WE INVEST IN BETTER

Annual Report **2019**

WE INVEST IN BETTER

A well-focussed portfolio of investments provides KPS with greater latitude to capitalise on near-term as well as long-term opportunities. We have successfully transitioned to growth areas that are robust and resilient, increasing our potential and strengths to ensure the future of the Group's business sustainability.

Financial Year 2019 crystallised our increasing interests in the manufacturing sector which is poised to advance rapidly with sustainable manufacturing.

SCAN ME

NEW FEATURE IN THIS ANNUAL REPORT

The digital version of Kumpulan Perangsang Selangor Berhad's Annual Report 2019 is available on our website.

Go to **http://perangsangselangor.listedcompany.com/ar.html** or scan the QR code with your smartphone.

43rd ANNUAL GENERAL MEETING

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

Tuesday, 30 June 2020

10:00 a.m.

Milling process at Toyoplas' manufacturing plant in Ulu Tiram, Johor.

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 environment-friendly organisation.

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WHO WE ARE

Incorporated on 11 August 1975, **Kumpulan Perangsang Selangor Berhad** ("KPS" 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.

WHO WE ARE

Plastic component assembly line at Toyoplas' manufacturing plant in Senai, Johor.

WHO WE ARE

MANUFACTURING

Toyoplas Manufacturing (Malaysia) Sdn Bhd Group of Companies **("Toyoplas")** serves the integrated plastics injection moulding industry with clientele from the consumer electronics sector, as well as industrial tools, automotive and other sectors with a value chain spanning across 75 countries. As a one-stop solutions provider, Toyoplas Group's expertise covers mould fabrication, precision injection moulding and secondary processes as well as assembly via its seven manufacturing plants across Malaysia, China and Indonesia.

Century Bond Bhd ("CBB") is an integrated packaging solutions provider driven by four business Divisions, namely Paper Bags, Carton Boxes, Plastics and Original Equipment Manufacturer ("OEM") for Consumer Products. Its Paper Bags Division operates from three plants which are located in Ipoh and Senai in Malaysia, and Medan in Indonesia. The production lines for manufacturing carton boxes are based in the Nilai and Senai plants. The other two Divisions, Plastics and OEM, operate from CBB's plant in Senai.

CPI (Penang) Sdn Bhd ("CPI") is an integrated plastics injection moulding company serving over 90 clients worldwide. As a contract manufacturer with experience in plastics injection moulding, tool fabrication, secondary and sub-assembly processes as well as electronics box-build processes, CPI's clientele includes customers from various industries including Automotive, Communications & IT, Healthcare as well as Other Electronics.

King Koil Manufacturing West, LLC ("KKMW'') was established on 22 January 2018, marking 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 structure.

TRADING

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 wastewater treatment specialists.

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 90 countries via 27 licensees worldwide.

INFRASTRUCTURE

SmartPipe TECHNOLOGY

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 well positioned to address the non-revenue water issues in Malaysia.

SPRINT
SISTEM PENYURAIAN TRAFIK KL BARAT SDN BHD

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.

KPS-HCM
Sdn. Bhd.

KPS-HCM Sdn Bhd ("KPS-HCM") focusses 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.

2019 AT A GLANCE

REVENUE

RM866.8 million

EBITDA

RM129.8 million

8 APRIL 2019

Sector Reclassification: Industrial Products & Services

26 APRIL 2019

Announcement on Special Dividend of 32.6 sen per share

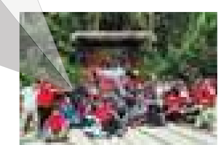
24 JUNE 2019

Inclusion in FTSE Bursa Malaysia Small Cap Index

PAID-UP CAPITAL RM537.9 million as at 31 December 2019

MARKET CAPITALISATION RM376.2 million as at 31 December 2019

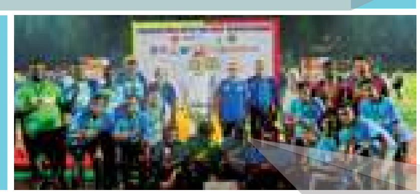
***12 APRIL 2019**
KPS Team Building.



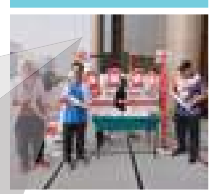
***11 JULY 2019**
CSR Malaysia Award 2019 Company of the Year.

***27 AUGUST 2019**
CerDik Programme: Empowering Orang Asal Children, Involving 116 Students.

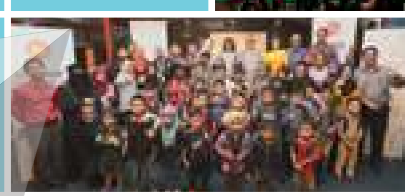
***26 SEPTEMBER 2019**
River-Bank Cleaning, Waste Separation and Safety Usage of LPG Awareness Programme Involving 150 Volunteers; 2,788 kg Waste Collected.



***17 OCTOBER 2019**
Blood Donation Programme: Collected 105 Pints of Blood for Pusat Darah Negara.



***25 NOVEMBER 2019**
Women Empowerment Programme with Malaysian Aids Foundation to Improve Socioeconomic Status of Single Mothers with HIV.



PROFIT BEFORE TAX AND ZAKAT

RM55.0 million

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

RM26.9 million

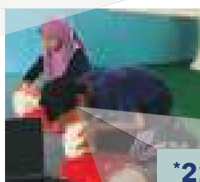
PROFIT AFTER TAX AND ZAKAT

RM29.2 million

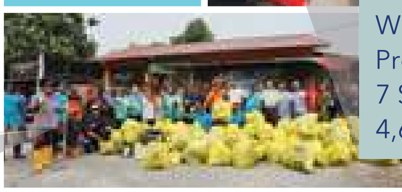
NET ASSETS PER SHARE

RM1.78

15 AUGUST 2019
Completion of Toyoplas Manufacturing (Malaysia) Sdn Bhd Acquisition for RM311.25 million.



***22 AUGUST 2019**
Water Safety & Drowning Prevention Campaign: 7 Schools, Involving 4,623 Students.



6 NOVEMBER 2019
Smartpipe Technology Sdn Bhd Signed JV Agreement with Menteri Besar Kedah Incorporated to Undertake NRW and Other Water-Related Projects in Kedah.

