		Foreign exchange movement		Lease concession		Termination of lease contracts		Transfer from liabilities held for sale		Balance as at 31.12.2020	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Buildings	24,687	12,582	(10,949)	1,378	260	(196)	(43)	98	27,817							
Machineries	4,563	8,574	(2,086)	312	(1)	-	-	-	11,362							
Office equipment	54	-	(33)	2	-	-	-	-	23							
Motor vehicles	-	-	(106)	12	-	-	-	310	216							
	29,304	21,156	(13,174)	1,704	259	(196)	(43)	408	39,418							

Carrying amount	Balance as at 1.1.2019		Additions*		Payments of lease liabilities		Accretion of interest		Foreign exchange movement		Transfer to liabilities held for sale		Balance as at 31.12.2019	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Leasehold land	237	28,973	-	6	(29,212)	-	(4)	-	-	-	-	-	-	-
Buildings	11,024	17,807	17,807	1,035	(4,729)	(98)	(352)	24,687						
Machineries	2,643	2,556	2,556	150	(787)	-	1	4,563						
Office equipment	69	19	19	3	(37)	-	-	54						
Motor vehicles	399	-	-	17	(106)	(310)	-	-	-					
	14,372	49,355	(34,871)	1,211	(355)	(408)	29,304							

* Additions include acquisition of subsidiaries during the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

14. LEASES (continued)

The Company as a lessee

Right-of-use assets

Carrying amount	Depreciation		
	Balance as at 1.1.2020 RM'000	charge for financial year RM'000	Balance as at 31.12.2020 RM'000
Leasehold land	9,702	(151)	9,551
Office equipment	51	(29)	22
	9,753	(180)	9,573

Carrying amount	Depreciation			
	Balance as at 1.1.2019 RM'000	Additions RM'000	charge for financial year RM'000	Balance as at 31.12.2019 RM'000
Leasehold land	9,854	-	(152)	9,702
Office equipment	65	19	(33)	51
	9,919	19	(185)	9,753

Lease liabilities

Carrying amount	Payment of lease liabilities			Balance as at 31.12.2020 RM'000
	Balance as at 1.1.2020 RM'000	of lease liabilities RM'000	Accretion of interest RM'000	
Office equipment	55	(34)	2	23

Carrying amount	Payment of lease liabilities			Balance as at 31.12.2019 RM'000
	Balance as at 1.1.2019 RM'000	Additions RM'000	of lease liabilities RM'000	
Office equipment	69	19	(37)	55

Represented by:	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current liabilities	12,310	8,843	13	24
Non-current liabilities	27,108	20,461	10	31
	39,418	29,304	23	55

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

14. LEASES (continued)

- (a) The Group and the Company leases a number of land, building, machineries, office equipment and motor vehicles in the locations, which it operates with fixed periodic rent over the lease term.

In addition, the Group has certain leases of office equipment and office building with lease term of 12 months or less, and low value leases of office equipment. The Group applies the "short-term lease" and "lease of low-value assets" exemptions for these leases.

During the financial year, the Group negotiated and received lease concessions amounting to RM196,000 from its landlords for buildings as the Group had to temporarily suspend the operations of production due to Covid-19.

- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	up to 99 years
Buildings	1 - 5 years
Machineries	1 - 5 years
Office equipment	5 years
Motor vehicles	5 years

- (c) The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	12,587	5,684	180	185
Interest expense on lease liabilities (included in finance costs)	1,704	1,211	2	4
Expense relating to short-term leases (included in administrative expenses)	924	706	20	18
Expense relating to leases of low-value assets (included in administrative expenses)	70	59	-	3
Expense arising from termination of lease contracts	65	-	-	-
	15,350	7,660	202	210

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

14. LEASES (continued)

- (d) Certain leasehold land of the Group and of the Company with carrying amounts of RM45,322,000 and RM9,551,000 have been charged as securities to banks for loans and borrowings granted to the Group and the Company as disclosed in Note 25 to the financial statements.
- (e) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations of the lease liabilities that are exposed to interest rate risk:

	Weighted average incremental borrowing rate per annum %	Within one (1) year RM'000	One (1) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
Group					
31 December 2020					
Lease liabilities	5.18	13,601	29,004	-	42,605
31 December 2019					
Lease liabilities	5.58	11,057	20,301	986	32,344
Company					
31 December 2020					
Lease liabilities	4.75	14	11	-	25
31 December 2019					
Lease liabilities	4.75	33	25	-	58

- (f) Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.
- (g) During the financial year, impairment loss on right-of-use assets of Infrastructure Cash-Generating Units ("CGU") amounted to RM394,683 was recognised due to the decline in the subsidiary's operations. The recoverable amount of Infrastructure CGU was determined based on the fair value less cost to sell ("FVLCTS") method. The net assets of these subsidiaries are used as a proxy for their recoverable amounts based on FVLCTS method and are within Level 3 of the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

15. INVESTMENT PROPERTIES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January		89,498	92,433	49,331	51,160
Additions		1,019	1,059	1,019	1,059
Depreciation charge for the financial year		(2,738)	(3,994)	(2,185)	(2,888)
Impairment charge for the financial year		(1,857)	-	-	-
Transfer to non-current asset held for sale	24	(37,757)	-	-	-
As at 31 December		48,165	89,498	48,165	49,331

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cost	100,980	163,432	100,980	99,961
Accumulated depreciation	(52,815)	(73,934)	(52,815)	(50,630)
Carrying amount	48,165	89,498	48,165	49,331

The investment properties consist of the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Leasehold land	4,121	15,878	4,121	4,179
Buildings	43,119	73,120	43,119	44,652
Construction work-in-progress	925	500	925	500
Carrying amount	48,165	89,498	48,165	49,331
Fair value	80,000	221,000	80,000	160,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

15. INVESTMENT PROPERTIES (continued)

- (a) Investment properties, which are owned are initially measured at cost. Right-of-use assets held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets. After initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period and rates are as follows:

Leasehold land	99 years
Buildings	1% - 10 %

Construction work-in-progress are not depreciated until such time when the assets are available for use.

- (b) Certain investment properties of the Group and of the Company have been charged as securities to banks for loans and borrowings granted to the Group and of the Company as disclosed in Note 25 to the financial statements with carrying amounts as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Leasehold land	-	11,699	-	-
Buildings	30,523	60,044	30,523	31,575
	30,523	71,743	30,523	31,575

- (c) The fair values of the investment properties of the Group and of the Company which comprise of leasehold land and buildings have been arrived on the basis of valuation carried out by independent firms of professional valuers and categorised as Level 3 in the fair value hierarchy. The independent professional valuers have adopted the comparison method, making reference to relevant comparable transactions in the market as well as the present worth of the improvement and land values. In arriving at the valuation, the independent professional valuers have made adjustments for factors, which would affect the market value of the investment properties including but not limited to views, size, floor levels and time factors. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

15. INVESTMENT PROPERTIES (continued)

- (d) Description of valuation techniques used and key inputs to valuation on investment properties of the Group and of the Company measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs	2020	2019
Group				
Leasehold land and buildings	Comparison method	Adjusted property value	637 - 1,105 per s.q.f.t	1,004 - 1,757 per s.q.f.t
Company				
Leasehold land and buildings	Comparison method	Adjusted property value	637 - 1,105 per s.q.f.t	637 - 1,105 per s.q.f.t

- (e) During the financial year, impairment loss of RM1,857,000 has been recognised in relation to a building, which were transferred to assets held for sale as disclosed in Note 24 to the financial statements. The recoverable amounts determined based on fair value less cost to sell were lower than their carrying amounts. The fair value has been categorised as Level 3 in the fair value hierarchy.
- (f) The following are recognised in the statements of profit or loss in respect of investment properties:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Leasing and rental income:				
- investment properties	8,994	10,804	8,994	9,105
- investment properties under assets held for sale	525	-	-	-
Direct operating expenses incurred on income generating investment properties	535	547	535	547

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	988,458	1,045,486
Less: Accumulated impairment losses	(2,400)	(16,678)
	986,058	1,028,808

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less accumulated impairment losses, if any.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non- controlling interest		Principal activities
		2020	2019	2020	2019	
		%	%	%	%	
+Viable Chip (M) Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Cash Band (M) Berhad	Malaysia	100.0	100.0	-	-	Investment holding
Nadi Biru Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Bold Approach Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Perangsang Packaging Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Perangsang Dinamik Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
+Perangsang Oil and Gas Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non- controlling interest		Principal activities
		2020	2019	2020	2019	
		%	%	%	%	
Perangsang Capital Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Investment holding
Aqua-Flo Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Trading in chemical products
KPS-HCM Sdn. Bhd.	Malaysia	51.0	51.0	49.0	49.0	Buildings and road construction, maintenance and rehabilitation
@Kuala Langat Mining Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
+Selangor Amal Holdings Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
^Perangsang Metal Selangor Sdn. Bhd.	Malaysia	-	70.0	-	30.0	Dissolved
Held under Cash Band (M) Berhad						
Perangsang Hotel and Properties Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Leasing operation
Brisdale International Hotel Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Dormant
Held under Nadi Biru Sdn. Bhd.						
Smartpipe Technology. Sdn. Bhd.	Malaysia	64.0	60.0	36.0	40.0	Contractors and subcontractors for the laying of pipes for all kinds of constructional, structural and civil engineering works

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non- controlling interest		Principal activities
		2020 %	2019 %	2020 %	2019 %	
Held under Smartpipe Technology Sdn. Bhd.						
Darul Aman Water Solution Sdn. Bhd.	Malaysia	31.0	60.0	69.0	40.0	Construction of other engineering projects
Held under Bold Approach Sdn. Bhd.						
Kaiserkorp Corporation Sdn. Bhd.	Malaysia	60.0	60.0	40.0	40.0	Investment holding
Held under Kaiserkorp Corporation Sdn. Bhd.						
∞Kyco Industries, Inc.	United States of America	60.0	60.0	40.0	40.0	Investment holding
+King Koil International Pte. Ltd	Singapore	60.0	60.0	40.0	40.0	Investment holding
Held under Kyco Industries Inc.						
∞King Koil Licensing Company, Inc.	United States of America	60.0	60.0	40.0	40.0	Licensing
∞King Koil Sales, Inc.	United States of America	60.0	60.0	40.0	40.0	Distribution and marketing
∞King Koil Manufacturing West, LLC	United States of America	36.0	36.0	64.0	64.0	Production, sale and distribution of mattresses, related bedding and sleep products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2020 %	2019 %	2020 %	2019 %	
Held under Perangsang Dinamik Sdn. Bhd.						
CPI (Penang) Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Manufacturing, assembly and sale of electronic and electrical products and plastic moulded components and parts
+Toyoplas Manufacturing (Malaysia) Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Manufacturing, assembly and sale of plastic injection moulded components and tooling
Held under CPI (Penang) Sdn. Bhd.						
PCM Manufacturing Sdn. Bhd.	Malaysia	60.0	60.0	40.0	40.0	Manufacturing and processing of spraying, silk screening, tempo and robot arm
Held under Toyoplas Manufacturing (Malaysia) Sdn. Bhd.						
+Toyoplas Holdings Pte. Ltd.	Singapore	100.0	100.0	-	-	Investment holdings, traders and commission agents and provision of services

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2020 %	2019 %	2020 %	2019 %	
Held under Toyoplas Manufacturing (Malaysia) Sdn. Bhd. (continued)						
+PT Toyoplas Manufacturing Indonesia	Indonesia	100.0	100.0	-	-	Producing semi-conductor and other electronics components, electronic measurement instruments and test equipment household electrical appliances, pump equipment and electrical tools
+Toyoplas Manufacturing (HK) Co., Ltd.	Hong Kong	100.0	100.0	-	-	Trading of precise plastic mould and electrical precision plastic accessories, electrical appliance and its accessories and telecommunication products
Held under Toyoplas Holdings Pte. Ltd.						
+Toyoplas Manufacturing (Shanghai Songjiang) Co., Ltd.	The People's Republic of China	100.0	100.0	-	-	Tooling, manufacturing, and plastic injection moulding
Toyoplas Manufacturing (Vietnam) Co., Ltd.	Vietnam	100.0	100.0	-	-	Production and sales of precise plastic mould and electrical appliance and its accessories, telecommunication products and provide after sales service

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non- controlling interest		Principal activities
		2020 %	2019 %	2020 %	2019 %	
Held under Toyoplas Manufacturing (HK) Co., Ltd.						
+Toyoplas Manufacturing (Dongguan) Co., Ltd.	The People's Republic of China	100.0	100.0	-	-	Production and sales of the precise plastic mould and electrical precision plastic accessories, electrical appliance and its accessories, telecommunication products and provide after sales service
+Toyoplas Manufacturing (Nanning) Co., Ltd.	The People's Republic of China	100.0	100.0	-	-	Production and sales of the precise plastic mould and electrical appliance and its accessories, telecommunication products and provide after sales service
Held under Perangsang Packaging Sdn. Bhd.						
Century Bond Bhd.	Malaysia	100.0	100.0	-	-	Investment holding and provision of management services

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non- controlling interest		Principal activities
		2020 %	2019 %	2020 %	2019 %	
Held under Century Bond Bhd.						
Pro Pulp Packages Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Manufacture and sales of pulp moulded products
*+CB Bags Sdn. Bhd.	Malaysia	100.0	100.0	-	-	In liquidation
Prestige Packages Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Manufacturing and sale of multi-wall paper bags, woven laminated bags and pulp moulded products
Polyplus Packages (JB) Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Manufacturing and sales of corrugated carton boxes
Polyplus Packages Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Manufacturing and sales of corrugated carton boxes
Multiview Enterprises Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Sales and marketing of industries packaging tapes, materials and machinery and household care products
Cenbond Packages Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Manufacturing and sale of plastic moulded products, packaging products and paper products
Eversynergy Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Property holding

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2020 %	2019 %	2020 %	2019 %	
Held under Pro Pulp Packages Sdn. Bhd.						
Hongda Century Packing & Printing Sdn. Bhd.	Malaysia	60.0	60.0	40.0	40.0	Offset printing for corrugated carton boxes and packaging
Held under CB Bags Sdn. Bhd.						
*+Prestige Packages (Perlis) Sdn. Bhd.	Malaysia	100.0	100.0	-	-	In liquidation
Held under Prestige Packages Sdn. Bhd.						
Centoz Industries Sdn. Bhd.	Malaysia	80.0	80.0	20.0	20.0	Manufacture and sale of paper products
Brandpak Industries Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Manufacture and marketing of stretch films, plastic bags and liners
+PT Prestige Packages Indonesia	Indonesia	100.0	100.0	-	-	Manufacture and sale of cement paper bags
+Esteem Packaging Pte. Ltd.	Singapore	80.0	80.0	20.0	20.0	Trading in paper and plastic packaging products

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2020 %	2019 %	2020 %	2019 %	
Held under Polyplus Packages (JB) Sdn. Bhd.						
Taspack Industrial Sdn. Bhd.	Malaysia	85.0	85.0	15.0	15.0	Processing and supplying of instruction manual books, boxes and all other packing materials
+ # PT Infinity Packaging Solutions	Indonesia	51.0	-	49.0	-	Processing and supplying of instruction manual books, boxes and all other packing materials
Ω Infinity Packaging Solution Sdn. Bhd.	Malaysia	100.0	-	-	-	Offset printing for corrugated carton boxes, pulp moulded products and packaging
Ω Polyplus Packages (PG) Sdn. Bhd.	Malaysia	60.0	-	40.0	-	Manufacturing and sales of corrugated carton boxes and packaging

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows (continued):

Name of subsidiaries	Country of incorporation/ Principal place of business	Proportion of effective ownership interest (%)		% of ownership interest held by non-controlling interest		Principal activities
		2020 %	2019 %	2020 %	2019 %	
Held under Multiview Enterprises Sdn. Bhd.						
Multiview Packaging Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Manufacture and trading in industrial packaging tapes and related products
^Prior Packaging Industries Sdn. Bhd.	Malaysia	-	100.0	-	-	Dissolved
+Multiview (S) Pte. Ltd.	Singapore	100.0	100.0	-	-	Sales and marketing of household care products and packaging materials
^Ready Chemicals (M) Sdn. Bhd.	Malaysia	-	80.0	-	20.0	Dissolved
Macro Chemicals Sdn. Bhd.	Malaysia	100.0	100.0	-	-	Contract and manufacturing of adhesive and household care products

+ Subsidiaries not audited by BDO PLT or member firms of BDO International

* In liquidation or under official assignee

Acquired during the financial year

Ω Incorporated during the financial year

^ Disposed/Liquidated/Dissolved during the financial year

@ Subsidiary classified as disposal group held for sale

∞ Not required to be audited under local legislation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (c) The Group reviews the investments in subsidiaries for impairment when there is an indication of impairment. Impairment loss is recognised when the carrying amount of investments in subsidiaries exceed their recoverable amounts. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries. The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the projected revenue growth rates, terminal growth rates and the appropriate pre-tax discount rates used for each of the subsidiary by Cash-Generating Units ("CGU"), as disclosed in Note 19 to the financial statements.

During the financial year, impairment loss of RM2,400,000 has been recognised in respect of a subsidiary due to declining business operations. The recoverable amounts of the cost of investment in the subsidiary is based on its fair value less cost to sell, which is categorised as Level 3 in the fair value hierarchy.

- (d) Incorporation/Acquisition of subsidiaries

Current financial year

- (i) Incorporation of Infinity Packaging Solution Sdn. Bhd. ("Infinity Packaging")

On 7 January 2020, Polyplus Packages (JB) Sdn. Bhd. ("Polyplus JB"), a wholly-owned subsidiary of Century Bond Bhd. had incorporated a new subsidiary known as Infinity Packaging, with a paid-up share capital of RM100 comprising 100 ordinary shares.

- (ii) Incorporation of Polyplus Packages (PG) Sdn. Bhd. ("Polyplus PG")

On 16 February 2020, Polyplus JB, a wholly-owned subsidiary of Century Bond Bhd. had incorporated a new subsidiary known as Polyplus PG with paid-up share capital RM2 comprising 2 ordinary shares.

The issued and paid-up share capital of Polyplus PG was increased to RM1,300,000 comprising 1,300,000 ordinary shares during the financial year. Polyplus JB subscribed 779,998 ordinary shares by transferring a machine at an agreed value of RM540,000 and cash consideration of RM239,998. In addition, a non-controlling interest subscribed 520,000 ordinary shares for cash consideration of RM520,000 at an issue price of RM1 per share.

Pursuant to that, the effective ownership interest of the Group had decreased from 100% to 60%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) Incorporation/Acquisition of subsidiaries (continued)

Current financial year (continued)

- (iii) Acquisition of 51% equity interest in PT Infinity Packaging Solutions ("PT Infinity")

On 26 February 2020, the Group acquired 51% equity interest, representing 1,275,000 ordinary shares in PT Infinity for a total cash consideration of RM1,275,000.

- i. The fair values of the identifiable assets acquired and liabilities assumed and the effects on cash flows arising from the acquisition are as follows:

	Note	At date of acquisition RM'000
Property, plant and equipment	13	1,719
Inventories		185
Trade and other receivables		279
Cash and bank balances		16
Trade and other payables		(748)
		<hr/>
Total fair value of identified net assets		1,451
Non-controlling interests		(711)
Goodwill on acquisition	19	535
		<hr/>
Total fair value of purchase consideration		1,275
Cash and cash equivalents of the subsidiary acquired		(16)
		<hr/>
Net cash flow of the Group on acquisition		1,259
		<hr/>

- ii. Impact of acquisition in statement of profit or loss of the Group is as follows:

	2020 RM'000
Revenue	6,765
Loss after tax	2,472
	<hr/>

If the acquisition had taken place at the beginning of the financial year, PT Infinity's contribution to the Group's revenue and loss, net of tax would have been RM6,899,723 and RM2,305,191 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) Incorporation/Acquisition of subsidiaries (continued)

Current financial year (continued)

- (iv) Summary of effects of acquisition of Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas")

In the previous financial year, the Group had acquired 100% equity interest in Toyoplas for a total consideration of RM311,250,000. The Group had recognised goodwill of RM59,201,000 on a provisional basis.

During the financial year ended 31 December 2020, the Group has completed the Purchase Price Allocation ("PPA") exercise to determine the fair values of the net assets of Toyoplas in accordance with requirements of *MFRS 3 Business Combinations*.

The details are as follows:

	RM'000
Provisional goodwill	59,201
Final goodwill	57,556
	<hr/>
Reduction in goodwill	(1,645)
	<hr/>

The adjusted fair values of Toyoplas's identifiable assets, liabilities and contingent liabilities have been reflected in the statements of financial position as at 31 December 2019.

Below are the effects of the final PPA adjustments in accordance with MFRS 3:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
As at 31 December 2019			
Statement of financial position			
Non-current assets			
Property, plant and equipment	373,001	(2,497)	370,504
Intangible assets	251,762	2,374	254,136
Goodwill	187,725	(1,645)	186,080
Inventories	141,692	1,402	143,094
	<hr/>		
Non-current liability			
Deferred tax liabilities	106,810	(366)	106,444
	<hr/>		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) Incorporation/Acquisition of subsidiaries (continued)

Current financial year (continued)

- (v) Acquisition of 85% equity interest in Taspack Industrial Sdn. Bhd. ("Taspack")

On 26 November 2019, the Group acquired 85% equity interest in Taspack for a total cash consideration of RM21,250,000, which resulted in gain on bargain purchase of RM1,842,000. The Group has completed the purchase price allocation exercise for the acquisition of Taspack during the financial year. There were no changes to the fair value of the net assets acquired.

Previous financial year

- (i) Acquisition of 100% equity interest in Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas")

On 15 August 2019, the Company's wholly-owned subsidiary, Perangsang Dinamik Sdn. Bhd. ("PDSB") completed the acquisition of 100% equity interest in Toyoplas for a cash consideration of RM311,250,000 ("Acquisition"), as follows:

- i. a sum of RM230,325,000 paid to the vendors upon the delivery and/or procurement of the transaction documents; and
- ii. a contingent consideration of RM80,925,000 ("retention sum") placed in a stakeholder account as agreed upon as part of the share sale agreement.

Following the completion of the acquisition, Toyoplas has become an indirect subsidiary of the Company. Accordingly, wholly owned subsidiaries of Toyoplas namely Toyoplas Holdings Pte. Ltd., PT Toyoplas Manufacturing Indonesia, Toyoplas Manufacturing (HK) Co., Ltd., Toyoplas Manufacturing (Shanghai Songjiang) Co., Ltd., Toyoplas Manufacturing (Dongguan) Co., Ltd. and Toyoplas Manufacturing (Nanning) Co., Ltd. have also become indirect subsidiaries of the Company.

- i. The fair value of the identifiable assets and liabilities of Toyoplas as at the date of acquisition are as follows:

	Note	RM'000
Property, plant and equipment		193,378
Intangible assets		21,633
Trade and other receivables		128,587
Inventories		47,181
Cash and cash equivalents		28,319
Other assets		12,986
Loans and borrowings	25	(43,296)
Post-employment benefits	27	(9,493)
Deferred taxation		(18,006)
Trade and other payables		(101,501)
Other liabilities		(7,739)
		<hr/>
Total fair value of identifiable net assets		252,049

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) Incorporation/Acquisition of subsidiaries (continued)

Previous financial year (continued)

- (i) Acquisition of 100% equity interest in Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas") (continued)

- ii. The consideration transferred for the acquisition of Toyoplas is as follows:

	RM'000
Total fair value of identifiable net assets	252,049
Goodwill arising from acquisition	59,201
	<hr/>
Total purchase consideration at fair value	311,250
	<hr/>
Cash paid	230,325
Contingent consideration (Note 22)	80,925
	<hr/>
Total purchase consideration at fair value	311,250
	<hr/>

As part of the consideration on the acquisition of Toyoplas, the Group is required to release the retention sum upon profit guarantee from Toyoplas being met or any shortfall arising therefrom being compensated in full by the vendor. The fair value of the contingent consideration was estimated at RM80,925,000 at the acquisition date.

- iii. The effect of the acquisition of Toyoplas on the cash flows of the Group is as follows:

	RM'000
Consideration settled in cash	311,250
Less: Cash and cash equivalents of the subsidiary acquired	(28,319)
	<hr/>
Net cash flow of the Group on acquisition	282,931
	<hr/>

- iv. Impact of acquisition in statement of profit or loss of the Group:

	RM'000
Revenue	193,642
Profit net of tax	31,828
	<hr/>

If the acquisition had taken place at the beginning of the financial year, Toyoplas's contribution to the Group's revenue and profit net of tax would have been RM398,212,000 and RM38,071,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) Incorporation/Acquisition of subsidiaries (continued)

Previous financial year (continued)

- (i) Acquisition of 100% equity interest in Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas") (continued)

The Group determines the fair value of identifiable assets acquired and liabilities assumed on business combination through a purchase price allocation performed by management. Management has applied significant estimates and judgement in determining the purchase price allocation, in particular in relation to the identification of intangible asset, valuation of intangible asset and resulting goodwill and the determination of the amortisation period for the identified intangible asset.

- (ii) Incorporation of Toyoplas Manufacturing (Vietnam) Co., Ltd. ("TMV")

Toyoplas Holdings Pte. Ltd., an indirect wholly-owned subsidiary of the Company, had on 7 November 2019 formed a wholly-owned subsidiary named TMV with issued share capital equivalent to USD50,000.

- (iii) Acquisition of 85% equity interest in Taspak Industrial Sdn. Bhd. ("Taspak")

On 26 November 2019, the Group acquired 85% equity interest, representing 297,500 ordinary shares in Taspak for a total cash consideration of RM21,250,000.

- i. The fair values of the identifiable assets acquired and liabilities assumed acquired are as follows:

	Note	RM'000
Property, plant and equipment		19,205
Inventories		4,612
Trade and other receivables		4,887
Cash and bank balances		1,617
Short term funds		1,158
Other assets		5,757
Trade and other payables		(1,689)
Loans and borrowings	25	(2,638)
Deferred taxation		(3,127)
Other liabilities		(2,615)
		<hr/>
Total fair value of identified net assets		27,167 <hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (d) Incorporation/Acquisition of subsidiaries (continued)

Previous financial year (continued)

- (iii) Acquisition of 85% equity interest in Taspack Industrial Sdn. Bhd. ("Taspack") (continued)

- ii. The consideration transferred for the acquisition of Taspack is as follows:

	RM'000
Total fair value of identified net assets	27,167
Non-controlling interests	(4,075)
Gain on bargain purchase (Note 5)	(1,842)
	<hr/>
Purchase consideration at fair value	21,250
	<hr/>

The share of fair value of identifiable net assets of the Group measured at acquisition date exceeded the fair value of purchase consideration by RM1,842,000 as the Group is able to unlock synergies between business unit in manufacturing CGU that is otherwise not available to the vendor, which has been recognised as other income in the statement of profit or loss of the Group.

- iii. The effect of the acquisition of Taspack on the cash flows of the Group is as follows:

	RM'000
Consideration settled in cash	21,250
Cash and cash equivalents of the subsidiary acquired	(1,617)
	<hr/>
Net cash outflow of the Group on acquisition	19,633
	<hr/>

- iv. Impact of acquisition in statement of profit or loss of the Group:

	RM'000
Revenue	1,957
Profit after tax	110
	<hr/>

If the acquisition had taken place at the beginning of the financial year, Taspack's contribution to the Group's revenue and profit net of tax would have been RM23,482,524 and RM1,325,016 respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (e) Dissolution of subsidiaries

Current financial year

- (i) Dissolution of Perangsang Metal Sdn. Bhd. ("Perangsang Metal")

Perangsang Metal, a 70%-owned subsidiary of the Company was dissolved on 23 January 2020. Accordingly, the cost of investment and accumulated impairment losses on investment amounting to RM350,000 have been reversed. There is no financial impact to the Group arising from the dissolution.

- (ii) Dissolution of Ready Chemical (M) Sdn. Bhd. ("Ready Chemical")

Ready Chemical, an 80%-owned subsidiary of the Group was dissolved on 26 June 2020. The dissolution of Ready Chemical has the following effects on the financial position and financial performance of the Group for the year ended 31 December 2020:

Group	RM'000
Cost of investment, representing carrying amount	411
Less: Share of net assets	
- Net assets transferred to the Group	(530)
- Cash consideration paid to non-controlling interest	119
	(411)
Gain on dissolution	-
Net cash outflow arising from dissolution	119

- (iii) Dissolution of Prior Packaging Industries Sdn. Bhd. ("Prior Packaging")

Prior Packaging, a wholly-owned subsidiary of the Group was dissolved on 26 June 2020. There is no financial impact to the Group arising from the dissolution.

Previous financial year

- (i) Dissolution of Perangsang Telco Sdn. Bhd. ("Perangsang Telco")

Perangsang Telco, a 100%-owned subsidiary of the Company was dissolved on 28 November 2019. Accordingly, the carrying amount of investment in a subsidiary, Perangsang Telco Sdn. Bhd. amounting to RM100,000 was written off following the dissolution of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (f) Subscription of additional new ordinary shares/accretion of interests in subsidiaries

Current financial year

- (i) Subscription of additional new ordinary shares in Darul Aman Water Solution Sdn. Bhd. ("DAWS")

On 11 March 2020, the issued and paid share capital of DAWS was increased to RM1,000 by way of issuance of additional of 999 ordinary shares at an issue price of RM1 per share. SPT, an indirect subsidiary of the Company, had subscribed additional 489 new ordinary shares in DAWS at an issue price of RM1 for a cash consideration of RM489, while a non-controlling interest subscribed 510 ordinary shares for a cash consideration of RM510 at an issue price of RM1. Pursuant to that, the effective ownership interest of the Group had decreased from 60% to 31%.

The Group considers that it controls DAWS even though it owns less than fifty percent (50%) of the voting rights. This is due to the Group having control over the Board of Directors and the power to govern the relevant activities of DAWS.

- (ii) Subscription of additional new ordinary shares in Smartpipe Technology Sdn. Bhd. ("SPT")

On 3 June 2020, Nadi Biru Sdn. Bhd., a wholly owned subsidiary of the Company had subscribed additional 400,000 new ordinary shares in SPT at an issue price of RM1.00 for cash consideration of RM400,000. Accordingly, the Group's interest in SPT has increased from 60% to 64%.

Previous financial year

- (i) Accretion of interests in Century Bond Bhd. ("CBB")

Pursuant to extraordinary general meeting on 20 June 2019, CBB being the indirect subsidiary of the Company had exercised selective capital reduction ("SCR") by way of cancellation a total of 1,228,434 ordinary shares, which amounted to RM2,149,760. As such, all the shareholders of CBB (other than Perangsang Packaging Sdn. Bhd.) received cash consideration of RM1.75 per ordinary share on 27 September 2019. Accordingly, the Group's effective interest in the equity of CBB increased from 98.90% to 100%.

- (ii) Subscription of additional new ordinary shares

In the previous financial year, the Company had on 13 February 2019 subscribed additional 999,998 new ordinary shares in its wholly-owned subsidiary, Perangsang Capital Sdn. Bhd., at an issue price of RM1.00 via capitalisation of amount due from the subsidiary, which amounted to RM999,998.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(g) Share capital reduction

(i) Share capital reduction of Cash Band (M) Berhad ("CBM") pursuant to Section 117(1) and 117(4)

CBM has undertaken capital reduction exercise under Section 117 of the Companies Act 2016 ("CA 2016") in the following manners:

- i. reduction in paid up capital of CBM under section 117(1) of CA 2016 by RM43,265,326 and to be settled via offset with amount due from the Company. Accordingly, the cost of investment in CBM has reduced by RM43,265,326.
- ii. reduction in paid up capital of CBM under section 117(4) of CA 2016 by RM50,370,610 via cancellation of the paid up share capital which is lost or unrepresented by available assets. However, there is no impact to the Company during the year.

(h) Reclassification of investments in subsidiaries to/from non-current assets held for sale.

(i) Reclassification of investment in Kuala Langat Mining Sdn. Bhd. ("KLM")

On 10 December 2020, the Company had committed to a plan to dispose its entire interest in a subsidiary, KLM and had commenced efforts to dispose the subsidiary. Accordingly, the cost of investment and accumulated impairment losses on investment amounting to RM16,327,769 has been reclassified to non-current asset held for sales.

(ii) Reclassification of investment in KPS-HCM Sdn. Bhd. ("KHCM")

In the previous financial year, the Group had committed to a plan to dispose its entire interest in a subsidiary, KHCM and had commenced efforts to dispose the subsidiary and reclassified to non-current asset held for sale.

However, the Group decided not to proceed with the disposal of KHCM. The Group maintains its shareholding in KHCM during the financial year. Accordingly, the cost of investment amounting to RM2,914,997 has been reclassified from non-current asset held for sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

- (i) In the previous financial year, the Company had subscribed into Redeemable Convertible Preference Shares - Islamic ("RCPS-i") issued by the following subsidiaries, as follows:
- (i) 89,380 unit of RCPS-i at an issue price of RM1.00 per share in Nadi Biru Sdn. Bhd. via capitalisation of amount due from the subsidiary, which amounted to RM89,380;
 - (ii) 186,250,000 unit of RCPS-i at an issue price of RM1.00 per share in Perangsang Packaging Sdn. Bhd. via capitalisation of amount due from the subsidiary, which amounted to RM186,250,000;
 - (iii) 487,290 unit of RCPS-i at an issue price of RM1.00 per share in Bold Approach Sdn. Bhd. via capitalisation of amount due from the subsidiary, which amounted to RM487,290;
 - (iv) 358,807,698 unit of RCPS-i at an issue price of RM1.00 per share in Perangsang Dinamik Sdn. Bhd. via capitalisation of amount due from the subsidiary, which amounted to RM358,807,695; and
 - (v) 6,331,460 unit of RCPS-i at an issue price of RM1.00 per share in Perangsang Capital Sdn. Bhd. via capitalisation of amount due from the subsidiary, which amounted to RM6,331,460.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(j) Summarised financial information on subsidiaries with significant non-controlling interests

(i) Summarised statements of financial position

	KaiserCorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current assets	145,557	150,986	3,602	3,670	149,159	154,656
Current assets	71,270	53,031	74,946	76,382	146,216	129,413
Total assets	216,827	204,017	78,548	80,052	295,375	284,069
Non-current liabilities	51,415	55,095	-	-	51,415	55,095
Current liabilities	29,021	18,554	34,376	39,090	63,397	57,644
Total liabilities	80,436	73,649	34,376	39,090	114,812	112,739
Net assets	136,391	130,368	44,172	40,962	180,563	171,330
Equity attributable to owners of the parent	81,835	78,221	22,528	20,891	104,363	99,112

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(j) Summarised financial information on subsidiaries with significant non-controlling interests (continued)

(ii) Summarised statements of profit or loss and other comprehensive income

	Kaiserkorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	134,027	111,402	124,064	117,410	258,091	228,812
Profit for the financial year	9,004	664	6,651	6,003	15,655	6,667
Profit attributable to owners of the parent	9,316	3,568	6,651	6,003	15,967	9,571

(iii) Summarised statements of cash flows

	Kaiserkorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net cash flows from operating activities	4,149	6,449	21,434	4,741	25,583	11,190
Net cash flows used in investing activities	(2,463)	(2,153)	(7,728)	(193)	(10,191)	(2,346)
Net cash flows used in financing activities	(2,428)	(4,412)	(3,548)	(1,380)	(5,976)	(5,792)
Net (decrease)/increase in cash and cash equivalents	(742)	(116)	10,158	3,168	9,416	3,052
Cash and cash equivalents at 1 January	21,644	22,125	12,604	9,436	34,248	31,561
Effect of foreign exchange	(976)	(365)	-	-	(976)	(365)
Cash and cash equivalents at 31 December	19,926	21,644	22,762	12,604	42,688	34,248

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(j) Summarised financial information on subsidiaries with significant non-controlling interests (continued)

(iv) Summarised financial information of KaiserCorp Corporation Sdn. Bhd. ("KaiserCorp Group") and Aqua-Flo Sdn. Bhd. ("Aqua-Flo") which have non-controlling interests ("NCI") that are material to the Group, are set out below. The summarised financial information presented below is the amount before inter-companies elimination. The NCI in respect of other entities within the Group are not material to the Group.

	KaiserCorp Group RM'000	Aqua-Flo RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
As at 31 December 2020				
NCI percentage of ownership interest and voting interest	40%	49%	-	
Carrying amount of NCI	54,556	21,644	35,635	111,835
Profit/(Loss) attributable to NCI	3,726	3,259	(1,013)	5,972
Dividends paid to NCI	-	1,686	400	2,086
As at 31 December 2019				
NCI percentage of ownership interest and voting interest	40%	49%	-	
Carrying amount of NCI	52,147	20,071	37,032	109,250
Profit/(Loss) attributable to NCI	266	2,941	(866)	2,341
Dividends paid to NCI	-	1,735	468	2,203

17. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost	183,299	183,299	131,809	131,809
Share of post-acquisition reserves	(23,706)	139,882	-	-
	159,593	323,181	131,809	131,809

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

- (a) Investments in associates are measured at cost less impairment losses, if any, and accounted for using the equity method in the consolidated financial statements.

Management reviews the investments in associates, which is assessed by reference to the higher of the fair values less cost to sell and value in use of the associates. Estimating a value in use requires management to make an estimate of the expected future cash flows to be derived from continuing use of the asset and from its ultimate disposal, expectations about possible variations in the amount, timing of those cash flows, the time value of money, price for inherent uncertainty risk and others relevant factors.