***12 JULY 2019 & 14 NOVEMBER 2019**
Dato' Mokhtar Dahari Cup & HRH Raja Muda of Selangor Cup Football Championship Involving 64 Schools & 1,152 Players.

26 NOVEMBER 2019
Acquisition of 85% Stake in Taspack Industrial Sdn Bhd by Century Bond Bhd for RM21.25 million Completed.

***Entrepreneurship Training Programme: 68% Participants Recorded Monthly Income >RM1,000**

***Philanthropy: Contributed RM796,353 to 26 Associations/NGOs**

***Tuisyen Rakyat Initiative Involving 10,056 Students & 2,196 Teachers**

* Please refer to: Kumpulan Perangsang Selangor Berhad's Sustainability Report 2019

CORPORATE

1975

Established on 11 August 1975 with a vision to become a leading infrastructure and utility player.

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").

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, KPS acquired 60% equity interest in Aqua-Flo Sdn Bhd ("Aqua-Flo") which is involved in the trading of water chemicals and equipment as well as in the provision of technical services for the water, waste and sewage treatment plants.

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.

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.

2013

Divested Kumpulan Hartanah Selangor Berhad to Kumpulan Darul Ehsan Berhad, marking KPS' exit from the property development sector.

2015

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

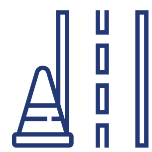
MILESTONES

2016

- Launched the Business Transformation Plan, a new growth agenda to ensure business sustainability of the Group.
- Acquired 51% stake in Smartpipe Technology Sdn Bhd ("Smartpipe"), an engineering company offering integrated solutions for pipe replacement and rehabilitation to water and other utility companies.
- Acquired 60% interest in Kaiserkorp Corporation Sdn Bhd, the holding company of King Koil Licensing Company Inc ("KKLC"), which owns the global King Koil® brand.
- Emerged as major shareholder of Aqua-Flo by holding 51% equity stake.
- Acquired 71.4% equity stake in Century Bond Bhd ("CBB"), an integrated packaging solutions provider.

2017

Emerged as majority shareholder by holding 51% equity stake in KPS-HCM Sdn Bhd ("KPS-HCM"), which is primarily involved in road construction, maintenance and rehabilitation as well as general civil engineering and infrastructure works.



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 King Koil Manufacturing West LLC ("KKMW") to undertake the production, sales and distribution of King Koil® mattresses and related bedding and sleep products in the US.
- Acquired 100% equity stake in CPI (Penang) Sdn Bhd ("CPI"), an integrated plastics injection moulding company.
- SPLASH Holdings accepted a takeover offer for Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") by Air Selangor.

2019

- Acquired 100% equity stake in Toyoplas Manufacturing (Malaysia) Sdn Bhd, an end-to-end plastics injection moulding solutions provider.
- KPS' subsidiary CBB acquired 85% equity stake in Taspack Industrial Sdn Bhd, which is involved in end-to-end manufacturing of offset carton boxes and printing of instruction manuals.
- KPS' subsidiary Smartpipe signed a Joint Venture Agreement with Menteri Besar Kedah Incorporated to provide non-revenue water solutions in Kedah.

CORPORATE STRUCTURE

SUBSIDIARY COMPANIES

- **100% Cash Band (M) Berhad**
  - 100% Perangsang Hotel & Properties Sdn Bhd
  - 100% Brisdale International Hotel Sdn Bhd
- **100% Viable Chip (M) Sdn Bhd**
  - 30% Syarikat Pengeluar Air Selangor Holdings Berhad
- **100% Perangsang Oil & Gas Sdn Bhd**
  - 40% NGC Energy Sdn Bhd
- **100% Nadi Biru Sdn Bhd**
  - 60% Smartpipe Technology Sdn Bhd
- **100% Bold Approach Sdn Bhd**
  - 60% Kaiserkorp 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**

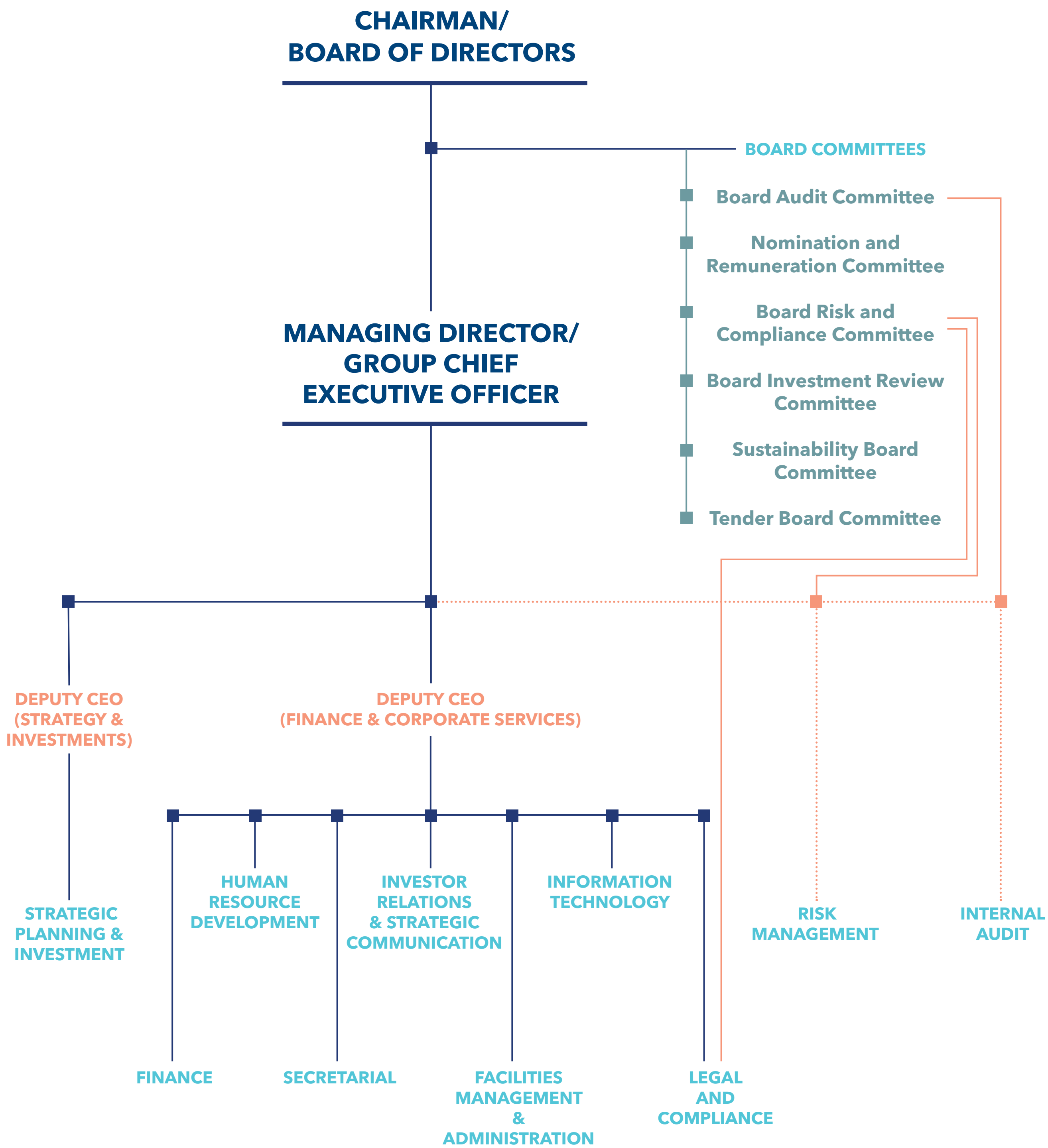
ASSOCIATE COMPANIES

- **40% Perangsang Water Management Sdn Bhd**
- **20% Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd**

Note:

The above Corporate Structure does 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, please refer to note 16 and 17 of the Company's Audited Financial Statements for the year ended 31 December 2019.

ORGANISATION STRUCTURE



CORPORATE

BOARD OF DIRECTORS

YB Dato' Nor Azmie bin Diron
Chairman, Non-Independent Non-Executive Director

Encik Soffan Affendi bin Aminudin
Non-Independent Non-Executive Director

YBhg Dato' Idris bin Md Tahir
Independent Non-Executive Director

YBhg Dato' Ikmal Hijaz bin Hashim
Independent Non-Executive Director

Puan Rita Benoy Bushon
Independent Non-Executive Director

Puan Norliza binti Kamaruddin
Independent Non-Executive Director

Encik Koay Li Onn (Leon)
Independent Non-Executive Director

YBhg Dato' Noorazman bin Abd Aziz
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
Puan Rita Benoy Bushon

Encik Koay Li Onn (Leon)

Encik Soffan Affendi bin Aminudin

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 RISK AND COMPLIANCE COMMITTEE

Chairman
Encik Koay Li Onn (Leon)

Members
Puan Rita Benoy Bushon

Puan Norliza binti Kamaruddin

YBhg Dato' Noorazman bin Abd Aziz

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

INFORMATION

SUSTAINABILITY BOARD COMMITTEE

Chairman
Puan Norliza binti Kamaruddin

Members
Puan Rita Benoy Bushon

YBhg Dato' Ikmal Hijaz bin Hashim

Encik Soffan Affendi bin Aminudin

TENDER BOARD COMMITTEE

Chairman
Puan Rita Benoy Bushon

Members
YBhg Dato' Idris bin Md Tahir

YBhg Dato' Ikmal Hijaz bin Hashim

YBhg Dato' Noorazman bin Abd Aziz

JOINT COMPANY SECRETARIES

Puan Hashimah binti Mohd Isa
SSM PC No. 201908000993

Puan Selfia binti Muhammad Effendi
SSM PC No. 201908000999

REGISTERED OFFICE

16th Floor, Plaza Perangsang
Persiaran Perbandaran
40000 Shah Alam
Selangor Darul Ehsan
Tel : +603-5524 8400 ext 417
Fax : +603-5524 8444
E-mail : hashimah@kps.com.my
Web : www.perangsangselangor.com

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

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

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

RHB Bank Berhad
No. 16 & 17
Jalan Tengku Ampuan Zabedah
D9/D, Seksyen 9
40100 Shah Alam
Selangor Darul Ehsan

AUDITORS

Messrs BDO PLT
Level 8, Menara Centara
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur

LISTING

Bursa Malaysia Securities Berhad
Main Market
22 July 2003

OFFICE OF CHAIRMAN

YB Dato' Nor Azmie Bin Diron
Chairman

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 Ahiar
Director, Human Resource
Development

Encik Sukman Suzzak bin Zakaria
Director, Internal Audit

Encik Zulkifli bin Mawardi
Director, Investor Relations &
Strategic Communication

Encik Russell Raj George
Assistant Director, Legal & Compliance

Encik Iqzuan bin Idris
Associate Director, Risk Management

5-YEAR FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS

Financial Indicators
Revenue
EBITDA* N1, N2
Profit/(Loss) Before Tax and Zakat ("PBT/LBT")* N2
Profit/(Loss) After Tax and Zakat ("PAT/LAT")* N2
Profit/(Loss) Attributable to Owners of the Parent

Financial Ratios
EBITDA Margin (%)
PBT/LBT Margin (%)
PAT/LAT Margin (%)
Basic Earnings/(Loss) Per Share Attributable to Owners of the Parent (Sen)
Dividend Per Share (Sen)

FINANCIAL POSITIONS

Financial Indicators
Shareholders' Equity
Total Assets
Total Loans & Borrowings**

Financial Ratios
Return on Capital Employed (%)
Return on Equity (%)
Return on Assets (%)
Gearing Ratio
Net Assets Per Share Attributable to Owners of the Parent (RM)