- (b) Details of the associates are as follows:

Name of associates	Country of incorporation	Effective interest in equity (%)		Principal activities
		2020	2019	
Held by the Company:				
+Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. ("SPRINT Holdings")	Malaysia	20.0	20.0	Investment holding and provision of management services
+Perangsang Water Management Sdn. Bhd. ("PWM")	Malaysia	40.0	40.0	Water project operation and management
Held by Viable Chip (M) Sdn. Bhd.:				
+Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings")	Malaysia	30.0	30.0	Investment holding
Held by Perangsang Oil and Gas Sdn. Bhd.:				
+NGC Energy Sdn. Bhd. ("NGC Energy")	Malaysia	40.0	40.0	Operation, marketing and selling of liquefied petroleum gas

+ Associates not audited by BDO PLT or member firms of BDO International

The above investments are accounted for as investments in associates by virtue of ability of the Group to exercise significant influence over the financial and operating policies of the investee companies through representation in the Board of Directors of these associates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

- (c) The summarised financial information of the material associates which are accounted for using the equity method are as follows:

Summarised statements of financial position

	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
As at 31 December 2020					
Non-current assets	-	1,315,761	280,625	-	1,596,386
Current assets	155	262,751	76,701	15,856	355,463
Total assets	155	1,578,512	357,326	15,856	1,951,849
Non-current liabilities	-	401,060	34,652	-	435,712
Current liabilities	155	884,955	100,149	8	985,267
Total liabilities	155	1,286,015	134,801	8	1,420,979
Net assets attributable to owner of associates	-	292,497	222,524	15,848	530,869

Summarised statements of profit or loss and other comprehensive income

	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Year ended 31 December 2020					
Revenue	31,996	237,006	557,992	3,568	830,562
Profit for the financial year	62,040	57,394	16,843	(466)	135,811

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

- (c) The summarised financial information of the material associates which are accounted for using the equity method are as follows (continued):

Reconciliation of net assets to carrying amount of Group's interest in associates

Year ended 31 December 2020	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Group's share of net assets	-	58,499	89,010	6,339	153,848
Goodwill	-	3,356	2,389	-	5,745
Carrying amount of Group's interest in associates	-	61,855	91,399	6,339	159,593
Group's share of result in associates	18,612	11,479	6,736	(186)	36,641
Dividends received from associates	195,429	-	4,800	-	200,229

Summarised statements of financial position

As at 31 December 2019	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Non-current assets	-	1,361,027	292,790	-	1,653,817
Current assets	589,419	412,430	108,359	20,063	1,130,271
Total assets	589,419	1,773,457	401,149	20,063	2,784,088
Non-current liabilities	-	643,832	37,595	3,058	684,485
Current liabilities	29	894,521	145,873	691	1,041,114
Total liabilities	29	1,538,353	183,468	3,749	1,725,599
Net assets attributable to owner of associates	589,390	235,104	217,681	16,314	1,058,489

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

- (c) The summarised financial information of the material associates which are accounted for using the equity method are as follows (continued):

Summarised statements of profit or loss and other comprehensive income

Year ended 31 December 2019	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Revenue	-	251,909	630,713	1,320	883,942
Profit for the financial year	126	36,180	18,310	480	55,096

Reconciliation of net assets to carrying amount of Group's interest in associates

Year ended 31 December 2019	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Group's share of net assets	176,817	47,021	87,072	6,526	317,436
Goodwill	-	3,356	2,389	-	5,745
Carrying amount of Group's interest in associates	176,817	50,377	89,461	6,526	323,181
Group's share of result in associates	38	7,236	7,323	192	14,789
Dividends received from associates	493,503	-	7,999	-	501,502

- (d) The financial statements of the associates of the Group are coterminous with those of the Group, except for SPLASH Holdings and SPRINT Holdings which have a financial year end of 31 March.

The share of results of SPLASH Holdings and SPRINT Holdings for the current financial year are for the twelve (12) months period ended 31 December 2020, incorporating the three (3) months period ended 31 March 2020 based on the latest audited financial statements and the management financial statements for the nine (9) months period ended 31 December 2020.

- (e) Share capital reduction in SPLASH Holdings

In the previous financial year, the Group received proceeds amounting to RM119,997,000 pursuant to the capital reduction exercise carried out by SPLASH Holdings.

The shareholding of the Group in SPLASH Holdings remained the same subsequent to the completion of the exercise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

18. INTANGIBLE ASSETS

Group 2020	Brand name RM'000	Technical know-how RM'000	Customer relationships RM'000	Website and software development RM'000	Trademarks RM'000	Website under installation RM'000	Total RM'000
Cost							
As at 1 January	194,441	53,026	12,253	2,229	423	611	262,983
Additions	-	-	-	1,044	-	-	1,044
Foreign exchange movement	(3,777)	-	-	(12)	(11)	(12)	(3,812)
As at 31 December	190,664	53,026	12,253	3,261	412	599	260,215
Accumulated amortisation							
As at 1 January	-	4,380	3,081	1,112	274	-	8,847
Amortisation charge for the financial year	-	3,289	1,027	367	46	-	4,729
Foreign exchange movement	-	-	-	(10)	(10)	-	(20)
As at 31 December	-	7,669	4,108	1,469	310	-	13,556
Carrying amounts							
As at 31 December	190,664	45,357	8,145	1,792	102	599	246,659

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

18. INTANGIBLE ASSETS (continued)

Group 2019	Brand name RM'000	Technical know-how (Restated) RM'000	Customer relationships development RM'000	Website and software development RM'000	Trademarks RM'000	Website under installation RM'000	Total RM'000
Cost							
As at 1 January	196,627	29,945	12,253	1,263	325	-	240,413
Additions	-	-	-	16	97	618	731
Acquisition of subsidiaries (Note 16)	-	23,081	-	926	-	-	24,007
Foreign exchange movement	(2,186)	-	-	24	1	(7)	(2,168)
As at 31 December	194,441	53,026	12,253	2,229	423	611	262,983
Accumulated amortisation							
As at 1 January	-	-	2,054	929	221	-	3,204
Amortisation charge for the financial year	-	4,380	1,027	208	59	-	5,674
Foreign exchange movement	-	-	-	(25)	(6)	-	(31)
As at 31 December	-	4,380	3,081	1,112	274	-	8,847
Carrying amounts							
As at 31 December	194,441	48,646	9,172	1,117	149	611	254,136

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

18. INTANGIBLE ASSETS (continued)

- (a) Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.
- (b) Intangible asset with indefinite useful life
Brand name relates to the King Koil® brand names for the Group's specialised bedding and licensing components. The useful life of the brand is estimated to be indefinite. Details of impairment testing of brand name are disclosed in Note 19 to the financial statements.
- (c) Intangible assets with definite useful life
- (i) Trademarks include cost of registration and renewals of trademark, product line and product names, which are capitalised and amortised over the estimated useful life of five (5) years.
- (ii) Cost of website and software development expenditure are capitalised and amortised over the estimated useful life of five (5) years.
- (iii) The technical know-how are recognised separately from goodwill on acquisition of subsidiaries are capitalised and amortised over the estimated useful life of fifteen (15) years.
- (iv) The customer relationships are recognised separately from goodwill on acquisition of a subsidiary. The useful lives of the customer relationships are in the range of nine (9) to nineteen (19) years, determined based on customer attrition from the acquired relationships.
- (v) Website under installation are not amortised until such time when the assets are available for use.

19. GOODWILL

	Group	
	2020	2019
	(Restated)	
	RM'000	RM'000
Cost		
As at 1 January	188,671	132,053
Foreign exchange movement	(374)	(215)
Acquisition of subsidiaries (Note 16)	535	57,556
Transfer from/(to) assets held for disposal (Note 24)	723	(723)
As at 31 December	189,555	188,671
Accumulated impairment		
As at 1 January	(2,591)	(2,591)
Charge for the financial year	(723)	-
As at 31 December	(3,314)	(2,591)
Carrying amount		
As at 31 December	186,241	186,080

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

19. GOODWILL (continued)

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on estimation of the value-in-use, which requires significant judgements, estimates about the future results and key assumptions made by the management. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment tests for goodwill and other intangible assets with indefinite useful lives

Goodwill arising from business combinations and brand name has been allocated to three individual CGU for impairment testing, namely licensing, manufacturing and infrastructure.

The carrying amounts of goodwill and brand name allocated to each CGU are as follows:

	Goodwill	Brand	Total
	RM'000	name	RM'000
		RM'000	RM'000
2020			
Licensing	18,821	190,664	209,485
Manufacturing	167,294	-	167,294
Infrastructure	126	-	126
	186,241	190,664	376,905
2019			
Restated			
Licensing	19,195	194,441	213,636
Manufacturing	166,759	-	166,759
Infrastructure	126	-	126
	186,080	194,441	380,521

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

19. GOODWILL (continued)Impairment tests for goodwill and other intangible assets with indefinite useful lives (continued)

(a) Goodwill and brand name of Licensing CGU

The goodwill and brand name attributable to Licencing CGU arose from the acquisition of KaiserCorp Corporation Sdn. Bhd.. In performing the impairment assessment of the carrying amount of goodwill and brand name allocated to Licencing CGU, the Group adopted the probability-weighted cash flow approach due to the possible outcomes of the CGU's performance arising from the inherent uncertainty of Covid-19 pandemic. The probability-weighted cash flow approach uses all expectations about possible cash flows, instead of the single most likely cash flow, which also aligns with management's internal forecasts. This cash flow projection is based on financial budget approved by management covering a one (1) year period and cash flows beyond the one (1) year period are extrapolated using the estimated sales volume growth rates and are weighted based on the following scenarios:

	Upside scenario	Base scenario	Downside scenario
Weighting	10%	60%	30%
Sales volume growth rates in FY2021	90%	82%	10%
Sales volume growth rates for FY2022	10%	10%	5%
Sales volume growth rates for FY2023 to FY2025	5%	5%	5%
Average selling price (per unit)	USD420	USD420	USD400
Pre-tax discount rate	10.5%	10.5%	10.5%

Management has assigned probability weighting to each scenario based on its expectations for the economy under and following the Covid-19 pandemic. Management is of the view that the probability weighting represents a reasonable assessment of the likelihood of the scenarios, taking into account various macroeconomic factors, such as Gross Domestic Product growth rate, consumer price index and inflation rate.

In the previous financial year, the sales volume growth rate, average selling price and pre-tax discount rate were 14.9%, USD478/unit and 10.5% respectively as key assumptions for the pre-tax cash flows calculation.

As at 31 December 2020, the recoverable amount of Licencing CGU based on value in use ("VIU") calculations was higher than the carrying amount of the goodwill and brand name, therefore no impairment loss was required.

However, the recoverable amount is sensitive to changes in certain key assumption. The sensitivity of the impairment assessment to a reasonably possible change in each of the key inputs with all other variables held constant is as follows:

	Change in assumption	Impact
Probability weighted	Downside scenario: 40% Base scenario: 60% Upside scenario: 0%	Breakeven
Average selling price	Reduce by 1.4%	Breakeven
Sales volume growth rate in FY2021	Reduce by 17.8%	Breakeven
Pre-tax discount rate	Increase by 1.4%	Breakeven

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

19. GOODWILL (continued)Impairment tests for goodwill and other intangible assets with indefinite useful lives (continued)

(b) Goodwill of Manufacturing CGU

Goodwill arising from the acquisitions of Century Bond Bhd., CPI (Penang) Sdn. Bhd., and Toyoplas is allocated to Manufacturing CGU for the purposes of impairment review. The Group has completed the purchase price allocation exercise for the acquisition of Toyoplas during the financial year. There were changes to the fair value of the net assets acquired as disclosed in Note 16 to the financial statements. The recoverable amount of Manufacturing CGU was determined based on the VIU calculations by discounting the pre-tax cash flows based on financial budgets prepared by the Group covering a five-year period based on the following key assumptions:

	2020	2019
	%	%
Pre-tax discount rate	11.0	11.0
Revenue growth rate	8.0% - 10.0%	8.0% - 11.0%

Based on the impairment test, no impairment is required for goodwill attributed to the Manufacturing CGU (2019: Nil).

There are no reasonably possible changes in any key assumptions used that would cause the carrying amount of this CGU to materially exceed the recoverable amount.

(c) Goodwill of Infrastructure CGU

The goodwill attributable to Infrastructure CGU arose from the acquisition of KPS-HCM Sdn. Bhd. ("KHCM") and Smartpipe Technology Sdn. Bhd.. During the financial year, goodwill from KHCM has been reclassified from assets held for sale as disclosed in Note 24 to the financial statements.

The recoverable amount of Infrastructure CGU was determined based on the fair value less cost to sell ("FVLCTS") method. The net assets of these subsidiaries are used as a proxy for their recoverable amounts based on FVLCTS method and are within Level 3 of the fair value hierarchy.

Based on the impairment test, impairment of goodwill amounted to RM723,000 was recognised during the financial year due to decline business operation of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

20. CLUB MEMBERSHIPS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At fair value				
As at 1 January	153	203	153	153
Transfer from/(to) non-current assets held for sale (Note 24)	50	(50)	-	-
Loss on fair value	(50)	-	-	-
As at 31 December	153	153	153	153

- (a) Investments in the in club memberships are classified as financial assets measured at fair value through profit or loss.
- (b) Fair value of club memberships are determined by reference to the quoted price active markets at the end of the reporting date, which are adjusted for differences in key attributable price such as type of membership.

Fair value of club memberships of the Group and of the Company are categorised as level 2 in the fair value hierarchy. There is no transfer between levels of hierarchy during the financial year.

21. INVENTORIES

	Group	
	2020 RM'000	2019 (Restated) RM'000
At cost		
Raw materials	102,199	88,969
Work-in-progress	20,803	14,171
Finished goods	41,385	39,949
At net realisable value		
Raw materials	-	5
	164,387	143,094

- (a) Inventories are stated at the lower of cost and net realisable value. Cost of inventories consists of purchase price and is determined using the first-in, first-out formula.
- (b) During the financial year, inventories recognised as an expense in cost of sales of the Group is RM479,495,674 (2019: RM468,531,808).
- (c) During the financial year, inventories written down and inventories written off amounted to RM2,196,087 (2019: RM788,519) and RM109,103 (2019: Nil) respectively, which are recognised as other expenses in the statements of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Trade receivable				
Related company	1,399	-	-	-
Less: Impairment losses	(11)	-	-	-
Non-current trade receivables, net	1,388	-	-	-
Other receivable				
Sundry receivable	13,350	23,351	-	-
Amount due from a related company	8,542	-	-	-
	21,892	23,351	-	-
Less: Impairment losses				
- sundry receivable	(4,726)	(6,061)	-	-
- amount due from a related company	(64)	-	-	-
	(4,790)	(6,061)	-	-
Non-current other receivables, net	17,102	17,290	-	-
Total non-current receivables	18,490	17,290	-	-
Other non-current assets				
Prepayments	83,418	81,946	-	-
	101,908	99,236	-	-
Current				
Trade receivables				
Third parties	325,262	309,096	288	271
Related companies	54,999	17,417	23	-
	380,261	326,513	311	271
Less: Impairment losses				
- third parties	(11,053)	(9,158)	(198)	(136)
- related companies	(4,960)	-	-	-
	(16,013)	(9,158)	(198)	(136)
Current trade receivables, net	364,248	317,355	113	135

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current (continued)				
Other receivables				
Sundry receivables	34,773	28,565	1,613	3,016
Amounts due from subsidiaries	-	-	4,360	4,358
Amounts due from related companies	7,248	7,355	1,896	1,985
	42,021	35,920	7,869	9,359
Less: Impairment losses				
- sundry receivables	(179)	(161)	(102)	(102)
- subsidiaries	-	-	-	(497)
	(179)	(161)	(102)	(599)
Current other receivables, net	41,842	35,759	7,767	8,760
Total current receivables	406,090	353,114	7,880	8,895
Other current assets				
Indirect tax receivables	2,969	2,001	328	328
Prepayments	14,333	13,852	116	376
	17,302	15,853	444	704
	423,392	368,967	8,324	9,599
Total non-current receivables	18,490	17,290	-	-
Total current receivables	406,090	353,114	7,880	8,895
Total receivables	424,580	370,404	7,880	8,895
Other non-current assets	83,418	81,946	-	-
Other current assets	17,302	15,853	444	704
Total other assets	100,720	97,799	444	704
Total trade and other receivables	525,300	468,203	8,324	9,599

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Included in non-current receivables are:
 - (i) a receivable of RM3,349,813 (2019: RM3,349,813) from Leo Hospitality Sdn. Bhd. arising from lease income and business commission receivables, which is charged a fixed profit rate of 4.5% (2019: 4.5%) per annum over a period of twenty-three (23) months commenced from April 2017. Sensitivity analysis for fixed rate finance lease receivable at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates. Full allowance for impairment had been recognised in the prior year due to default on payments by the lessee; and
 - (ii) receivable from redevelopment agreement with Setia Eco Templar Sdn. Bhd. and is payable over four (4) annual instalments commencing 2019.
- (c) Included in other non-current assets is an amount of RM80,925,000 (2019: RM80,925,000) paid into a stakeholder account in relation to the acquisition of a subsidiary as disclosed in Note 16 to the financial statements.
- (d) Trade receivables are unsecured and interest-free with normal trade credit terms ranges from 30 to 365 days (2019: 30 to 365 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (e) Trade amounts due from related companies are unsecured, interest-free except for an amount of RM34,998,562 (2019: Nil), which bears a fixed profit rate of 10% (2019: Nil) per annum with trade credit terms of 30 days (2019: Nil). Sensitivity analysis at the end of reporting period is not presented as fixed rate instrument is not affected by change in interest rate.
- (f) Non-trade amounts due from subsidiaries represent advances and payment on behalf, which are unsecured, interest-free and receivable within next twelve (12) months.

In the previous financial year, the Company subscribed into new ordinary shares and RCPS-i issued by the subsidiaries via capitalisation of amounts due from subsidiaries as disclosed in Note 16 to the financial statements.

- (g) Non-trade amounts due from related companies of the Group and of the Company represent advances and payment on behalf, which are unsecured, interest free and payable within next twelve (12) months except for an amount of RM10,942,341 (2019: Nil) of the Group, which bears an interest rate ranging from 6.40% to 7.15% (2019: Nil) per annum and payable over fifteen (15) monthly instalments commencing 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

- (h) Other receivables of the Group, which amounted to RM18,623,590 (2019: RM27,289,172) has been charged to financial institutions for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.
- (i) Currency exposure profile of total receivables are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	314,509	215,012	7,880	8,895
United States Dollar	95,982	141,296	-	-
Singapore Dollar	4,864	5,767	-	-
Euro	2,466	-	-	-
Thailand Baht	-	690	-	-
Brunei Darussalam Dollar	68	97	-	-
Chinese Renminbi	-	7,542	-	-
Indonesia Rupiah	6,691	-	-	-
	424,580	370,404	7,880	8,895

- (j) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Singapore Dollar ("SGD"), and Chinese Renminbi ("RMB") exchange rates being the main foreign currencies of which the Group is exposed to against the functional currencies of the Group, with all other variables held constants:

	Group	
	2020 RM'000	2019 RM'000
Profit net of tax and zakat		
USD/RM		
- strengthen by 10%	7,295	10,738
- weaken by 10%	(7,295)	(10,738)
IDR/RM		
- strengthen by 10%	509	-
- weaken by 10%	(509)	-
SGD/RM		
- strengthen by 10%	370	438
- weaken by 10%	(370)	(438)
RMB/RM		
- strengthen by 10%	-	573
- weaken by 10%	-	(573)

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

- (k) The Group applies the MFRS 9 simplified approach in measuring expected credit losses (“ECL”) which uses a lifetime expected loss allowance for trade receivables. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted to reflect current and forward-looking information such as consumer price index, gross domestic product, unemployment rate, inflation rate and producer price index affecting the ability of the customers to settle the receivables.