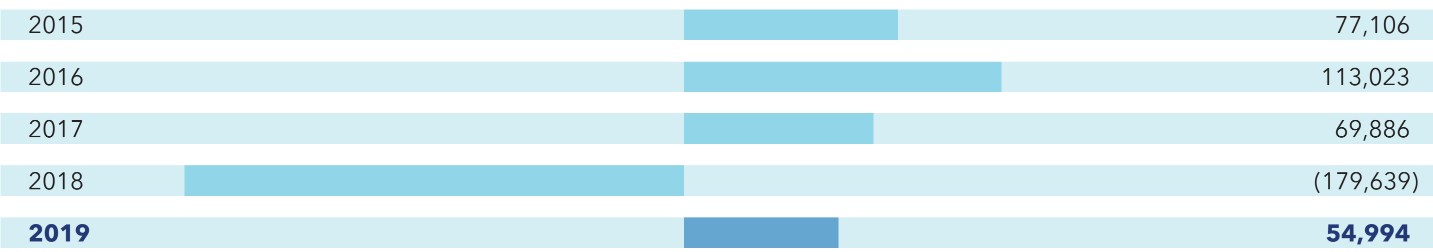
N1 Defined as Earnings Before Interest, Taxes, Depreciation and Amortisation.
N2 Including the items below for the respective years:
2018 - RM208 million share of loss from an associate namely SPLASH Holdings.
2016 - RM97 million gain on disposal of asset held for sale.
2015 - RM32 million loss on disposal of a subsidiary company, namely Titisan Modal Sdn. Bhd.
*** Include loans and borrowings of disposal group classified as held for sale*

	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	**2019 RM'000**
	285,959	144,498	361,495	582,313	**866,786**
	194,420	127,444	99,717	(127,097)	**129,821**
	77,106	113,023	69,886	(179,639)	**54,994**
	58,939	101,860	63,016	(196,757)	**29,223**
	55,329	97,766	58,762	(205,549)	**26,882**
	68.00%	88.20%	27.60%	(21.80%)	**14.98%**
	27.00%	78.20%	19.30%	(30.80%)	**6.34%**
	20.60%	70.50%	17.40%	(33.80%)	**3.37%**
	11.09	19.59	11.78	(38.25)	**5.00**
	2.00	4.25	4.25	4.25	**0.00**
	1,237,215	1,328,030	1,361,579	1,134,208	**957,763**
	1,361,988	1,838,651	1,944,922	2,170,175	**2,296,122**
	30,130	267,379	307,658	611,136	**668,333**
	13.50%	7.10%	4.90%	(8.20%)	**4.90%**
	4.50%	7.40%	4.30%	(18.10%)	**2.80%**
	4.10%	5.30%	3.00%	(9.50%)	**1.20%**
	0.02	0.20	0.23	0.54	**0.70**
	2.48	2.66	2.73	2.11	**1.78**

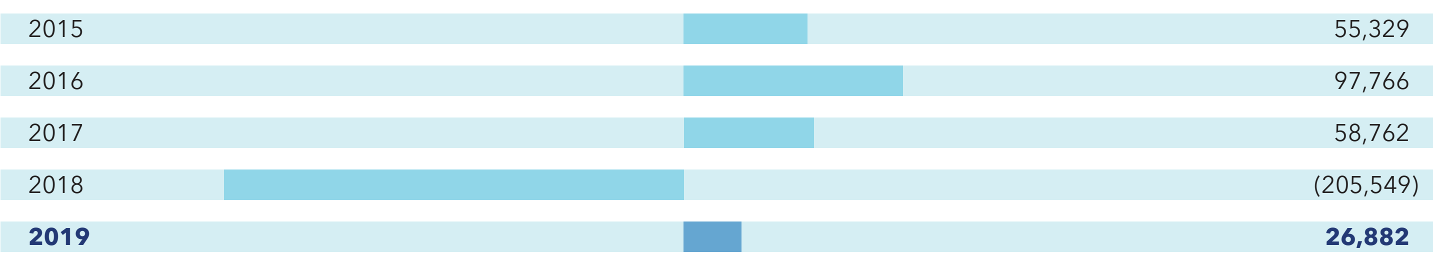
5-YEAR FINANCIAL HIGHLIGHTS

REVENUE
RM'000

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

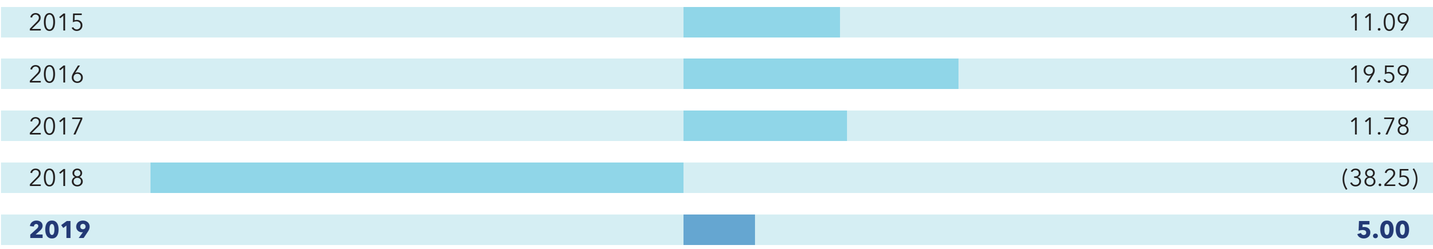


PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT
RM'000



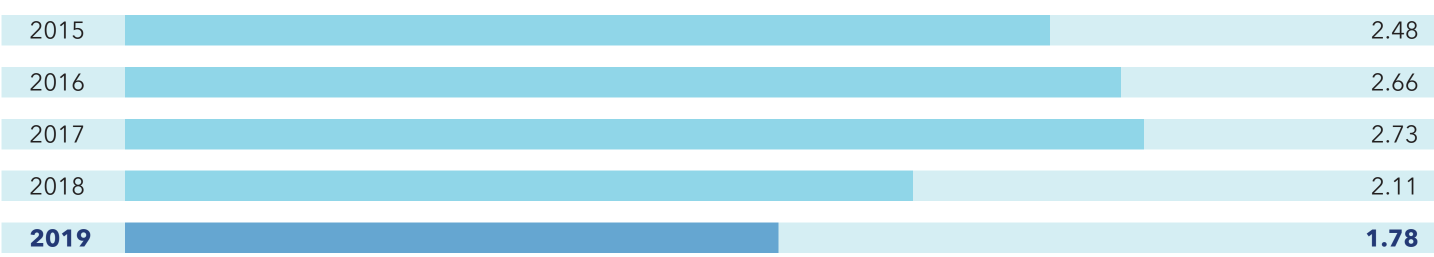
5-YEAR FINANCIAL HIGHLIGHTS

EARNINGS/(LOSS) PER SHARE
SEN



DIVIDEND PER SHARE
SEN

NET ASSETS PER SHARE
RM



FINANCIAL CALENDAR

FINANCIAL YEAR

1 January 2019 to **31 December 2019**

ANNUAL REPORT

Issued on **29 May 2020**

43RD ANNUAL GENERAL MEETING

To be broadcast on **30 June 2020**

ANNOUNCEMENTS ON QUARTERLY RESULTS

30 May 2019

1Q19 Results

29 August 2019

2Q19 Results

28 November 2019

3Q19 Results

27 February 2020

4Q19 Results

DIVIDEND

26 April 2019

Special dividend of **32.6** sen per share for the financial year ended 31 December 2019.

The Board is not recommending a final dividend for the financial year ended 31 December 2019.

ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING

23 May 2019 | 42nd Annual General Meeting 10:00 a.m.

Shah Alam 2, SACC Convec,
No 4 Jalan Perbandaran 14/9
40000 Shah Alam
Selangor Darul Ehsan

24 July 2019 | Extraordinary General Meeting 10:00 a.m.

Shah Alam 2, SACC Convec,
No 4 Jalan Perbandaran 14/9
40000 Shah Alam
Selangor Darul Ehsan

INVESTOR RELATIONS

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

The investment community, which comprises analysts, fund managers, individual investors and other stakeholders, including the media fraternity, 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.

In 2019, engagements were carried out with the investment community to discuss areas of interest, which included:

Business Focus	Strengthening Strategic Focus and Positioning
Business Direction	Investment Decisions with regards to Acquisitions, Divestments, the Group's Earnings Visibility and Capital Management
Subsidiary Companies	Focus on Operational Efficiency Improvement, Product Diversification and Market Expansion
Profitability	Steps Taken to Improve Earnings Visibility

GOVERNANCE

Our Investor Relations ("IR") strategy and programmes are guided by KPS' Investor Relations Policy ("IR Policy"). We have outlined a clear policy to ensure fair and ethical business dealings with our investors. We make certain that we disclose relevant and material information in accordance to Bursa Securities' Main Market Listing Requirements.

IR ENGAGEMENT

IR programmes and activities were actively established this year, with concentration on two-way engagements and other IR-related events participated by the investment community and shareholders.

Senior Management team attending to one of the institutional investors at KPS' 4Q19 results briefing.

INVESTOR RELATIONS

Two-way Engagement

In 2019, we actively engaged with our investors on a regular basis to communicate effectively and build professional relationships with them. Our engagements were carried out through one-on-one meetings, group meetings, briefings on quarterly results and non-deal roadshows. Such engagements are essential to improve awareness and keep our investors informed of the Group's business operations and strategic direction.

Below were the various engagements that were organised in 2019 for KPS' targetted audience, which were aimed at achieving the desired impacts:

Types of Two-way Engagement	Target Audience	Desired Impact
One-on-one Meetings	Analysts and Fund Managers	Increase Awareness and Understanding of KPS' business and operations
Group Meetings	Fund Managers and Institutional Investors	Increase Awareness of KPS
Non-deal Roadshows	Institutional Investors (Analysts & Fund Managers)	Increase Awareness of KPS and Garner Interest in KPS
Quarterly Results Briefing	Analysts, Fund Managers and Institutional Investors	Increase Awareness of KPS and Garner Interest from Potential Investors

Number of engagements organised in 2019:

64 One-on-one Meetings	**6** Group Meetings & Non-deal Roadshows
5 Results Briefings and Plant Visit	**4** Investor Relations-related Events

INVESTOR RELATIONS

One-on-one Meetings

KPS focussed on one-on-one meetings with analysts from the sell-side, as well as analysts and fund managers from the buy-side.

Out of 64 meetings, 27 were organised with the sell-side analysts and institutional sales personnel from investment banks and research firms. 37 meetings were held with the buy-side analysts and fund managers from insurance companies, asset management, mutual funds and pension funds.

Engagements with both sell-side and buy-side parties were made to improve awareness and understanding of KPS' strategy and business direction, as well as investment appeal.

Results Briefings for Analysts and Fund Managers

Subsequent to the filing of quarterly results to Bursa Malaysia, briefings on the quarterly results to analysts and fund managers were scheduled the next day. The briefings are a good platform to facilitate discussions on KPS' quarterly performance, business strategies, subsidiaries' operations, prospects and outlook, as well as addressing any queries from the analysts and fund managers.

Encik Ahmad Fariz bin Hassan, Managing Director/Group Chief Executive Officer engaging with analysts and fund managers during the 4Q19 results briefing.

INVESTOR RELATIONS

2019 Quarterly Results Briefings

First Quarter 2019	31 May 2019
Second Quarter 2019	30 August 2019
Third Quarter 2019	29 November 2019
Fourth Quarter 2019	28 February 2020

Plant Visit

A visit to CPI's plant was organised on 5 September 2019 for analysts, institutional sales personnel and fund managers from both the buy-side and sell-side.

The objective of this visit was to provide a better understanding of CPI's business as to its day-to-day operations, strategies, potential and current challenges. The plant visit was attended by 11 participants.

Group Meetings and Non-deal Roadshows

Group meetings and non-deal roadshows are usually organised by either investment banks or securities firms with their clients. These include firms which are involved in managing insurance funds, pension funds or other institutional funds.