For trade receivables that contain a significant financing component and other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. The Group defined significant increase in credit risk based on past due information, i.e. twelve (12) months after credit term. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result in default events on a financial instrument that are possible within twelve (12) months after the reporting date.

For the purpose of assessing whether the credit risk of the Group has increased significantly since initial recognition, the Group compares the risk of a default occurring at the reporting date with the risk of a default occurring at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that are reasonable and supportable, including historical experience and forward-looking information, which are available without undue cost or effort.

Significant judgement is required in determining the probabilities of default by receivables and appropriate forward-looking information in assessing the expected credit loss allowance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

- (l) The information about the credit risk and expected credit losses (“ECL”) allowance for trade receivables of the Group and of the Company using the provision matrix are as follows:

Group	Current RM'000	1 - 90 days past due RM'000	More than 90 days past due RM'000	Total RM'000
31 December 2020				
Gross carrying amounts				
- trade receivables	282,445	58,127	41,088	381,660
ECL allowances	(475)	(419)	(15,130)	(16,024)
	281,970	57,708	25,958	365,636
31 December 2019				
Gross carrying amounts				
- trade receivables	210,813	91,633	24,067	326,513
ECL allowances	(6)	(22)	(9,130)	(9,158)
	210,807	91,611	14,937	317,355
Company				
31 December 2020				
Gross carrying amount				
- trade receivables	72	38	201	311
ECL allowances	-	-	(198)	(198)
	72	38	3	113
31 December 2019				
Gross carrying amounts				
- trade receivables	34	3	234	271
ECL allowances	-	-	(136)	(136)
	34	3	98	135

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(m) The reconciliation of movements of impairment losses for total receivables at the end of each reporting period are as follows:

	----- Group -----		----- Company -----	
	Lifetime ECL allowance RM'000	Individually impaired RM'000	Lifetime ECL allowance* RM'000	Individually impaired RM'000
Trade receivables				
As at 1 January 2020	170	8,988	-	136
Charge for the financial year	7,304	1,322	-	67
Reversal	(236)	(720)	-	(5)
Written off	-	(791)	-	-
Foreign exchange movement	(4)	(9)	-	-
	7,234	8,790	16,024	198
As at 31 December 2020				
As at 1 January 2019	-	7,103	-	136
Charge for the financial year	165	2,173	-	-
Reversal	(8)	(131)	-	-
Written off	-	(299)	-	-
Foreign exchange movement	13	142	-	-
As at 31 December 2019	170	8,988	9,158	136

* The effect of expected credit loss is insignificant

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

- (m) The reconciliation of movements of impairment losses for total receivables at the end of each reporting period are as follows (continued):

	----- Group -----			Total allowance RM'000
	12-month ECL (i) RM'000	Lifetime ECL -not credit impaired (ii) RM'000	Lifetime ECL - credit impaired (iii) RM'000	
2020				
Amounts due from related companies				
As at 1 January 2020	-	-	-	-
Charge for the financial year	-	64	-	64
As at 31 December 2020	-	64	-	64
	----- Company -----			Total allowance RM'000
	12-month ECL (i) RM'000	Lifetime ECL -not credit impaired (ii) RM'000	Lifetime ECL - credit impaired (iii) RM'000	
2020				
Amounts due from subsidiaries				
As at 1 January 2020	-	-	497	497
Written off	-	-	(497)	(497)
As at 31 December 2020	-	-	-	-
2019				
Amounts due from subsidiaries				
As at 1 January 2019	-	-	5,049	5,049
Written off	-	-	(4,552)	(4,552)
As at 31 December 2020	-	-	497	497

- (i) Stage 1: financial assets that have not had a significant increase in credit risk since initial recognition
(ii) Stage 2: financial assets that have had a significant increase in credit risk since initial recognition
(iii) Stage 3: credit-impaired financial assets

Individually impaired refers to receivable who have defaulted on payments and are in significant financial difficulties as at the end of the reporting period.

- (n) No expected credit losses is recognised arising from other financial assets as the amount is negligible.
- (o) As at the end of each reporting period, trade receivables of the Group and of the Company are not secured by any collaterals. The Group has significant concentration of credit risks that arise from exposure to amount from a related company, which makes up 12% (2019: Nil) of total receivables. The Company is not subject to significant risk of concentration.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

- (p) As at the end of each reporting period, the other receivables of the Group was not subject to significant concentration of credit risk. The Company has significant concentration of credit risks that arise from exposure to amounts due from subsidiaries and related companies, which makes up 79.39% (2019: 65.72%) of total receivables.
- (q) During the financial year, the Group renegotiated its amount due from a related company, which led to changes in the timing of the payments. The impact arising from the renegotiation is negligible to the Group.

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash on hand and at banks	186,961	123,234	32,748	1,448
Sinking fund trust account	5,303	-	-	-
Deposits with licensed banks and financial institutions	33,325	78,991	1,245	42,473
Total cash and bank balances	225,589	202,225	33,993	43,921
Short term funds	214,719	69,576	177,460	62,750
	440,308	271,801	211,453	106,671

- (a) Total cash and bank balances are classified as financial assets measured at amortised cost.
- (b) The Sinking Fund Trust Account of the Group is maintained in accordance with the provisions of the Trust Deed entered between a subsidiary and the trustee. During the financial year, Sinking Fund Trust Account has been reclassified from assets held for sale as disclosed in Note 24 to the financial statements.
- (c) Certain deposits placed with licensed banks and financial institutions of the Group and of the Company amounting to RM5,756,912 (2019: RM51,644,693) and RM1,245,310 (2019: RM42,473,236) respectively, are pledged for credit facilities granted to the Group and the Company as disclosed in Note 25 to the financial statements.
- (d) Deposits with licensed banks and financial institutions of the Group and of the Company have an average maturity period of 193 days and 120 days (2019: 268 days and 364 days) respectively.
- (e) Weighted average effective interest rate of deposits with licensed banks and financial institutions of the Group and of the Company as at the end of each reporting period are as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Fixed rate	2.35	3.56	1.80	3.80

Sensitivity analysis for fixed rate deposits with licensed banks and financial institutions at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

- (f) Short term funds of the Group and of the Company represent money market deposits and are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

- (g) Sensitivity analysis of market value for the short term funds at the end of the reporting period, assuming all other variables remain constant, is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit net of tax and zakat				
- increased by 2% (2019: 2%)	3,264	1,058	2,697	954
- decreased by 2% (2019: 2%)	(3,264)	(1,058)	(2,697)	(954)

- (h) Currency exposure profile of cash and bank and short term funds are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	360,530	178,619	211,453	106,671
United States Dollar	68,757	68,977	-	-
Indonesia Rupiah	4,565	10,552	-	-
Singapore Dollar	4,177	3,696	-	-
Euro	2,004	3,607	-	-
Chinese Renminbi	-	6,243	-	-
Australia Dollar	22	20	-	-
Hong Kong Dollar	243	77	-	-
Thailand Baht	10	10	-	-
	440,308	271,801	211,453	106,671

- (i) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Singapore Dollar ("SGD"), Euro ("EUR"), and Chinese Renminbi ("RMB") exchange rates being the main foreign currencies of which the Group is exposed to against the functional currencies of the Group, with all other variables held constants:

	Group	
	2020 RM'000	2019 RM'000
Profit net of tax and zakat		
USD/RM		
- strengthen by 10%	5,226	5,242
- weaken by 10%	(5,226)	(5,242)
IDR/RM		
- strengthen by 10%	347	802
- weaken by 10%	(347)	(802)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

- (i) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD"), Indonesian Rupiah ("IDR"), Singapore Dollar ("SGD"), Euro ("EUR"), and Chinese Renminbi ("RMB") exchange rates being the main foreign currencies of which the Group is exposed to against the functional currencies of the Group, with all other variables held constants (continued):

	Group	
	2020 RM'000	2019 RM'000
Profit net of tax and zakat		
SGD/RM		
- strengthen by 10%	317	281
- weaken by 10%	(317)	(281)
EUR/RM		
- strengthen by 10%	152	274
- weaken by 10%	(152)	(274)
RMB/RM		
- strengthen by 10%	-	474
- weaken by 10%	-	(474)

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

- (j) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As reported in statements of financial position	440,308	271,801	211,453	106,671
Deposits with licensed banks with maturity period of more than three (3) months	(27,550)	(394)	-	-
Deposits pledged with licensed banks	(5,757)	(51,645)	(1,245)	(42,473)
Sinking fund trust account	(5,303)	-	-	-
Short term funds	(214,719)	(69,576)	(177,460)	(62,750)
Cash and cash equivalent include in disposal group classified as held for sale (Note 24)	-	9,628	-	-
	186,979	159,814	32,748	1,448

- (k) No expected credit losses were recognised arising from the deposits, cash and bank balances and short term funds because the probability of default by these financial institutions are negligible.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

24. ASSETS HELD FOR SALE

Group	Note	As at 1 January RM'000	Carrying amounts immediately before reclassification to held for sale RM'000	Carrying amounts immediately before reclassification from held for sale RM'000	As at 31 December RM'000
2020					
Assets classified as held for sale					
Perangsang Hotel and Properties Sdn. Bhd.					
- Property, plant and equipment	13	-	2,743	-	2,743
- Investment properties	15	-	37,757	-	37,757
KPS-HCM Sdn. Bhd.					
- Property, plant and equipment	13	84	-	(84)	-
- Right-of-use assets	14	497	-	(497)	-
- Goodwill	19	723	-	(723)	-
- Club membership	20	50	-	(50)	-
- Receivables		81,169	-	(81,169)	-
- Current tax assets		38	-	(38)	-
- Cash and bank balances	23	9,628	-	(9,628)	-
		92,189	40,500	(92,189)	40,500
Liabilities classified as held for sale					
KPS-HCM Sdn. Bhd.					
- Loans and borrowings	25	56,040	-	(56,040)	-
- Lease liabilities	14	408	-	(408)	-
- Payables		22,684	-	(22,684)	-
		79,132	-	(79,132)	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

24. ASSETS HELD FOR SALE (continued)

Group	Note	As at 1 January RM'000	Carrying amounts immediately before reclassification to held for sale RM'000	Disposals RM'000	As at 31 December RM'000	
2019						
Assets classified as held for sale						
KPS-HCM Sdn. Bhd.						
- Property, plant and equipment	13	-	84	-	84	
- Right-of-use assets	14	-	497	-	497	
- Goodwill	19	-	723	-	723	
- Club membership	20	-	50	-	50	
- Receivables		-	81,169	-	81,169	
- Current tax assets		-	38	-	38	
- Cash and bank balances	23	-	9,628	-	9,628	
Brisdale International Hotel Sdn. Bhd.						
- Property, plant and equipment		24,200	-	(24,200)	-	
		24,200	92,189	(24,200)	92,189	
Liabilities classified as held for sale						
KPS-HCM Sdn. Bhd.						
- Loans and borrowings	25	-	56,040	-	56,040	
- Lease liabilities	14	-	408	-	408	
- Payables		-	22,684	-	22,684	
		-	79,132	-	79,132	
Company		As at 1 January RM'000	Carrying amounts immediately before reclassification to held for sale RM'000	Carrying amounts immediately before reclassification from held for sale RM'000	Disposals RM'000	As at 31 December RM'000
2020						
Assets classified as held for sale						
- Investments in subsidiaries:						
- Kuala Langat Mining Sdn. Bhd.		-	*	-	-	-
- KPS-HCM Sdn. Bhd.		2,915	-	(2,915)	-	-
		2,915	-	(2,915)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

24. ASSETS HELD FOR SALE (continued)

Company	As at 1 January RM'000	Carrying amounts immediately before reclassification to held for sale RM'000	Carrying amounts immediately before reclassification from held for sale RM'000	Disposals RM'000	As at 31 December RM'000
2019					
Assets classified as held for sale					
- Property, plant and equipment	103	-	-	(103)	-
- Investments in subsidiaries:					
- KPS-HCM Sdn. Bhd.	-	2,915	-	-	2,915
	103	2,915	-	(103)	2,915

* The cost of investment and accumulated impairment losses on investment amounted to RM16,327,769.

- (a) On 9 July 2020, Perangsang Hotel and Properties Sdn. Bhd., an indirect wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with Aturan Lagenda Sdn. Bhd. to dispose its property, plant and equipment and investment properties ("non-current assets") as disclosed in Note 13 and Note 15 to the financial statements respectively for a total consideration of RM40,500,000.
- (b) On 10 December 2020, the Company had committed to a plan to dispose its entire interest in a subsidiary, Kuala Langat Mining Sdn. Bhd. ("KLM") and had commenced efforts to dispose the subsidiary. On 17 March 2021, the Company had entered into a Share Sale Agreement to dispose its equity interest in KLM as disclosed in Note 37 to the financial statements.
- (c) In the previous financial year, the Group had committed to a plan to dispose its entire interest in a subsidiary, KPS-HCM Sdn. Bhd., ("KHCM") and had commenced efforts to dispose the subsidiary.

Included in the assets and liabilities of KHCM held for sales are as follows:

- (i) receivables of RM63,014,107 was due from a related company of the Group, which was unsecured, bears an interest rate of 10.00% per annum and payable within next twelve (12) months;
- (ii) Sinking Fund Trust Account of RM3,557,364 in cash and bank balances was maintained in accordance with the provisions of the Trust Deed entered into between KHCM and the trustee;
- (iii) deposits with licensed banks of RM4,950,000 in cash and bank balances with bears fixed interest rate of 2.16% per annum and average maturity period of 30 days; and
- (iv) loans and borrowings were secured by facilities as disclosed Note 25(h) to the financial statements.

However, the Group and the Company decided not to proceed with the disposal of KHCM during the financial year as the negotiation with potential buyer did not materialise. The Group and the Company maintains its shareholding in KHCM.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Secured:					
Sukuk Murabahah Islamic Medium Term Notes	2022-2027	300,000	300,000	-	-
Term loan I	2022	10,000	20,000	10,000	20,000
Term loan III	2022-2025	2,507	3,170	-	-
Term loan IV	2022	205	1,031	-	-
Term loan V	2022-2027	136,000	150,000	-	-
Term loan VI	2022-2026	10,190	13,731	-	-
Term loan VII	2022-2027	15,907	17,982	-	-
Term loan VIII	2022-2023	735	-	-	-
		475,544	505,914	10,000	20,000
Current					
Secured:					
Revolving credits	on demand	18,026	46,571	10,000	30,000
Bankers' acceptance	on demand	6,630	5,354	-	-
Term loan I	2021	10,000	10,000	10,000	10,000
Term loan II	2021	38,560	-	-	-
Term loan III	2021	777	1,801	-	-
Term loan IV	2021	535	588	-	-
Term loan V	2021	14,000	-	-	-
Term loan VI	2021	3,998	4,305	-	-
Term loan VII	2021	2,767	3,458	-	-
Term loan VIII	2021	2,205	-	-	-
Trust receipt	2021	19,716	14,924	-	-
Factoring	2021	15,459	13,724	-	-
Clean import loan	2021	7,989	5,654	-	-
		140,662	106,379	20,000	40,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total				
Revolving credits	18,026	46,571	10,000	30,000
Bankers' acceptance	6,630	5,354	-	-
Sukuk Murabahah Islamic Medium Term Notes	300,000	300,000	-	-
Term loan I	20,000	30,000	20,000	30,000
Term loan II	38,560	-	-	-
Term loan III	3,284	4,971	-	-
Term loan IV	740	1,619	-	-
Term loan V	150,000	150,000	-	-
Term loan VI	14,188	18,036	-	-
Term loan VII	18,674	21,440	-	-
Term loan VIII	2,940	-	-	-
Trust receipt	19,716	14,924	-	-
Factoring	15,459	13,724	-	-
Clean import loan	7,989	5,654	-	-
	616,206	612,293	30,000	60,000

(a) Loans and borrowings are classified as financial liabilities measured at amortised cost.

(b) The remaining maturities of the loans and borrowings as at the end of each of reporting period are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Within one (1) year	140,662	106,379	20,000	40,000
More than one (1) year and less than two (2) years	79,769	34,750	10,000	-
More than two (2) years and less than five (5) years	217,494	289,907	-	20,000
More than five (5) years	178,281	181,257	-	-
	616,206	612,293	30,000	60,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS (continued)

- (c) The weighted average effective profit/interest rates per annum at the reporting date for loans and borrowings are as follows:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Floating rate				
Revolving credits	6.10	4.96	4.15	4.10
Bankers' acceptance	3.15	4.56	-	-
Sukuk Murabahah Islamic Medium Term Notes	4.33	5.13	-	-
Term loan I	3.85	4.75	3.85	4.75
Term loan II	6.47	-	-	-
Term loan III	5.05	6.92	-	-
Term loan IV	3.61	2.84	-	-
Term loan V	4.42	5.26	-	-
Term loan VI	3.15	5.23	-	-
Term loan VII	4.31	5.01	-	-
Term loan VIII	1.00	-	-	-
Trust receipt	3.14	4.56	-	-
Factoring	2.82	5.14	-	-
Clean import loan	8.41	8.41	-	-

- (d) Sensitivity analysis of profit/interest rates for floating rate instruments at the end of the reporting period assuming all other variable remain constant is as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Effect of 100 basis point changes to profit net of tax and zakat				
Floating rate instruments	(4,683)	(4,653)	(228)	(456)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS (continued)

- (e) Revolving credits are secured by way of a legal charge over certain property, plant and equipment, right-of-use assets and investment properties of the Group and of the Company as disclosed in Note 13, Note 14 and Note 15 to the financial statements.

- (f) Sukuk Murabahah Islamic Medium Term Notes

Perangsang Capital Sdn. Bhd. ("PCSB"), a wholly-owned subsidiary of the Company has obtained a Sukuk Murabahah Islamic Medium Term Notes of RM300.0 million which is advanced to the Company, the guarantor via a Shariah compliant arrangement for their general corporate purposes, refinancing of existing borrowings/financings and to defray expenses for the Sukuk Murabahah Program.

The tenure of the Sukuk Murabahah Islamic Medium Term Notes ranges from three (3) to eight (8) years and matures from 20 January 2022 to 29 January 2027.

The Sukuk Murabahah Islamic Medium Term Notes is secured by a corporate guarantee by the Company.

- (g) Term loan I facility of RM100.0 million

The Company has secured a Tawarruq Facility of RM100.0 million for working capital purposes.

The tenure of the Tawarruq Facility is six (6) years and matures on 15 November 2023.