During the year, KPS participated in four group meetings organised by the following investment banks and firms, which were attended by their respective clients:

	Date	Attended by
Public Investment Bank Berhad	24 April 2019	**2 Buy-side Firms**
KAF-Seagroatt & Campbell Securities Sdn Bhd	24 June 2019	**2 Buy-side Firms**
Credit-Suisse Securities Malaysia Sdn Bhd	3 July 2019	**8 Buy-side Firms**
Hong Leong Investment Bank Berhad	4 July 2019	**4 Buy-side Firms**

As for the non-deal roadshows, KPS participated in the following events:

	Date	Attended by
CIMB Annual Malaysia Corporate Day	3 January 2019	**20 Buy-side Firms**
Alliance Investment Bank Berhad Corporate Day	14 January 2020	**10 Buy-side Firms**

INVESTOR RELATIONS

Engagement with the Media

Engagement with the media fraternity is crucial for improving awareness on KPS' business profiling, direction and potential as well as conveying the right messages to the public. KPS engaged with the following media on 10 January 2019 and 3 March 2020:

Media	Topics Discussed
The Edge	Profiling of KPS, New Fundamentals, Business Performance and Prospects and Outlook of Group's Business
The Star	The Competitive Advantage of Compact Pipe® Technology offered by Smartpipe
New Straits Times	Prospects and Outlook of Group's Business
Berita Harian	Prospects and Outlook of Group's Business

Annual General Meeting

One of the most important channels of communications with investors is the Annual General Meeting ("AGM") as it is a principal forum of open dialogue with our shareholders. The shareholders are notified on the Notice and Agenda of the AGM not less than 28 days before the meeting, giving them adequate time to prepare themselves to attend, or appoint a proxy to vote on their behalf.

Besides providing an opportunity for investors to raise concerns and seek clarification on matters concerning the Group's operations, the AGM also enables the Board of Directors and Senior Management Team to interact and respond to shareholders' enquiries directly.

KPS' 42nd AGM was held on 23 May 2019, during which the Chairman and Managing Director/Group Chief Executive Officer informed shareholders about the Group's business operations, financial performance and strategic initiatives.

Annual Report

Our Annual Report is an important communication tool for stakeholders and other interested parties. We therefore take great care to ensure that this publication gives clear and accurate corporate and financial information about the Group.

Other Communication Channels

KPS utilises other communication channels to reach out to existing shareholders and potential investors. The communication channels include:

Website	**www.perangsangselangor.com**
Social Media	**LinkedIn**: Kumpulan Perangsang Selangor Berhad **Instagram**: kps_sustainability
Email	**irsc@kps.com.my**
Press Releases	Pique the media's interest in KPS

INVESTOR BASE

Our shareholders mostly comprise government-linked entities, individual investors, mutual funds and other institutional funds.

In 2019, Darul Ehsan Investment Group ("DEIG") and Perbadanan Kemajuan Negeri Selangor ("PKNS") were the two strategic shareholders, holding 57.9% and 5.5% equity in KPS respectively. Individual and institutional investors collectively held the remaining shareholding of 36.6%.

INVESTOR RELATIONS

CREATING LONG-TERM SHAREHOLDER VALUE

Post the completion of the SPLASH divestment, on 26 April 2019, KPS declared a special dividend of RM175.2 million or 32.6 sen per ordinary share for the financial year ended 31 December 2019. The special dividend was paid to shareholders on 28 May 2019. This was to reward our shareholders for their continuous support of the Company's corporate exercise and strategic initiatives.

Based on the recommendation by the Management, the Board is of the view that given the unprecedented circumstances arising from the COVID-19 pandemic, it is essential for the Group to preserve liquidity in order to safeguard its current operations and prospects. Premised on this, the Board is not recommending a final dividend for the financial year ended 31 December 2019.

INCLUSION IN FTSE BURSA MALAYSIA SMALL CAP INDEX

On 24 June 2019, KPS was included in the FTSE Bursa Malaysia Small Cap Index. The index is designed to measure the performance of small capitalised stocks in the Bursa Securities Main Market.

Details of the inclusion of KPS in the FTSE Bursa Malaysia Small Cap Index are provided in the Management Discussion and Analysis section, page 40.

RESEARCH COVERAGE

As we continue to increase our efforts in engaging the investment community and showcasing our investment appeal and marketability, we expect to enhance the coverage of KPS by research houses in the immediate future.

In terms of coverage, our initiatives and efforts in 2019 have gradually borne fruit, whereby Affin Hwang Investment Bank Berhad initiated a non-rated research based report on 5 February 2020.

Our Investor Relations team will continue to engage analysts from both the sell-side and buy-side as well as fund managers to enhance awareness of and garner investors' interests in KPS.

SHARE PRICE PERFORMANCE

Trading of KPS shares started on 2 January 2019, closing at RM1.19. After reaching a high of RM1.66 on 30 April 2019, our share price closed the year at RM0.70, retracing by 41.2%. The market was efficient in pricing in the Group's future earnings after completing the disposal of SPLASH. The performance was also influenced by the overall risk aversion to investing in small capitalised stocks due to marred sentiment amidst rising uncertainty in the global and domestic economies.

During the financial year, the performance of the broader market, as represented by the KLCI, dipped by 4.8% over the year, opening at 1,668.11 points and closing at 1,588.76 points.

INVESTOR RELATIONS

SHARE PRICE PERFORMANCE: KPS vs KLCI

(source: Bloomberg)

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Average Volume ('000)	384	544	434	1,466	1,177	769	582	584	331	668	603	363
Closing (RM)	1.34	1.35	1.39	1.66	1.04	1.00	0.93	0.72	0.67	0.72	0.73	0.70
Highest (RM)	1.34	1.41	1.40	1.69	1.05	1.01	0.94	0.72	0.68	0.72	0.75	0.71
Lowest (RM)	1.30	1.33	1.37	1.63	1.04	0.99	0.90	0.70	0.67	0.71	0.72	0.70

(source: Bloomberg)

During the year, KPS shares under-performed the KLCI by 36.4%.