The Tawarruq Facility is secured via the following:

- (i) First legal party charge over a property held under HS(D) 92260, PT 6, Town and District of Shah Alam together with a building erected thereon namely Plaza Perangsang; and
- (ii) Irrevocable letter of instruction issued by Cash Band (M) Berhad to Setia Eco Templer Sdn. Bhd. in respect on long term receivables disclosed in Note 22 to the financial statements.
- (h) Term loan II facility of RM120.0 million

KHCM, a subsidiary of the Company has secured a Business Cash Line-I Facility of RM120.0 million to part finance the infrastructure works for the development of Phase 3C, Pulau Indah Industrial Park, Selangor.

The tenure of the Business Cash Line-I Facility was one (1) year or twelve (12) months subject to yearly review. The Business Cash Line-I Facility was secured via the following:

- (i) Legal Assignment via Tripartite Agreement between KHCM, Central Spectrum (M) Sdn. Bhd. and the financier to remit the contract proceeds directly to KHCM's Non Checking Account with the financier;
- (ii) Collection of 5% sinking fund from every contract proceeds or progress payment received; and
- (iii) Corporate Guarantee by the Company and non-controlling interest.

During the financial year, term loan II has been reclassified from liabilities held for sale as disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS (continued)

- (i) Term loan III facility of RM7.3 million

King Koil Manufacturing West, LLC ("KKMW"), an indirect subsidiary of the Company has secured a loan of RM3.5 million for the purpose of working capital and financing for the leasehold plant of RM3.8 million. The average interest rate for the borrowings secured is 3.33% with a loan tenure of two (2) to seven (7) years.

- (j) Term loan IV facility of RM11.4 million

Taspack Industrial Sdn. Bhd., an indirect subsidiary of the Company has secured banking facilities of up to RM11.4 million. The purpose of the banking facilities is to finance imports and local purchases of goods.

- (k) Term loan V facility of RM150.0 million

PDSB, a wholly-owned subsidiary of the Company has secured a term loan facility of RM150.0 million. The purpose of the banking facilities is to part finance the acquisition of 100% equity stake in Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas").

The tenure of the term loan facility is eight (8) years and matures on 15 August 2027.

The term loan V facility is secured via the following:

- (i) Memorandum of charge over the shares of Toyoplas;
 - (ii) Assignment and charge over designated accounts to be opened with the Bank;
 - (iii) Assignment over dividend receivable and other income and receivables received by Customer from Toyoplas;
 - (iv) Corporate Guarantee for the sum of RM150.0 million given in favour of the Bank by the Company; and
 - (v) An irrevocable letter of undertaking from the Company to cover cash flow shortfall in meeting the financial covenants of the Customer and debt obligations under the Banking Facility.
- (l) Term loan VI facility of RM18.0 million

Toyoplas, a wholly-owned indirect subsidiary of the Company has secured a term loan facility of RM18.0 million to part finance extension of new two-storey factory.

The tenure of the term loan facility is ranging from three (3) to five (5) years and matures from 1 August 2022 to 17 June 2026.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS (continued)

- (l) Term loan VI facility of RM18.0 million (continued)

The term loan VI facility is secured via the following:

- (i) Mortgage guarantees from certain directors of a subsidiary of the Group;
 - (ii) Legal charge over property of HSD 2603 PTD 5364 Mukim of Kesang, District of Ledang, Johor;
 - (iii) A guarantee for RM5,500,000 is to be executed by certain directors of a subsidiary of the Group;
 - (iv) Trade Financing General Agreement from Toyoplas;
 - (v) Legal charge over property of HSD 62238 PTD 105112, Mukim of Senai, District of Kulaijaya, Johor; and
 - (vi) Joint and Several Guarantees by certain directors of a subsidiary of the Group amounted to RM18,763,244.
- (m) Term loan VII facility of RM21.4 million

CPI (Penang) Sdn. Bhd. ("CPI"), a wholly-owned indirect subsidiary of the Company has secured a term loan facility of RM21.4 million to part finance the acquisition of a plot of land from the Penang Development Corporation identified as Plot 109 at Bayan Lepas Industrial Park comprising an approximate area of 4.5364 acres ("Land Plot 109") at an agreed price of RM27,664,781.20.

The tenure of the term loan facility is eight (8) years and matures on 4 July 2027.

The term loan VII facility is secured via the following:

- (i) Facilities Agreement to be entered between the Customer and the Bank;
 - (ii) First party first fixed charge over the Land Plot 109 (a plot vacant industrial land at Bayan Lepas Industrial Park Phase 4 comprising an approximate area of 4.5364 acres);
 - (iii) First party deed of assignment and legal charge over the Finance Service Reserve Account-I to be opened and maintained by the Customer with the Bank; and
 - (iv) Irrevocable and unconditional Letter of Undertaking from the Company to honour any shortfalls of the Customer's financing obligation with the Bank.
- (n) Term loan VIII facility of RM2.9 million

During the financial year, KKMW and King Koil Licensing Company, Inc., indirect subsidiaries of the Company have secured a loan of RM2.9 million for the purpose of working capital. The average interest rate for the borrowings secured is 1.00% with a loan tenure of two (2) years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS (continued)

(o) Currency exposure profile of loans and borrowings are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	602,320	603,967	30,000	60,000
United States Dollar	13,002	7,205	-	-
Singapore Dollar	884	1,121	-	-
	616,206	612,293	30,000	60,000

(p) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD") exchange rates against the functional currency of the Group, with all other variables held constants:

	Group	
	2020 RM'000	2019 RM'000
Profit net of tax and zakat		
USD/RM		
- strengthen by 10%	(988)	(548)
- weaken by 10%	988	548

The exposures to the other currency is not significant, hence the effect of the change in the exchange rate is not presented.

(q) The table below summarises the maturity profile of the Group's and of the Company's loans and borrowings at the reporting date based on contractual undiscounted repayment obligations:

Group 2020	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	Over five (5) years RM'000	Total RM'000
	Revolving credits	18,746	-	-
Bankers' acceptance	6,838	-	-	6,838
Sukuk Murabahah Islamic Medium Term Notes	-	238,613	137,319	375,932
Term loans	84,331	159,534	82,989	326,854
Trust receipt	20,335	-	-	20,335
Factoring	15,895	-	-	15,895
Clean loan import	8,660	-	-	8,660
	154,805	398,147	220,308	773,260

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS (continued)

- (q) The table below summarises the maturity profile of the Group's and of the Company's loans and borrowings at the reporting date based on contractual undiscounted repayment obligations (continued):

Group 2019	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	Over five (5) years RM'000	Total RM'000
Revolving credits	47,666	-	-	47,666
Bankers' acceptance	5,376	-	-	5,376
Sukuk Murabahah Islamic Medium Term Notes	-	250,623	140,322	390,945
Term loans	31,585	185,026	83,355	299,966
Trust receipt	15,554	-	-	15,554
Factoring	13,724	-	-	13,724
Clean loan import	5,654	-	-	5,654
	119,559	435,649	223,677	778,885

Company 2020	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	Over five (5) years RM'000	Total RM'000
Revolving credits	10,034	-	-	10,034
Term loans	10,770	10,385	-	21,155
	20,804	10,385	-	31,189

2019				
Revolving credits	30,104	-	-	30,104
Term loans	11,425	21,425	-	32,850
	41,529	21,425	-	62,954

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS (continued)

(r) Reconciliation of liabilities arising from financing activities

Group	Note	Short term borrowings# RM'000	Ijarah term financing-i RM'000	Term loans RM'000	Sukuk Murabahah		Total loans and borrowings RM'000	Lease liabilities (Note 14) RM'000	Total RM'000
					Islamic Medium Term Notes RM'000	RM'000			
As at 1 January 2019		116,242	77,250	414,916	-	-	608,408	14,372	622,780
Cash flows:									
- drawdowns		152,519	-	249,745	300,000		702,264	-	702,264
- repayments		(212,371)	(77,250)	(402,766)	-		(692,387)	(33,660)	(726,047)
- payments of profit rate/interest		(3,634)	-	(12,224)	(14,606)		(30,464)	(1,211)	(31,675)
Non-cash flows:									
- additions of lease liabilities		-	-	-	-		-	49,355	49,355
- transfer to asset held for disposal	24	-	-	(56,040)	-		(56,040)	(408)	(56,448)
- foreign exchange movement		(117)	-	(66)	-		(183)	(355)	(538)
- acquisition of subsidiaries	16	29,954	-	15,980	-		45,934	-	45,934
- unwinding of profit rate/interest		3,634	-	16,521	14,606		34,761	1,211	35,972
As at 31 December 2019		86,227	-	226,066	300,000		612,293	29,304	641,597

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS (continued)

(r) Reconciliation of liabilities arising from financing activities (continued)

Group	Note	Short term borrowings# RM'000	Term loans RM'000	Sukuk Murabahah		Total loans and borrowings RM'000	Lease liabilities (Note 14) RM'000	Total RM'000
				Islamic Medium Term Notes RM'000	RM'000			
As at 1 January 2020		86,227	226,066	300,000		612,293	29,304	641,597
Cash flows:								
- drawdowns		68,072	15,020	-		83,092	-	83,092
- repayments		(86,218)	(51,681)	-		(137,899)	(11,470)	(149,369)
- payments of profit rate/interest		(1,271)	(11,560)	(13,013)		(25,844)	(1,704)	(27,548)
Non-cash flows:								
- additions of lease liabilities	-	-	-	-		21,156	21,156	
- lease concessions		-	-	-		-	(196)	(196)
- lease modification		-	-	-		-	(43)	(43)
- transfer from asset held for disposal	24	-	56,040	-		56,040	408	56,448
- foreign exchange movement		(261)	69	-		(192)	259	67
- unwinding of profit rate/interest		1,271	14,432	13,013		28,716	1,704	30,420
		67,820	248,386	300,000		616,206	39,418	655,624

Short term borrowings comprise revolving credit, bankers' acceptance, trust receipt, factoring and clean loan import.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

25. LOANS AND BORROWINGS (continued)

(r) Reconciliation of liabilities arising from financing activities (continued)

Company	Revolving credit RM'000	Term loans RM'000	Total RM'000
As at 1 January 2019	92,000	110,073	202,073
Cash flows:			
- drawdowns	54,500	-	54,500
- repayments	(116,500)	(80,073)	(196,573)
As at 31 December 2019/1 January 2020	30,000	30,000	60,000
Cash flows:			
- drawdowns	21,500	-	21,500
- repayments	(41,500)	(10,000)	(51,500)
As at 31 December 2020	10,000	20,000	30,000

26. DEFERRED TAX

(a) The deferred tax assets/(liabilities) are made up of the following:

	Group 2020 RM'000	2019 (Restated) RM'000
As at 1 January	(105,455)	(82,041)
Recognised in profit or loss (Note 10)	2,664	(3,491)
Recognised in other comprehensive income	391	-
Acquisition of subsidiaries (Note 16)	-	(20,767)
Foreign exchange movement	1,073	844
As at 31 December	(101,327)	(105,455)
Presented after appropriate offsetting as follows:		
Deferred tax assets	1,569	989
Deferred tax liabilities	(102,896)	(106,444)
	(101,327)	(105,455)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

26. DEFERRED TAX (continued)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Intangible assets RM'000	Property, plant and equipment RM'000	Payables and others RM'000	Offsetting RM'000	Total RM'000
As at 1 January 2019	(67,503)	(15,417)	-	526	(82,394)
Recognised in profit or loss	1,328	(4,640)	322	-	(2,990)
Acquisition of subsidiaries	(5,539)	(17,888)	1,734	-	(21,693)
Foreign exchange differences	468	51	114	-	633
	(71,246)	(37,894)	2,170	526	(106,444)
As at 31 December 2019/1 January 2020	458	1,164	149	32	1,803
Recognised in profit or loss	-	-	391	-	391
Recognised in other comprehensive income	-	-	391	-	391
Foreign exchange differences	2,147	576	(1,383)	14	1,354
	(68,641)	(36,154)	1,327	572	(102,896)

Deferred tax assets of the Group:

	Unutilised tax losses and unabsorbed capital allowances RM'000	Accrued lease rental RM'000	Others RM'000	Offsetting RM'000	Total RM'000
As at 1 January 2019	447	146	286	(526)	353
Acquisition of subsidiaries	1,535	-	(609)	-	926
Recognised in profit or loss	(397)	-	(104)	-	(501)
Foreign exchange differences	9	-	202	-	211
	1,594	146	(225)	(526)	989

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

26. DEFERRED TAX (continued)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (continued):

Deferred tax assets of the Group: (continued)

	Unutilised tax losses and unabsorbed capital allowances RM'000	Accrued lease rental RM'000	Others RM'000	Offsetting RM'000	Total RM'000
As at 1 January 2020	1,594	146	(225)	(526)	989
Recognised in profit or loss	815	-	78	(32)	861
Foreign exchange differences	-	-	(267)	(14)	(281)
As at 31 December 2020	2,409	146	(414)	(572)	1,569

- (c) The temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unutilised tax losses				
- expires by 31 December 2025	45,994	53,393	34,920	43,084
- expires by 31 December 2026	2,035	2,035	-	-
- expires by 31 December 2027	595	-	-	-
Unabsorbed capital allowances	1,642	1,649	-	-
Other deductible temporary differences	58,431	24,597	-	-
	108,697	81,674	34,920	43,084

Deferred tax assets have not been recognised in respect of unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences as they may not be used to offset taxable profits elsewhere in the Group and the Company, they have arisen in subsidiaries and the Company that have been loss-making for some time, and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group and the Company were able to recognise all unrecognised deferred tax assets, the retained earnings would increase by RM26,087,000 (2019: RM19,602,000) and RM8,381,000 (2019: RM10,340,000) respectively. The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

27. POST-EMPLOYMENT BENEFITS

	Group	
	2020 RM'000	2019 RM'000
Net defined benefit liabilities	13,422	10,715

Subsidiaries of the Group in Indonesia provide post-employment benefits for all their eligible employees. The defined benefit plans, calculated using the projected unit credit method, is determined by independent actuaries, primarily considering the discount rate, salary incremental rate, mortality rate and average remaining service lives. Judgement and estimates had been used to determine the valuation of the plans and the latest actuarial valuations of the plans were carried out in 2020.

(a) Movement in net defined benefit liabilities

The following table shows a reconciliation from the opening balance to closing balance for the net defined benefit liability:

	2020 RM'000	2019 RM'000
Balance as at 1 January	10,715	213
Acquisition of a subsidiary (Note 16)	-	9,493
Included in profit or losses		
Current service cost	1,106	670
Past service cost	(519)	-
Interest on obligation	787	302
	1,374	972
Included in other comprehensive income		
Actuarial losses/(gains) arising from:		
- Financial assumptions	1,598	151
- Experience adjustment	270	(117)
- Demographic adjustment	(1)	-
	1,867	34
Others		
Benefits paid by the plan	(138)	(52)
Foreign exchange rate effect	(396)	55
	(534)	3
Balance as at 31 December	13,422	10,715

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

27. POST-EMPLOYMENT BENEFITS (continued)

(b) Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages) are discount rate of 6.9% (2019: 7.4%) and future salary growth of 8.5% (2019: 8.5%). As at 31 December 2020, the weighted-average duration of the defined benefit obligation is 17.83 years (2019: 18.63 years).

(c) Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2020	2019
	RM'000	RM'000
Discount rate		
- increase by 1%	(1,837)	(1,479)
- decrease by 1%	2,214	1,780
Future salary growth		
- increase by 1%	1,334	1,131
- decrease by 1%	(1,213)	(1,015)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other payable	80,925	80,925	-	-
Amount due to a subsidiary	-	-	300,000	300,000
Total non-current payables	80,925	80,925	300,000	300,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

28. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current				
Trade payables	215,726	169,593	1,041	922
Other payables				
Accruals	38,740	32,033	4,384	6,629
Sundry payables	43,222	89,691	4,160	58,099
Amount due to ultimate holding corporation	-	-	5	-
Amounts due to related companies	280	251	72	35
Amounts due to subsidiaries	-	-	4,875	37,688
	82,242	121,975	13,496	102,451
	297,968	291,568	14,537	103,373
Other current liability				
Indirect tax payables	223	223	223	223
	298,191	291,791	14,760	103,596
Total non-current payables	80,925	80,925	300,000	300,000
Total current payables	297,968	291,568	14,537	103,373
Total payables	378,893	372,493	314,537	403,373

- (a) Total payables are classified as financial liabilities measured at amortised cost.
- (b) The normal trade credit terms granted to the Group and the Company range from 30 to 90 days (2019: 30 to 90 days). These amounts are non-interest bearing.
- (c) Non-current payables of the Group represents contingent consideration payable to vendor of Toyoplas as disclosed in Note 16 to the financial statements, which bears a fixed interest of 4% (2019: 4%) and payable within next twenty-four (24) months.
- (d) Sundry payables are non-interest bearing and normally settled on an average term of 30 to 90 days (2019: 30 to 90 days).
- (e) The amounts due to immediate holding company, related companies and subsidiaries are unsecured, non-interest bearing and payable within the next twelve (12) months except for an amount due to a subsidiary, which bears a floating profit rate of 4.33% (2019: 5.13%) per annum and payable within the next sixty (60) months amounting to RM300,000,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

28. TRADE AND OTHER PAYABLES (continued)

(f) Currency exposure profile of total payables are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	305,118	249,365	314,537	403,373
United States Dollar	59,488	94,834	-	-
Singapore Dollar	961	1,498	-	-
Euro	477	1,230	-	-
Chinese Renminbi	-	19,349	-	-
Great Britain Pound	33	58	-	-
Japanese Yen	-	2,646	-	-
Indonesian Rupiah	12,816	3,513	-	-
	378,893	372,493	314,537	403,373

(g) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD"), and Chinese Renminbi ("CNY") exchange rates against the functional currencies of the Group, with all other variables held constants:

	Group	
	2020 RM'000	2019 RM'000
Profit net of tax and zakat		
USD/RM		
- strengthen by 10%	(4,521)	(7,207)
- weaken by 10%	4,521	7,207
CNY/RM		
- strengthen by 10%	-	(1,471)
- weaken by 10%	-	1,471

The exposures to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

28. TRADE AND OTHER PAYABLES (continued)

(h) The remaining maturities of the total payables as at the end of each of reporting period are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Within one (1) year	297,968	291,568	14,537	103,373
More than one (1) year and less than two (2) years	80,925	80,925	-	-
More than two (2) years and less than five (5) years	-	-	240,000	185,000
More than five (5) years	-	-	60,000	115,000
	378,893	372,493	314,537	403,373

(i) The table below summarises the maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Within one (1) year	297,968	292,628	14,537	104,172
More than one (1) year and less than two (2) years	87,399	87,339	-	-
More than two (2) years and less than five (5) years	-	-	266,615	250,623
More than five (5) years	-	-	124,329	140,322
	385,367	379,967	405,481	495,117

(j) Sensitivity analysis of profit rate for floating rate instruments at the end of the reporting period assuming all other variable remain constant is as follows:

	Company	
	2020 RM'000	2019 RM'000
Effect of 100 basis point changes to profit net of tax and zakat		
Floating rate instruments	(2,280)	(2,280)

Sensitivity analysis of fixed rate instrument at the end of reporting period was not presented as fixed rate instrument was not affected by change in interest rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

29. CONTRACT LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Current		
Unsatisfied performance obligations in respect of:		
Advance billings	11,719	10,545

(a) Advance billings represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts. Contract liabilities are recognised as revenue when performance obligations are satisfied.