Stock	Opened the Year on 2 January 2019	Closed the Year on 31 December 2019	Annual Performance (%)
KPS	RM1.19	RM0.70	(41.2)
KLCI	1,668.11	1,588.76	(4.8)

(Closing prices sourced from Bloomberg)

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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 year ended 31 December 2019. 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 Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Financial Reporting Standards ("MFRS"), and in relation to the disclosure requirements 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 capital management, are covered in the MD&A. Your attention is also drawn to sections on our human capital management and sustainability efforts.

This MD&A contains forward-looking statements that are provided to enable investors to gauge KPS' business prospects and make informed 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 2020 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', 'expect', '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.

ENCIK AHMAD FARIZ BIN HASSAN
Managing Director/Group Chief Executive Officer

MANAGEMENT DISCUSSION AND ANALYSIS

DEAR SHAREHOLDERS,

In 2019, your Company further consolidated its position as an investment holding company, posting another strong year of growth by remaining agile in strategy and skillful in response to the macroeconomic environment. Despite moderating economic growth globally and at home, the unrelenting focus on process improvement and operational efficiency has afforded us a broader earnings base and better earnings visibility, allowing the Group to deliver higher contribution from its core businesses.

We are pleased to inform you that we have ended the year with commendable results. From a loss position in the previous year, we prevailed against a challenging business landscape to return KPS to a position of strength by growing our business sustainably. And our efforts have borne fruit. This has been largely due to the adoption of astute business approaches, through which we focussed on growing the revenue streams, implementing cost optimisation, strengthening our balance sheet and cashflow, and ultimately growing the business to gain higher profitability.

But the share price performance has been challenged over the year. The market was efficient in pricing in the Group's future profits post the divestment of SPLASH, which pointed to a normalisation of future earnings. The performance was also affected by the overall risk aversion to investing in small capitalised stocks due to marred sentiment amidst rising uncertainty in the global and domestic economies. As at the end of the year, KPS' share price retraced by 41.2% to RM0.70 from RM1.19 at the beginning of the year.

Notwithstanding that, throughout the year, we continued to invest in our business. We remained steadfast, maintaining our focus and resolve on the very fundamental aspect of doing business; that is, earnings creation and business sustainability.

On behalf of the Board of Directors, it is my pleasure to present to you the Company's Annual Report for the financial year ended 31 December 2019. During the year, your Company maintained a steady topline growth trajectory by generating revenue of RM866.8 million, beating the strong results from the previous year of RM582.3 million. This represents an impressive revenue growth of 48.9%. More importantly, we staged a turnaround in earnings, posting a Profit Attributable to Owners of the Parent of RM26.9 million, leaping from a loss position of RM205.5 million in the year before.

MANAGEMENT DISCUSSION AND ANALYSIS

WE INVEST IN BETTER

KPS has stood firm in the year despite a multitude of emerging risks influenced by macroeconomic, geopolitical and sociodemographic factors. Guided by a long-term business plan, we continuously learn and effectively implement how our business should be in order to sustainably grow the Group's value. Built into the strategic plans is the engine to identify the next business catalysts, hence providing the Group with a better positioning strategy and stronger business footing, not just regionally but also globally.

To remain relevant in the current and potential markets, we are continuously examining the Group's capabilities, developing new competitive advantages and determining the relevance of these changes to capture value.

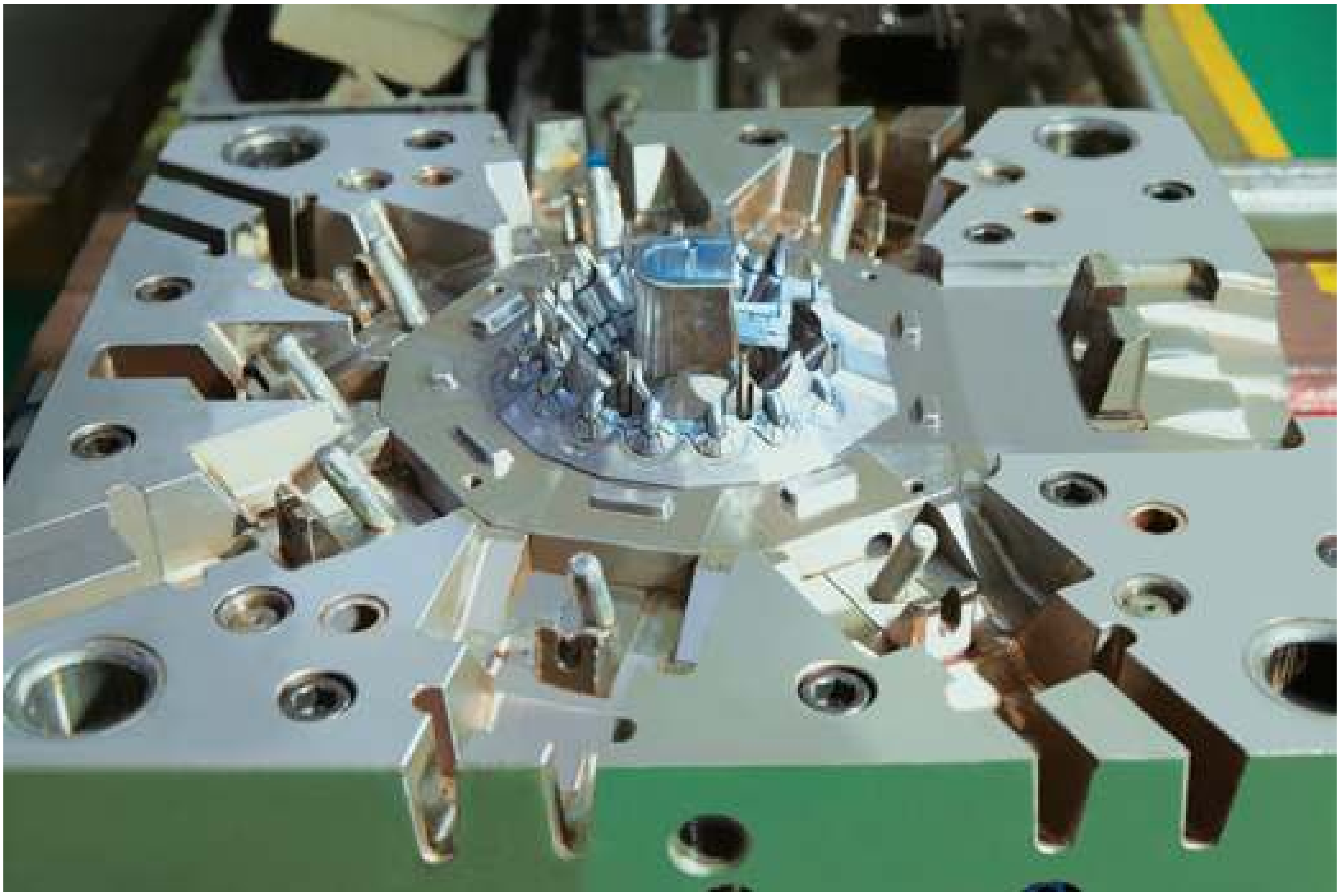
Honest objective assessments of our current capabilities allow for any decisions made to be as informed as possible, especially on how best to position ourselves.