(b) Movement of contract liabilities as at the end of each reporting period are as follows:

	Group	
	2020 RM'000	2019 RM'000
As at 1 January	10,545	12,855
Revenue recognised during the year	(41,623)	(40,536)
Invoiced during the financial year	42,879	38,275
Foreign exchange difference	(82)	(49)
As at 31 December	11,719	10,545

(c) Revenue of RM11,719,000 (2019: RM10,545,000) is expected to be recognised within the next twelve (12) months in the future in respect of unsatisfied contract liabilities as at the end of the reporting period.

30. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares '000	Amount RM'000	Number of shares '000	Amount RM'000
Issued and fully paid:				
As at 1 January/31 December	537,385	537,927	537,385	537,927

Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

There is no par value for these ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

31. RESERVES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Foreign currency translation reserves	(482)	(3,688)	-	-
Capital reserve	1,927	1,243	-	-
Retained earnings	454,260	422,281	515,799	340,785
	455,705	419,836	515,799	340,785

(a) Foreign currency translation reserves

The foreign currency translation reserves represent the exchange differences arising from the translation of the financial statements of foreign operations of the subsidiaries whose functional currencies are different from that of the Group's presentation currency and the exchange differences arising from translation of intangible assets and goodwill denominated in foreign currencies.

(b) Capital reserve

Capital reserve represents appropriation of net profit of certain foreign subsidiaries in accordance with their local regulation. During the financial year, an amount of RM684,000 (2019: RM1,243,000) has been transferred from retained earnings.

32. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group include:

- (i) direct and indirect subsidiaries as disclosed in Note 16 to the financial statements;
- (ii) associates as disclosed in Note 17 to the financial statements;
- (iii) direct and indirect subsidiaries and associates of the ultimate holding corporation, Menteri Besar Selangor (Pemerbadanan); and
- (iv) key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include the Executive Directors of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

32. RELATED PARTY DISCLOSURES (continued)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Construction revenue from related companies	13,224	48,079	-	-
Sales of products to subsidiaries of non-controlling interest	18,831	15,659	-	-
Sales of products to related companies	52,333	14,176	-	-
Rental income from ultimate holding corporation	258	282	258	282
Rental expense charged by related companies	18	18	18	18

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and of the Company.

- (c) Compensation of key management personnel

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total Directors' remuneration (Note 9)	4,956	4,596	2,773	2,793

Other key management personnel:

Salaries, wages and bonus	11,133	7,351	1,900	2,095
Fees and allowances	307	216	144	216
Contributions to defined contribution plan	803	642	308	338
Other employee benefits	605	187	34	47
	12,848	8,396	2,386	2,696
	17,804	12,992	5,159	5,489

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

33. COMMITMENTS

(a) Operating lease commitments - as a lessor

The Group and the Company entered into commercial property leases on their investment properties. These non-cancellable leases have remaining lease terms in between one (1) to five (5) (2019: one (1) to five (5)) years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The future minimum rentals receivable under non-cancellable operating leases of the Group and of the Company at the end of each reporting date are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Not later than one (1) year	4,116	9,566	4,116	7,046
Later than one (1) year but not later than five (5) years	1,351	15,139	1,351	8,556
	5,467	24,705	5,467	15,602

(b) Capital commitments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:				
Approved but not contracted for	2,896	14,924	458	2,400
Approved and contracted for	14,551	35,232	1,050	2,000
	17,447	50,156	1,508	4,400

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

34. GUARANTEES AND CONTINGENT LIABILITIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Secured				
(i) Provision of corporate guarantee for an associate:				
Working capital and issuance of bank guarantees	14,000	36,000	14,000	36,000
(ii) Provision of corporate guarantee for subsidiaries:				
For financing of the loans and borrowings	-	-	490,423	523,458
Unsecured				
(i) Proportionate corporate guarantee to a related party	4,447	4,447	4,447	4,447
(ii) Performance guarantees to third parties	677	677	677	677

The Group and the Company designate guarantees given to third parties in respect of trade and contracts and to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group and the Company recognise these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of the view that the chances of the third parties and financial institutions to call upon the guarantees are remote.

35. CAPITAL AND FINANCIAL RISK MANAGEMENT**(a) Capital management**

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within its net debt, trade and other payables, loans and borrowings less cash and bank balances and short term funds. Capital includes equity attributable to the owners of the parent.

	Group	
	2020	2019
	RM'000	RM'000
Trade and other payables	379,116	372,716
Loans and borrowings	616,206	612,293
Cash and bank balances and short term funds	(440,308)	(271,801)
	555,014	713,208
Total capital, equity attributable to the owners of the parent	993,632	957,763
Capital and net debt	1,548,646	1,670,748
Gearing ratio	36%	43%

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Group has complied with this requirement for the financial year ended 31 December 2020 and 2019.

The Group was in compliance with financial debt covenants imposed by the financial institutions for the financial years ended 31 December 2020 and 2019.

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, profit/interest rate risk, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are regularly reviewed by the Board of Audit Committee.

It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the end of the reporting period, the maximum exposure to credit risk and credit risk profiles of the Group and of the Company have been disclosed in Note 22 to the financial statements.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure to liquidity risk of the Group and of the Company arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position.

At the reporting date, approximately 23% (2019: 17%) and 67% (2019: 67%) of the Group's and the Company's loans and borrowings as disclosed in Note 25 to the financial statements matures in less than one (1) year based on the carrying amount reflected in the financial statements.

The analysis of financial instruments by remaining contractual activities has been disclosed in Note 14, Note 25 and Note 28 to the financial statements respectively.

(iii) Profit/Interest rate risk

Profit/interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments fluctuates because of changes in profit/interest rates.

The exposure to profit/interest rate risk of the Group and of the Company arises primarily from their loans and borrowings. The Group and the Company have both short and long term debts. The tenure of the debts is matched against its underlying assets. For short term working capital requirements, the cost of borrowings is principally on floating rate basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(iii) Profit/Interest rate risk (continued)

In addition, the Group has borrowed on a long term basis where the cost of borrowings are matched to the tenure of the underlying assets. These borrowings are based on Islamic principle and are not subject to profit/interest rate risk.

It is the Group's policy not to trade in profit/interest rate swap agreements.

The profit/interest rate profile and sensitivity analysis of profit/interest rate risk have been disclosed in Note 22, Note 23, Note 25 and Note 28 to the financial statements respectively.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Great Britain Pound ("GBP"), Thailand Baht ("THB"), Chinese Renminbi ("CNY"), Japanese Yen ("Yen") and Indonesian Rupiah ("IDR").

The Group has adopted its foreign exchange policy to minimise the adverse exchange rate fluctuations.

The sensitivity analysis for foreign currency risk has been disclosed in Note 22, Note 23, Note 25 and Note 28 to the financial statements respectively.

(v) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to market price risk arising from its placement in money market deposits. The instruments are classified as financial assets at fair value through profit or loss.

To manage its market price risk, the Group manages its portfolio in accordance with established guidelines and policies.

The sensitivity analysis for market price risk has been disclosed in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

36. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has seven (7) key reportable operating segments as follows:

- Manufacturing
- Trading
- Licensing
- Infrastructure
- Investment holding
- Oil and gas
- Property investment

(a) Geographical segments

In presenting information on the basis of geographical segment, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instrument, investments in associates and deferred tax assets.

(i) Revenue from external customers by geographical location of customers:

	Group	
	2020	2019
	RM'000	RM'000
Malaysia	493,876	489,367
United States of America	245,497	120,312
China	173,297	110,858
Indonesia	75,578	55,811
Singapore	30,744	34,333
Others	57,533	56,105
	1,076,525	866,786

(ii) Non-current assets other than financial instruments, investment in associates and deferred tax assets by geographical location of the assets:

	Group	
	2020	2019
	RM'000	RM'000
Malaysia	602,261	647,430
United States of America	232,270	239,417
Indonesia	48,984	52,063
China	43,475	42,667
Others	11,255	6,663
	938,245	988,240

(b) There is no single customer with revenue equal or more than 10% of the Group revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

36. SEGMENT INFORMATION (continued)

(c) Business segment (continued)

	Manufacturing RM'000	Trading RM'000	Licensing RM'000	Infrastructure RM'000	Investment holding RM'000	Oil and gas RM'000	Property investment RM'000	Adjustment and elimination RM'000	Note	Consolidated RM'000
2020										
Revenue										
External revenue	894,550	124,064	39,227	9,165	-	-	9,519	-	-	1,076,525
Inter-segment	50	-	-	594	422,951	-	-	(423,595)	A	-
	894,600	124,064	39,227	9,759	422,951	-	9,519	(423,595)		1,076,525
Results										
Profit rate/Interest income	1,175	401	105	3,915	14,215	-	-	(13,013)		6,798
Depreciation and amortisation	42,125	95	1,846	338	3,023	-	868	5,800		54,095
Finance costs	5,473	-	244	2,886	34,830	-	-	(13,013)		30,420
Impairment on: - property, plant and equipment, right-of-use assets and investment properties - goodwill - trade and other receivables	-	-	-	447	-	-	1,982	-		2,429
Share of results of associates	-	-	-	723	-	-	-	-		723
Segment profit	1,552	1,872	605	4,612	67	-	-	-		8,708
	52,326	9,004	11,581	28,941	381,120	6,736	640	(433,090)		57,258

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

36. SEGMENT INFORMATION (continued)

(c) Business segment (continued)

2020	Manufacturing RM'000	Trading RM'000	Licensing RM'000	Infrastructure RM'000	Investment holding RM'000	Oil and gas RM'000	Others* RM'000	Adjustment and elimination RM'000	Note	Consolidated RM'000
Assets										
Investments in associates	-	-	-	-	193,299	-	-	(33,706)		159,593
Additions to:										
Property, plant and equipment	25,178	76	439	2	322	-	165	-		26,182
Investment properties	-	-	-	-	1,019	-	-	-		1,019
Intangible assets	753	-	291	-	-	-	-	-		1,044
Segment assets	957,045	78,548	166,054	73,096	2,822,576	-	53,662	(1,874,493)	B	2,276,488
Liabilities										
Segment liabilities	242,089	33,489	11,238	20,535	398,993	-	8,603	456,074	C	1,171,021
2019										
Revenue										
External revenue	650,889	117,410	36,286	51,397	-	-	10,804	-		866,786
Inter-segment	-	-	-	3,319	1,035,962	-	-	(1,039,281)	A	-
	650,889	117,410	36,286	54,716	1,035,962	-	10,804	(1,039,281)		866,786

* Others comprise property investment. In the previous financial year, others comprise property investment and telecommunication.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

36. SEGMENT INFORMATION (continued)

(c) Business segment (continued)

2019	Manufacturing RM'000	Trading RM'000	Licensing RM'000	Infrastructure RM'000	Investment holding RM'000	Oil and gas RM'000	Others* RM'000	Adjustment and elimination RM'000	Note	Consolidated RM'000
Results										
Profit rate/ Interest income	1,276	379	415	6,207	18,940	-	-	(16,673)		10,544
Depreciation and amortisation	25,091	83	647	386	4,727	-	945	6,976		38,855
Impairment on trade and other receivables	1,084	1,096	158	-	-	-	-	-		2,338
Finance costs	3,378	-	1,374	4,323	43,443	169	-	(16,715)		35,972
Share of results of associates	-	-	-	7,466	-	7,323	-	-		14,789
Segment profit/ (loss)	83,548	7,929	9,689	9,114	977,414	7,324	(17,063)	(1,022,961)		54,994
Assets										
Investments in associates	-	-	-	-	323,181	-	-	-		323,181
Additions to: Property, plant and equipment	24,218	-	1,841	43	249	-	2,820	-		29,171
Investment properties	-	-	-	-	1,059	-	-	-		1,059
Intangible assets	-	-	731	-	-	-	-	-		731
Segment assets	837,862	80,051	204,017	99,927	2,812,343	-	53,977	(1,792,055)	B	2,296,122
Liabilities										
Segment liabilities	221,099	38,260	14,428	29,089	491,161	-	6,238	428,834	C	1,229,109

* Others comprise property investment and telecommunication.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

36. SEGMENT INFORMATION (continued)

Other operations of the Group mainly comprise management services, which are not of a sufficient size to be reported separately.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group's financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

- A. Inter-segment revenues are eliminated on consolidation.
- B. The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Group	
	2020	2019
	RM'000	RM'000
Investments in associates	159,593	323,181
Deferred tax assets	1,569	989
Current tax assets	6,586	8,059
Inter-segment assets	(2,042,241)	(2,124,284)
	(1,874,493)	(1,792,055)

- C. The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Group	
	2020	2019
	RM'000	RM'000
Deferred tax liabilities	102,896	106,444
Current tax liabilities	8,244	7,594
Loans and borrowings	616,206	612,293
Inter-segment liabilities	(271,272)	(297,863)
	456,074	428,468

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

37. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) Ongoing pandemic of 2019 Novel Coronavirus ("Covid-19") disease since the beginning of 2020

The 2019 Novel Coronavirus ("Covid-19") has drastically impacted the economy and society around the globe from the beginning of 2020. The World Health Organisation declared Covid-19 a pandemic on 11 March 2020 given the expected effect of the pandemic in derailing health and socio-economic equilibrium. As governments globally acted to prioritize the safety of their citizens, restrictions/controls on movement were implemented. This has dampened sentiment, stunted consumer confidence, and challenged the growth prospects of many businesses across disparate sectors.

The Group has business presence in Malaysia, the People's Republic of China ("PRC"), Indonesia, Vietnam and the United States of America ("USA"), as well as extended value chains in Hong Kong, and the Eurozone. All these countries have implemented movement controls/restrictions, or other similar measures that curtail the capacity of the labour force, affecting the overall business cycles of the Group.

The Company and its subsidiaries in Malaysia were subjected to movement controls except for Aqua-Flo Sdn. Bhd., which is in the business of trading of water chemicals to water treatment plants that was deemed as an essential services.

Toyoplas Manufacturing (Malaysia) Sdn Bhd's ("Toyoplas") operations in Dongguan, Shanghai and Nanning in the PRC were subject to mandatory stoppage of operations from 31 January 2020 until 9 February 2020. The said operations have since resumed. Toyoplas' operations in Indonesia and Vietnam were not affected by the movement controls/restrictions in these two countries.

King Koil Manufacturing West, LLC's ("KKMW") operation in Arizona, USA has temporarily ceased for 55 days from 23 March 2020 until 17 May 2020, following the order for closure of non-essential businesses by the state of California, USA where the majority of KKMW's customers operate.

Where affected, the Group's operations have been to some extent challenged by the disruption in the supply chain, limited production capacity due to shortage of raw material and as a result, slower inventory movement driven by the reduced end-demand from customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

37. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

(a) Ongoing pandemic of 2019 Novel Coronavirus (“Covid-19”) disease since the beginning of 2020 (continued)

(i) Recovery from Covid-19 pandemic

During the second half of 2020, the governments of the countries in which the Group operates have eased certain restrictions previously imposed in mid-March 2020 to revitalise their respective local economies. The economic impact from Covid-19, which disrupted supply and demand chains globally, challenged the progress of the Group’s manufacturing operations in the second quarter, adversely affecting most of the Group’s financial performance. Having exerted efforts to bridge business recovery, the adverse impacts of the pandemic on the manufacturing business moderated in the third quarter, resulting in a gradual recovery in demand across the customer base.

Additionally, the Group has taken several actions to ensure the sustainability of the supply chain. However, performance has yet to revert to the pre-pandemic baseline. The Group will continue to monitor the situation closely and plan timely responses and measures to effectively manage and mitigate the risks emerging from this pandemic.

(ii) Covid-19 reliefs

The Group has also leveraged on governments’ support schemes introduced in response to the Covid-19 pandemic to manage its cash flow and liquidity requirements during this difficult period. The Group’s operations in the USA has applied for the Paycheck Protection Program (“PPP”) loan, which amounted to USD445,900 (equivalent to RM1,872,244) and USD286,800 (equivalent to RM1,150,928) respectively under The Coronavirus Aid, Relief, and Economic Security Act.

As for the Group’s operations in PRC mainly from Toyoplas, the government had provided a government subsidy to help small and medium enterprises to tide over the difficulties and support the stable and healthy development of enterprises. This will assist to alleviate the operating pressure of enterprises due to the impact of the Covid-19.

Toyoplas also managed to leverage on the Jobs Support Scheme (“JSS”), which provides wage support for Singapore employers to retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty. Under the JSS, the Government of Singapore co-funds a proportion of the first USD4,600 (equivalent to RM18,460) of gross monthly wages paid to each local employee up to March 2021.

The Group expects its business operations to gradually return to normal operating levels, aided by the progressive roll-out of mass vaccination programmes globally. The timing of the Group’s recovery from the impact caused by the Covid-19 pandemic will affect the level of business of the Group.

Based on the above, management concluded that the Group would have sufficient cash flows to fulfil its obligations and finance its ongoing operations and there were no significant impact in respect of judgements and estimation uncertainty in relation to measurement of assets and liabilities in the preparation of financial statements for the financial year ended 31 December 2020.

As at the date of authorisation of the financial statements, there were no events after the reporting period due to the Covid-19 pandemic, which requires further adjustment or disclosure to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

37. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

(b) Incorporation of Infinity Packaging Solution Sdn. Bhd. ("Infinity Packaging")

On 7 January 2020, Polyplus JB, a wholly-owned subsidiary of Century Bond Bhd. had incorporated a new subsidiary known as Infinity Packaging, with a paid-up share capital of RM100 comprising 100 ordinary shares.

(c) Incorporation of Polyplus Packages (PG) Sdn. Bhd.

On 16 February 2020, Polyplus Packages (JB) Sdn. Bhd., a wholly-owned subsidiary of Century Bond Bhd. had incorporated a new subsidiary known as Polyplus Packages (PG) Sdn. Bhd. with paid-up share capital RM2 comprising two (2) ordinary shares as disclosed in Note 16 to the financial statements.

(d) Acquisition of PT. Infinity Packaging Solutions ("PT. Infinity")

In 26 February 2020, Century Bond Bhd. had entered into a Share Purchase Agreement with Goh Leng Hock to acquire the 51% equity interest in PT. Infinity for a total cash consideration of RM1.30 million as disclosed in Note 16 to the financial statements.

(e) Paycheck Protection Program ("PPP") loan forgiveness

The Coronavirus Aid, Relief, and Economic Security Act, signed into law on 27 March 2020, introduced the PPP loan forgiveness in United States of America. During the financial year, KKMW and KKLC have applied for the PPP loan forgiveness amounted to USD445,900 (equivalent to RM1,872,244) and USD286,800 (equivalent to RM1,150,928) respectively. On 13 January 2021, KKMW received confirmation from the Small Business Administration of forgiveness in full for the PPP loan.

(f) Disposal of properties of Perangsang Hotel and Properties Sdn. Bhd. ("PHP")

On 9 July 2020, PHP, an indirect wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement ("SPA") with Aturan Lagenda Sdn. Bhd. ("ALSB") to dispose its property, plant and equipment and investment properties as disclosed in Note 24 to the financial statements for a total consideration of RM40,500,000.

The condition precedent in the SPA had been fulfilled on 9 March 2021 and the disposal became unconditional. The Completion Period for ALSB to settle the remaining purchase price amounted to RM36,450,000 shall expire on 19 July 2021 and the extended completion period shall expire on 3 September 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

37. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)**(g) Disposal of Kuala Langat Mining Sdn. Bhd. ("KLM")**

The Company had on 17 March 2021 entered into a Share Sale Agreement ("SSA") with Kumpulan Semesta Sdn. Bhd. ("Purchaser") to dispose 100% of its equity interest in KLM ("Sale Shares") for a total cash consideration of RM1,000. As at the date of this report, the Company has satisfied all the conditions precedent as stated in SSA and the share transfer form has been submitted to the stamp office for adjudication. The completion for the said transaction is expected to be completed within fourteen (14) business days from the registration of the Sale Shares in favour of the Purchaser.

(h) Deferment of the Second Year Profit Guarantee in respect of the acquisition of the entire equity interest in Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas") by Perangsang Dinamik Sdn. Bhd. ("PDSB"), a wholly-owned subsidiary of the Company.

On 17 May 2019, PDSB, a wholly-owned subsidiary of the Company, had entered into the SSA with Lim Tech Consolidated Limited (formerly known as Toyoplas Consolidated Limited) ("Vendor"), Lim Lai An ("LLA"), Lim Hui Bian ("LHB") (LLA and LHB are collectively referred to as the "Guarantors") for the sale and purchase of the entire issued share capital in Toyoplas by PDSB from the Vendor for a cash consideration of RM311,250,000 ("Acquisition"). Pursuant to the SSA, the Vendors and Guarantors have jointly and severally covenanted, warranted and guaranteed PDSB a profit guarantee ("PG") of RM80,925,000 for two (2) financial years, further described hereunder.

- (a) the adjusted audited net profit after tax of Toyoplas and its subsidiaries' ("Toyoplas Group") for the First PG Year (financial year ending ("FYE") 31 December 2019) shall not be less than Ringgit Malaysia Thirty Eight Million Five Hundred and Ninety Five Thousand (RM38,595,000) ("First Year PG"); and
- (b) the adjusted audited net profit after tax of the Toyoplas Group for the Second PG Year (FYE 31 December 2020) shall not be less than Ringgit Malaysia Forty Two Million Three Hundred and Thirty Thousand (RM42,330,000) ("Second Year PG").

Following the Acquisition, the Vendor and the Guarantors had requested for a deferral of the Second Year PG amounting to RM42.33 million from the FYE 31 December 2020 to the FYE 31 December 2021 due to unprecedented challenges caused by the Covid-19 pandemic in 2020 affecting the business operations and financial performance of Toyoplas and its subsidiaries.

In this regard, PDSB had on 25 February 2021, entered into a conditional variation agreement with the Vendor and the Guarantors ("Proposed Variation") for the deferment of the Second Year PG and to vary, amend, supplement, modify, delete, add and/or substitute the relevant provisions of the SSA upon the terms and subject to the conditions of the Variation Agreement.

The Proposed Variation, being a material variation to the terms of the SSA is subject to the approval of the Company's shareholders at the forthcoming Extraordinary General Meeting ("EGM") in accordance with Paragraph 8.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

(a) New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards and Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopt)
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of Amendment to MFRS 16 as described in the following section.

Amendment to MFRS 16 Covid-19-Related Rent Concessions

MFRS 16 has been amended to:

- (a) Provide lessees with an exemption from the requirement to determine whether a Covid-19-related rent concession is a lease modification; and
- (b) Require lessees that apply the exemption to account for Covid-19-related rent concessions as if they were not lease modifications.

The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- (i) Changes in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (iii) There is no substantive change to other terms and conditions of the lease.

The Group and the Company has early adopted Amendment to MFRS 16 during the financial year ended 31 December 2020 and elected to apply the practical expedient to all lease concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group and the Company did not recognise changes in these lease payments as lease modifications and instead, recognised these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (continued)

38. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)**(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021**

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i>	1 January 2021
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2023
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 101 Disclosure of Accounting Policies</i>	1 January 2023
<i>Amendments to MFRS 108 Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments since the effects would only be observable for future financial years.

39. FINANCIAL REPORTING UPDATE**IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)**

The IFRS Interpretations Committee ("IFRIC") issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group and the Company has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group and the Company as at the end of reporting period.

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2021

- A.** Issued shares of the Company : 537,385,383 ordinary shares
 Voting rights : One vote per ordinary share

B. ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shares Held
Less than 100	855	9.50	34,201	0.01
100 to 1,000	2,213	24.59	1,299,481	0.24
1,001 to 10,000	3,754	41.71	17,125,045	3.19
10,001 to 100,000	1,905	21.16	56,348,291	10.48
100,001 to less than 5%	272	3.02	121,879,873	22.68
5% and above	2	0.02	340,698,492	63.40
TOTAL	9,001	100.00	537,385,383	100.00

C. LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No.	Names	No. of Shares Held	% of Shares Held
1.	DARUL EHSAN INVESTMENT GROUP BERHAD Shares held in CDS account as follows: a. Own account - 1,461,916 b. ABB Nominee (Tempatan) Sdn Bhd - 309, 561,538	311,023,454	57.88
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR Shares held in CDS account as follows: - Own account - 54,276 + 29,620,762 = 29,675,038	29,675,038	5.52

Stakeholder Information

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2021

D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	No. of Shares Held	% of Shares Held
1.	ABB NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DARUL EHSAN INVESTMENT GROUP BERHAD	309,561,538	57.61
2.	PERBADANAN KEMAJUAN NEGERI SELANGOR	29,620,762	5.51
3.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHEW ENG @ NG CHIEW MING	21,000,000	3.91
4.	TABUNG WARISAN NEGERI SELANGOR	8,384,615	1.56
5.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGES SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM B MOHD NURDIN (CEB)	4,488,000	0.84
6.	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RA WHA HYUN (009)	2,650,000	0.49
7.	OLIVE LIM SWEE LIAN	2,600,000	0.48
8.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING YI YIEN	2,202,800	0.41
9.	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	2,077,723	0.39
10.	LIM CHEE MENG	1,836,215	0.34
11.	HELLY LYKE TABALUJAN	1,600,000	0.30
12.	DARUL EHSAN INVESTMENT GROUP BERHAD	1,461,916	0.27
13.	NGU KEE LENG	1,330,153	0.25
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUNG SOON KONG	1,200,000	0.22
15.	MAL MONTE SDN BHD	1,087,692	0.20
16.	JUMA'AH BINTI MOKTAR	1,073,615	0.20
17.	GOO MENG SENG	1,022,000	0.19
18.	MAISHAM BIN MAA'ROF	1,015,000	0.19
19.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KAN SIN	1,001,769	0.19
20.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI CHIN FOO (E-TMI)	1,000,000	0.19

ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2021

D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No.	Names	No. of Shares Held	% of Shares Held
21.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN@ NOOR HIZAM B MOHD NURDIN (8037673)	960,615	0.18
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LIM CHEE MENG (PB)	948,876	0.18
23.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIT PHENG	930,000	0.17
24.	TAN JIN TUAN	918,169	0.17
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (LIFE NON PAR)	911,700	0.17
26.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGES SECURITIES ACCOUNT FOR LEE BOON KEAT	900,023	0.17
27.	ONG BENG KEE	900,000	0.17
28.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG HOCK (MY0972)	890,000	0.17
29.	SAI YEE @ SIA SAY YEE	870,000	0.16
30.	TAN KA LIAN	838,500	0.16

E. LIST OF DIRECTORS AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

No.	Names	No. of Shares Held	% of Shares Held
1.	YB DATO' NOR AZMIE BIN DIRON	0	0.00
2.	ENCIK SOFFAN AFFENDI BIN AMINUDIN	0	0.00
3.	YBHG DATO' IDRIS BIN MD TAHIR	0	0.00
4.	YBHG DATO' IKMAL HIJAZ BIN HASHIM	0	0.00
5.	PUAN NORLIZA BINTI KAMARUDDIN	0	0.00
6.	ENCIK KOAY LI ONN (LEON)	0	0.00
7.	YBHG DATO' NOORAZMAN BIN ABD AZIZ	0	0.00
8.	ENCIK AHMAD FARIZ BIN HASSAN	0	0.00

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

In compliance with Part A of Appendix 9C of the MMLR, the following additional information in respect of the financial year ended 31 December 2020 are provided:

1. Material Contract and Material Loans

Other than as disclosed in Note 37 of the Financial Statements, there were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors, Managing Directors/Group Chief Executive Officer, chief executives and major shareholders of the Company.

2. Utilisation of Proceeds

The Company did not raise any other proceeds from any corporate proposal during the financial year ended 31 December 2020.

3. Audit Fees and Non-Audit Fees

The amount of audit and non-audit fees paid or payable to external auditors, BDO PLT and their affiliated companies for financial year ended 31 December 2020 are as follows:

	Company (RM)	Group (RM)
Audit Fees	170,000	687,978
Non-Audit Fees	5,000	10,000
Total	175,000	697,978

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

4. Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature

Pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR, details of the RRPT of a revenue or trading nature entered into during the financial year ended 31 December 2020 (“FY 2020”) by KPS Group pursuant to the shareholders’ mandate obtained from the shareholders of KPS at the 43rd AGM of the Company held on 30 June 2020 are as follows:

No.	Company within KPS Group	Transacting Related Parties	Nature of Transactions	Estimated value for Proposed Shareholders’ Mandate (from this 44 th AGM to the next AGM) # (RM’000)	Estimated value as disclosed in the Circular to Shareholders dated 29 May 2020 (RM’000)	Actual Value transacted (from the date of last AGM held on 30 June 2020 to the LPD)^ (RM’000)	Interested Related Parties	
							Name	Nature of relationship
(a)	Aqua-Flo®	Air Selangor and/or any of its subsidiary, associated or affiliated companies (“Air Selangor Group”)	Supply and delivery of chemicals, goods and services pursuant to the Framework Agreement dated 17 October 2018 to water treatment plants in Selangor and Federal Territories of Kuala Lumpur and Putrajaya by Aqua-Flo to Air Selangor Group.	82,000	82,000	41,477	<p><i>Interested Major Shareholders</i></p> <ul style="list-style-type: none"> • MBI • DEIG <p><i>Interested Persons Connected</i></p> <ul style="list-style-type: none"> • ASHB • Air Selangor • PKNS • TWNS 	<p>DEIG is a major shareholder of KPS with direct shareholding of 57.88%. MBI is a holding company of DEIG and KDEB.</p> <p>ASHB is a wholly owned subsidiary of MBI.</p> <p>Air Selangor is wholly owned subsidiary of ASHB.</p> <p>PKNS is a substantial shareholder of KPS with direct shareholding of 5.52% and a person connected to DEIG.</p> <p>TWNS is a shareholder of KPS with direct shareholding of 1.56% and a person connected to DEIG.</p>
(b)	SPT*	Air Selangor	Laying of new pipes to replace existing pipes in Selangor and Federal Territories of Kuala Lumpur and Putrajaya by SPT to Air Selangor.	2,000	13,000	5,100	<p><i>Interested Persons</i></p> <ul style="list-style-type: none"> • YB Dato’ Nor Azmie bin Diron • Encik Soffan Affendi bin Aminudin 	<p>YB Dato’ Nor Azmie bin Diron sits on the board of MBI, DEIG, PKNS, Air Selangor and ASHB. He is the Chairman and a Non-Independent Non-Executive Director of KPS.</p> <p>Encik Soffan Affendi bin Aminudin sits on the board of MBI and ASHB. He is also the Chief Operating Officer of MBI and a Non-Independent Non-Executive Director of KPS.</p>

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

No.	Company within KPS Group	Transacting Related Parties	Nature of Transactions	Estimated value for Proposed Shareholders' Mandate (from this 44 th AGM to the next AGM) # (RM'000)	Estimated value as disclosed in the Circular to Shareholders dated 29 May 2020 (RM'000)	Actual Value transacted (from the date of last AGM held on 30 June 2020 to the LPD)^ (RM'000)	Interested Related Parties	
							Name	Nature of relationship
(c)	Aqua-Flo®	Sg. Harmoni and Taliworks (Langkawi)** ("Taliworks Group")	Sales of chemical products, laboratory & monitoring equipment and disinfection system by Aqua-Flo to Taliworks Group.	23,000	24,000	13,669	Interested Major Shareholders • Taliworks	Taliworks is a Major Shareholder of Aqua-Flo with direct shareholding of 24%. Sg. Harmoni and Taliworks Langkawi are the wholly owned subsidiaries of Taliworks.

Notes:

- # The estimated value for the Proposed Shareholders' Mandate is based on Management's best estimate on assumption that the current operations will continue and all external factors remain constant. The estimated value may differ from actual results and is subject to change.
- @ Aqua-Flo is a 51%-owned subsidiary of KPS. The balance of 25% and 24% equity interests in Aqua-Flo is owned by Prismachem and Taliworks respectively. Neither Prismachem and Taliworks nor their directors and shareholders hold any shares in KPS.
- ^ The Actual Value transacted of the above transaction from the date on which the existing mandate was obtained (i.e. from the date of last AGM held on 30 June 2020) up to 30 March 2021 (the Latest Practicable Date, "LPD") in respect of the Proposed Shareholders' Mandate did not exceed the Estimated Value by 10% or more.
- * SPT is an indirect 64%-owned subsidiary of KPS. The balance 36% of the equity interest in SPT is owned by Smartpipe Holdings Sdn Bhd, an unrelated entity to KPS Group.
- ** Effective from 1 November 2020, Taliworks (Langkawi) has surrender their water operator plan to Syarikat Air Darul Aman Sdn Bhd ("SADA").

5. List of Group's Properties

The Group's list and particulars of the properties in which the net book value is 5% or more of the consolidated total assets of the Group as at the end of the financial year is set out in pages 310 to 312 of this Annual Report.

6. Directors' Training

Trainings attended by the Directors during FY 2020 is set out in pages 135 to 138 of this Annual Report.

LIST OF GROUP PROPERTIES

1. KUMPULAN PERANGSANG SELANGOR BERHAD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/Land Cost as at 31/12/2020 (RM'000)
Shah Alam, Selangor	Kumpulan Perangsang Selangor Berhad	Kumpulan Perangsang Selangor Berhad	108,360 sq. ft	Leasehold 99/2086	Office & Hotel	33	5 July 2000	51,641
Tanjong Tuan, Port Dickson	Kumpulan Perangsang Selangor Berhad	Kumpulan Perangsang Selangor Berhad	1,099 sq. ft	Leasehold 99/2081	Apartment	35	14 March 2003	151
Wisma SAP Bandar Baru Selayang Mukim Batu	Kumpulan Perangsang Selangor Berhad	Kumpulan Perangsang Selangor Berhad	9,957 sq. ft	Leasehold 99/2091	Land and 3 storey shop office building	29	3 November 2010	6,075

2. AQUA-FLO SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/Land Cost as at 31/12/2020 (RM'000)
Sungai Buluh Daerah Kuala Selangor	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	3,000 sq. ft	Leasehold 98/2091	Warehouse Store	28	31 December 2000	232
Damansara Intan Petaling Jaya	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	1,130 sq. ft	Freehold	Office	20	31 December 2000	167
			1,249 sq. ft	Freehold	Office	17	20 September 2003	180
Bandar Sultan Suleiman Pelabuhan Klang	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	14,400 sq. ft	Leasehold 99/2110	Warehouse Store	5	2015	2,666

3. CASH BAND (M) BERHAD GROUP

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/Land Cost as at 31/12/2020 (RM'000)
PERANGSANG HOTEL AND PROPERTIES SDN BHD								
1702 Section 46 Bandar Kuala Lumpur	Perangsang Hotel and Properties Sdn Bhd	Perangsang Hotel and Properties Sdn Bhd	34,714 sq. ft	Leasehold 99/2072	Hotel	31	23 July 2020	37,757

4. CENTURY BOND BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/ Land Cost as at 31/12/2020 (RM'000)
PT 3292 & 3293, Mukim Sentul, District of Seremban, Negeri Sembilan	Polyplus Packages Sdn Bhd	Polyplus Packages Sdn Bhd	103,764 sq. ft	Freehold	A single storey factory with an annexed three storey office building	23	2 January 1985	4,619
PLO 96, PTD 65029, Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	90,604 sq. ft	Leasehold 60/2060	A single storey detached factory, a double storey detached factory, guard house and bin centre	21	5 July 2000	3,333
PLO 97, PTD 8856, Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	116,740 sq. ft	Leasehold 60/2055	A single storey detached factory	26	14 March 2003	1,931

Stakeholder Information

LIST OF GROUP PROPERTIES

5. CENTURY BOND BHD (CONTINUED)

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/ Land Cost as at 31/12/2020 (RM'000)
PLO 98, PTD 8848, Mukim of Senai-Kulai, District of Johor Bahru	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	108,900 sq. ft	Leasehold 60/2054	A single storey detached factory and a guard house	27	3 November 2010	1,692
PLO 99, PTD 8849, Mukim of Senai-Kulai, District of Johor Bahru	Eversynergy Sdn Bhd	Eversynergy Sdn Bhd	98,446 sq. ft	Leasehold 60/2055	A single storey detached factory	26	1997	1,444
PLO 178, Mukim Senai-Kulai, Senai Industrial Estate III, Johor	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	21,780 sq. ft	Leasehold 25/2034	A single storey detached factory	12	31 October 2004	674
PLO 77, PTD 46029, Mukim Senai-Kulai, Senai Industrial Estate III, Johor	Prestige Packages Sdn Bhd	Prestige Packages Sdn Bhd	43,560 sq. ft	Leasehold 30/2025	A single storey detached factory with a double storey front office	26	28 February 2007	256
JL, Dosomuko Ujung Baru, Pelabuhan Belawan, Medan Indonesia	PT Prestige Packages Indonesia	PT Prestige Packages Indonesia	5,653 sq. ft	Leasehold 3/2022	A single storey detached factory	15	11 July 2005	820
31 Woodlands Close, 01-14 Woodlands Horizon, Singapore	Esteem Packaging Pte Ltd	Esteem Packaging Pte Ltd	171 sq. ft	Leasehold 58/2072	Factory unit on the 1 st storey of the Building	7	1 October 2012	2,626
PTD 176445 Mukim Plentong, District of Johor Bahru	Taspak Industrial Sdn Bhd	Taspak Industrial Sdn Bhd	104,969 sq.ft	Freehold	A parcel of industrial land erected upon a single storey factory, a double storey office annex and other ancillary buildings	11	21 November 2003	6,674

6. CPI (PENANG) SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/ Land Cost as at 31/12/2020 (RM'000)
Plot 79 Land Building 1 Building 2 Lot 12150, Mukim 12 Barat Daya, Pulau Pinang	CPI (Penang) Sdn Bhd	CPI (Penang) Sdn Bhd	174,601 sq. ft	Leasehold 60/2057	Land, 4 storey office building and double storey factory	22	15 October 1999	2,044 9,320 8,913
Plot 29 Hilir Sungai Keluang Satu Land Building - Warehouse Lot 12382, Mukim 12 Barat Daya, Pulau Pinang	CPI (Penang) Sdn Bhd	CPI (Penang) Sdn Bhd	65,337 sq. ft	Leasehold 60/2051	Land, 2 storey office building and single storey warehouse	28	14 May 2016	6,484 3,205
Plot 109 Land Lot 17322 Mukim 12 Barat Daya, Pulau Pinang	CPI (Penang) Sdn Bhd	CPI (Penang) Sdn Bhd	197,604 sq. ft	Leasehold 60/2069	A Piece of land	N/A	4 July 2019	28,198

LIST OF GROUP PROPERTIES

7. TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area (Acres)	Tenure/ Lease Expiry (Years)	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value/ Land Cost as at 31/12/2020 (RM'000)
8 Burn Road, #17-08 Trivex, Singapore 369977	Toyoplas Holdings Pte Ltd	Toyoplas Holdings Pte Ltd	82 sq. m	Leasehold 50/2068	Office	13	18 August 2018	1,399
HS(D) 16074 PTD NO 5364 Mukim of Kesang, Ledang, Johor	Toyoplas Manufacturing (Malaysia) Sdn Bhd	Toyoplas Manufacturing (Malaysia) Sdn Bhd	50,395 sq. ft	Leasehold 60/2051	Land, 2 storey office building and double storey factory	27	1 January 2014	2,919
HS (D) 323463 PTD153630 Mukim Plentong	Toyoplas Manufacturing (Malaysia) Sdn Bhd	Toyoplas Manufacturing (Malaysia) Sdn Bhd	41,807 sq. ft	Leasehold 910/2911	Land, 2 storey office building and double storey factory	17	6 September 2005	1,302
HS (D) 323464 PTD153630 Mukim Plentong	Toyoplas Manufacturing (Malaysia) Sdn Bhd	Toyoplas Manufacturing (Malaysia) Sdn Bhd	42,496 sq. ft	Leasehold 910/2911	Land, 2 storey office building and double storey factory	17	6 September 2005	1,324
HS (D) 323465 PTD153630 Mukim Plentong	Toyoplas Manufacturing (Malaysia) Sdn Bhd	Toyoplas Manufacturing (Malaysia) Sdn Bhd	43,185 sq. ft	Leasehold 910/2911	Land, 2 storey office building and double storey factory	17	6 September 2005	1,345
HS(D) 62238 PTD 105112 Mukim Senai District of Kulaijaya	Toyoplas Manufacturing (Malaysia) Sdn Bhd	Toyoplas Manufacturing (Malaysia) Sdn Bhd	298,688 sq. ft	Freehold	Land, 2 storey office building and double storey factory	5	28 August 2015	12,368
Apartment Unit No.11D-1 Tower A Lippo Cikarang Crown Court Executive Condominium, Jl. Pajajaran Lippo Cikarang 17550	PT Toyoplas Manufacturing Indonesia	PT Toyoplas Manufacturing Indonesia	80 sq. m	Leasehold 20/2024	Expatriat's House	15	16 February 2005	38
Apartment Fanhouse (Pha Tower I) - Cikarang Crown Court Executive Condominium, Jl. Pajajaran Lippo Cikarang 17550	PT Toyoplas Manufacturing Indonesia	PT Toyoplas Manufacturing Indonesia	145 sq. m	Leasehold 20/2024	Expatriat's House	14	1 August 2006	107
Factory Building Delta Silicon II, Cikarang Jl. Trembesi, Blok F5 No. 9 Delta Silicon II Cikarang Selatan, Bekasi 17550, Jawa Barat, Indonesia	PT Toyoplas Manufacturing Indonesia	PT Toyoplas Manufacturing Indonesia	53,841 sq. m	Leasehold 20/2024	Office, Production Line, Warehouse	16	28 October 2004	26,452
Cikarang Delta Delta Silicon II Plot F5-9 Jl. Trembesi Blok F5 No. 9 Delta Silicon II Cikarang Selatan, Bekasi 17550, Jawa Barat, Indonesia	PT Toyoplas Manufacturing Indonesia	PT Toyoplas Manufacturing Indonesia	54,990 sq. m	Leasehold 20/2024	Office, Production Line, Warehouse	16	8 April 2004	9,671

CORPORATE DIRECTORY

REGISTERED AND BUSINESS ADDRESSES OF KUMPULAN PERANGSANG SELANGOR BERHAD AND SUBSIDIARY COMPANIES

KUMPULAN PERANGSANG SELANGOR BERHAD

(Company No. 197501002218)

Registered Address	Business Address
17 th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444	17 th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444

CASH BAND (M) BERHAD

(Company No. 200601016078)

Registered Address	Business Address
17 th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444	17 th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444

TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

(Company No. 200301033853)

Registered Address	Business Address
Suite 5.11 & 5.12 5 th Floor, Menara TJB No. 9, Jalan Syed Mohd Mufti 80000 Johor Bahru Johor Darul Takzim Tel : +607-2242823 Fax : +607-2230229	PTD 105112, Jalan Cyber 4 Kawasan Perindustrian Senai IV Mukim Senai 81400 Daerah Kulai Johor Darul Takzim Tel : +607-5955233 Fax : +607-5955266

CPI (PENANG) SDN BHD

(Company No. 199001000150)

Registered Address	Business Address
54-3-2 Wisma Sri Mata Jalan Van Praagh 11600 Jelutong Pulau Pinang Tel : +604-2832268 Fax : +604-2837268	Plot 79 Kawasan Perindustrian Bayan Lepas 4 Lintang Bayan Lepas 7 11900 Bayan Lepas Pulau Pinang Tel : +604-6476788 Fax : +604-6444686

CENTURY BOND BHD

(Company No. 199101018358)

Registered Address	Business Address
Suite 5.11 & 5.12 5 th Floor, Menara TJB No. 9, Jalan Syed Mohd Mufti 80000 Johor Bahru Johor Darul Takzim Tel : +607-2242823 Fax : +607-2230229	PLO 96,97,98 & 99 Jalan Cyber 5 Senai Industrial Estate Phase III 81400 Senai Johor Darul Takzim Tel : +607-598 1185 Fax : +607-598 1195

KAISERKORP CORPORATION SDN BHD

(Company No. 199401006515)

Registered Address	Business Address
Suite 5.11 & 5.12 5 th Floor, Menara TJB No. 9, Jalan Syed Mohd Mufti 80000 Johor Bahru Johor Darul Takzim Tel : +607-2242823 Fax : +607-2230229	17 th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444

AQUA-FLO SDN BHD

(Company No. 199401039180)

Registered Address	Business Address
17 th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444	827, 8 th Floor, Block A Damansara Intan No. 1, Jalan SS 20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel : +603-7725 7279 Fax : +603-7725 6277

SMARTPIPE TECHNOLOGY SDN BHD

(Company No. 201201018888)

Registered Address	Business Address
Suite 5.11 & 5.12 5 th Floor, Menara TJB No. 9, Jalan Syed Mohd Mufti 80000 Johor Bahru Johor Darul Takzim Tel : +607-2242823 Fax : +607-2230229	17 th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444

KPS-HCM SDN BHD

(Company No. 200701033102)

Registered Address	Business Address
13A Jalan SS 21/56B Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel : +603-7729 5912 Fax : +603-7729 5904	93-1, 93-3 Jalan Kampong Pandan 55100 Kuala Lumpur Tel : +603-9282 2246 Fax : +603-9282 0321

NOTICE OF 44TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY FOURTH ("44TH) ANNUAL GENERAL MEETING ("AGM") OF **KUMPULAN PERANGSANG SELANGOR BERHAD** ("KPS" OR "THE COMPANY") WILL BE CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT KPS CORPORATE OFFICE, 17TH FLOOR, PLAZA PERANGSANG, PERSIARAN PERBANDARAN, 40000 SHAH ALAM, SELANGOR DARUL EHSAN ON TUESDAY, 25 MAY 2021 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES :-

ORDINARY BUSINESS:

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. | (Please refer to Explanatory Note 1) |
| 2. To approve a single tier final dividend of 2.5 sen per share in respect of the financial year ended 31 December 2020. | (Ordinary Resolution 1) |
| 3. To re-elect the following Directors who retire pursuant to Clause 76(3) of the Company's Constitution and who being eligible offer themselves for re-election :- | |
| a. YBhg Dato' Idris bin Md Tahir | (Ordinary Resolution 2) |
| b. Puan Norliza binti Kamaruddin | (Ordinary Resolution 3) |
| c. Encik Koay Li Onn (Leon) | (Ordinary Resolution 4) |
| 4. To approve the payment of Directors' remuneration to the Directors up to an amount of RM1,818,352 for the period immediately after the 44 th AGM until the next AGM of the Company. | (Ordinary Resolution 5) |
| 5. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration . | (Ordinary Resolution 6) |

SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

- | | |
|--|--------------------------------|
| 6. Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature | (Ordinary Resolution 7) |
|--|--------------------------------|

"THAT pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), the Company and its subsidiaries ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 26 April 2021 ("Related Parties") provided that such transactions and/or arrangements are:-

NOTICE OF 44TH ANNUAL GENERAL MEETING

- a) necessary for the day-to-day operations;
- b) undertaken in the ordinary course of business at arm's length basis and are on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and
- c) not detrimental to the minority shareholders of the Company,

(collectively known as "Proposed Shareholders' Mandate");

AND THAT such approval, shall continue to be in force until:-

- a) the conclusion of the next AGM of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such AGM; or
- b) the expiration of the period within which the next AGM of the Company after that date is required to be held under Section 340(2) of the Companies Act, 2016 ("CA 2016") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the CA 2016); or
- c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts, deeds and things to give effect to the aforesaid Shareholders' Mandate and transactions contemplated under this resolution."

ANY OTHER BUSINESS:

- 7. To transact any other business for which due notice has been given in accordance with the Constitution of the Company and the CA 2016.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS ALSO HEREBY GIVEN that a single tier final dividend of 2.5 per share, in respect of the financial year ended 31 December 2020 ("FY 2020") if approved by shareholders at the 44th AGM, will be payable on 24 June 2021 to shareholders registered in the Records of Depositors at the close of business on 31 May 2021.

A depositor shall qualify for entitlement only in respect of :

- a) Shares transferred to the Depositor's Securities Account before 4.30 p.m. on 31 May 2021 in respect of ordinary shares.
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad

NOTICE OF 44TH ANNUAL GENERAL MEETING

By Order of the Board

HASHIMAH BINTI MOHD ISA (SSM PC No. 201908000993/MACS 01269)

SELFIA BINTI MUHAMMAD EFFENDI (SSM PC No. 201908000999/MAICSA 7046782)

Joint Company Secretaries

Shah Alam

26 April 2021

Explanatory Notes on Ordinary and Special Businesses

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2020

The Agenda item is meant for discussion as the provisions of Sections 248(2) and 340(1)(a) of the CA 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. Item 2 of the Agenda - Final dividend

With reference to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 30 March 2021, the Board had considered the amount of dividend and decided to recommend the same for the shareholders' approval at the forthcoming 44th AGM.

3. Item 3 of the Agenda - Re-election of Directors who retire in accordance with Clause 76(3) of the Company's Constitution

Clause 76(3) of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company. In determining the number of Directors who are to retire by rotation at the 44th AGM, three (3) out of eight (8) Directors are to retire in accordance with Clause 76(3) of the Company's Constitution.

The Nomination and Remuneration Committee ("NRC") has determined the eligibility of each of the Directors standing for re-election at the AGM based on performance of the Directors, taking into account the results of their latest Annual Board Evaluation, contribution in the areas of Board dynamics and participation, competency and capability, independence and objectivity together with their ability to make analytical inquiries and offer advice and guidance.

The Board approved the NRC's recommendation that the Directors who retire in accordance with Clause 76(3) of the Company's Constitution are eligible to stand for re-election. All these retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

4. Item 4 of the Agenda - Directors' remuneration

Section 230(1) of the CA 2016 provides amongst others, that "the fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the shareholders' approval shall be sought at the 44th AGM on the Directors' remuneration under Ordinary Resolution 5 on payment of Directors' remuneration in respect of the period immediately after the 44th AGM to the next AGM of the Company ("Relevant Period").

In March 2021, a review of the subsidiaries' board of directors ("board") remuneration was conducted internally by the NRC to harmonize their remuneration having regard to their skills, responsibilities, expertise and guidance commensurate to the services rendered to the subsidiaries. The Board at its meeting held on 30 March 2021, approved the NRC's recommendation for the proposed streamlining of the subsidiaries' board remuneration.

The total amount of Directors' remuneration payable to the Directors is estimated to be up to RM1,818,352 for the Relevant Period which will take effect from 26 May 2021 subject to the shareholders' approval and taking into account various factors including the number of scheduled meetings for the Board, board of subsidiaries and Board Committees as well as the number of Directors involved in these meetings. Payment of Directors' remuneration to the Directors of the Company will be made by the Company on a monthly basis and/or as and when incurred effective 26 May 2021.

NOTICE OF 44TH ANNUAL GENERAL MEETING

5. Items 5 of the Agenda - Re-appointment of Auditors

The Board Audit Committee ("BAC") at its meeting held on 30 March 2021 undertook an annual assessment of the suitability, objectivity and independence of the external auditors, BDO, in accordance with the External Auditors Assessment Policy which was approved by the Board in March 2017. In its assessment, the BAC was satisfied with the suitability of BDO based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The BAC was also satisfied in its review that the provision of audit and non-audit services by BDO to the Company for financial year ended 31 December 2020 did not in any way impair their objectivity and independence as external auditors of the Company.

The Board at its meeting held on 30 March 2021 approved the BAC's recommendation for the shareholders' approval to be sought at the 44th AGM on the re-appointment of BDO as external auditors of the Company for the financial year ending 31 December 2021 under Resolution 6.

6. Item 6 of the Agenda - Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

The proposed Ordinary Resolution 7, if passed, is primarily to renew its existing mandate ("Mandate") by authorising the Company and/or its subsidiaries ("Group") to enter into recurrent transactions with the related parties which are necessary for the day-to-day operations of the Group and are based on normal commercial terms and transaction prices that are not more favorable to the related parties than those generally made available to the public and the Mandate shall lapse at the conclusion of the next AGM unless the authority is renewed by a resolution passed at such general meeting.

For more details, please refer to the Circular to Shareholders dated 26 April 2021.

Notes:-

1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the CA 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend the 44th AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 44th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

Please follow the procedures in the Administrative Details for 44th AGM and read Notes (2) to (14) below in order to participate remotely via RPV.

2. For the purpose of determining who shall be entitled to attend this 44th AGM, via RPV the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 18 May 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 44th AGM via RPV or appoint a proxy to attend, speak and vote on his/her/its behalf.
3. A member who is entitled to attend and vote at this 44th AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting via RPV.
5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
6. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

NOTICE OF 44TH ANNUAL GENERAL MEETING

9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tjih.online>. **Please follow the Procedures for RPV in the Administrative Details for 44th AGM.**
10. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under seal or under the hand of an officer or attorney duly authorised. The appointment of a proxy may be made in hard copy form or by electronic form. If the appointment is made in hard copy form, the Proxy Form must be deposited with Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively to submit your electronic Proxy Form via TIIH Online at <https://tjih.online> not less than 48 hours before the time fixed for holding the meeting.
11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
12. Last date and time for lodging the proxy form is at 10.00 am, 23 May 2021.
13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
14. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner :
 - i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - a. at least two (2) authorised officers, of whom one shall be a director; or
 - b. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant To Paragraph 8.27(2) of The Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individual who is standing for election as Director

No individual is seeking for election as a Director at the 44th AGM of the Company.

PROXY FORM

KUMPULAN PERANGSANG SELANGOR BERHAD

197501002218 (23737-K) (Incorporated in Malaysia)

No. of Ordinary Shares Held	
No. of CDS Account	

Proxy Form for the 44th AGM

I/We NRIC/Passport No./Company No.
(Full name in capital letters)

of
(Full address)

being a member/members of Kumpulan Perangsang Selangor Berhad ("the Company"), hereby appoint

Name/NRIC No. **No. of Shares** **Percentage (%)**

Proxy 1 and/or failing him/her

Proxy 2 or failing him/her

The Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the 44th AGM of the Company to be conducted entirely through live streaming from the **KPS Corporate Office, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan on Tuesday, 25 May 2021 at 10.00 a.m.** and at any time adjournment thereof.

My/Our proxy is to vote as indicated below:-

Resolution	Agenda	For	Against
Ordinary Resolution 1	To approve a single tier final dividend of 2.5 sen per share in respect of the financial year ended 31 December 2020.		
Ordinary Resolution 2	To re-elect the following Directors who retire pursuant to Clause 76(3) of the Company's Constitution and who being eligible offer themselves for re-election :- YBhg Dato' Idris bin Md Tahir		
Ordinary Resolution 3	Puan Norliza binti Kamaruddin		
Ordinary Resolution 4	Encik Koay Li Onn (Leon)		
Ordinary Resolution 5	To approve the payment of Directors' remuneration to the Directors up to an amount of RM1,818,352 for the period immediately after the 44 th AGM until the next AGM of the Company.		
Ordinary Resolution 6	To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 7	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature.		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain voting at his/her discretion).

.....
Signature/Common Seal of Shareholder

Dated this day of 2021

Notes:-

1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the CA 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend the 44th AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 44th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its **TIIH Online** website at <https://tiih.online>.

Please follow the procedures in the Administrative Details for 44th AGM and read Notes (2) to (14) below in order to participate remotely via RPV.

- For the purpose of determining who shall be entitled to attend this 44th AGM, via RPV the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 18 May 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 44th AGM via RPV or appoint a proxy to attend, speak and vote on his/her/its behalf.
- A member who is entitled to attend and vote at this 44th AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the General Meeting via RPV.

5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.
 6. Where a member of the Company is an authorised nominee as defined in the Central Depositories Act, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
 7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act") which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
 8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
 9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. **Please follow the Procedures for RPV in the Administrative Details for 44th AGM.**
 10. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation either under seal or under the hand of an officer or attorney duly authorised. The appointment of a proxy may be made in hard copy form or by electronic form. If the appointment is made in hard copy form, the Proxy Form must be deposited with Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively to submit your electronic Proxy Form via TIIH Online at <https://tiih.online> not less than 48 hours before the time fixed for holding the meeting.
 11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
 12. Last date and time for lodging the proxy form is at 10.00 am, 23 May 2021.
 13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
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14. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

fold here along dotted line

Affix
stamp
here

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD

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Tower A, Vertical Business Suites,
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