Then comes the attention to granularity.

Our strategic lenses guide us on how we should manage our business in order to increase the total value of our investments above what it was at the point of entry. We also prioritise the next big move that would position the Group effectively in new markets and take advantage of new growth opportunities. This approach resulted in the most recent acquisition of Toyoplas Manufacturing (Malaysia) Sdn Bhd ("Toyoplas") as well as with other acquisitions before that. Today, KPS has core investments in the Manufacturing sector, as well as businesses in the Trading, Licensing and Infrastructure sectors.

Automated spray painting process at Toyoplas' manufacturing plant in Senai, Johor.

MANAGEMENT DISCUSSION AND ANALYSIS



Plastics injection mould at Toyoplas' manufacturing plant in Senai, Johor.

We have been working tirelessly, linking our many business capabilities to complement each other, optimising management resources and providing synergy within the Group. We had performed well since we launched our Business Transformation Plan ("BTP") in 2016. We have accomplished more this year, delivering stronger results in terms of profitability, operational efficiency and liquidity.

Our core businesses have made commendable progress thus far, augmenting the revenue and income base to achieve better earnings visibility and sustainable profitability for the Group. With robust development plans in place for all our businesses, we are focussed on earnings momentum going forward. Setting the benchmark for future performance, our report card this year reflects the strength of the Group that is focussed on delivering financial performance and creating sustainable value in managing stakeholders' expectations.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Within the manufacturing industry, we have operations in integrated plastics injection moulding, integrated packaging solutions as well as mattress production, which are represented by Toyoplas, CPI (Penang) Sdn Bhd ("CPI"), Century Bond Bhd ("CBB") and King Koil Manufacturing West, LLC ("KKMW") respectively.

In the trading sector, the Group via Aqua-Flo Sdn Bhd ("Aqua-Flo"), is in the business of trading water chemicals to water, waste and sewage treatment plants. Through King Koil Licensing Company Inc ("KKLC"), we own the global King Koil® brand. In addition, we continue to explore and better our position in the infrastructure sector via Smartpipe Technology Sdn Bhd ("Smartpipe") and KPS-HCM Sdn Bhd ("KPS-HCM"), which are involved in the water pipe replacement and rehabilitation business, and general civil engineering and infrastructure works, respectively.

At the associate level, we have business 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 is the concession holder of the 26.5 kilometre Sistem Penyuraian Trafik KL Barat Sdn Bhd ("SPRINT") expressway.

MANUFACTURING

Toyoplas Manufacturing (Malaysia) Sdn Bhd
End-to-End Plastics Injection Moulding Solutions 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

TRADING

Aqua-Flo Sdn Bhd
Supply of Water Chemicals and Technical Services

LICENSING

King Koil Licensing Company Inc
King Koil® Brand Licensing Business

INFRASTRUCTURE

Smartpipe Technology Sdn Bhd
Pipe Replacement & Rehabilitation

KPS-HCM Sdn Bhd
General Civil Engineering Works and Building Construction

ASSOCIATE

NGC Energy Sdn Bhd
LPG Supply Solutions Provider

Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd
Highway Concession

MANAGEMENT DISCUSSION AND ANALYSIS

KPS CORE VALUES

Core values are what support the Group's vision, shape the working culture and reflect what matters most to us. They are the essence of the Group's identity, beliefs and philosophy. Besides focussing on the technical competencies of our people, we also place emphasis on the underlying competencies that ensure the companies they work for run smoothly.

In shaping and driving the business conduct of all employees that fulfils the corporate objectives in a harmonious environment, we established the core values of KPS. Our core values, which shape our thoughts, words and actions, are encapsulated in the acronym, PRIDE: ***Pride, Respect, Integrity, Discipline and Extra-Mile***. While fostering team spirit among employees, PRIDE reinforces a ***better*** understanding of everyone's role in the Group.

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

Established on 24 October 2018, PRIDE provides a clear understanding on everyone's role in KPS.

REINFORCING EFFECTIVE CORPORATE GOVERNANCE

We believe that the highest standards of corporate governance should underpin the delivery of our strategies and the success of the Group. Premised on this, KPS adopts the highest standards of corporate governance, compliance, accountability and transparency. This is key to achieving commendable Group performance, supporting long-term value creation and ensuring business sustainability for all stakeholders. In relation to this, we make assurance that our operations are in line with the best practices of the Malaysian Code on Corporate Governance ("MCCG").

To this end, KPS continues to uphold a high standard of corporate governance while maintaining accountability and transparency in all business dealings. Continuous commitment in fostering a culture of integrity, ethical behaviour and professionalism underpins the Group's ability to deliver and sustain its performance to overcome the challenges present in its business operations. In safeguarding the Company's integrity and trustworthiness to deliver value, our governance policies and practices are in place to ensure that our businesses are conducted in a fair, honest, and transparent manner, conforming to the highest ethical standards and best industry practices.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, KPS continued to improve its corporate governance functions, among others, through the establishment of the following policies that govern the:

1. Board Representation in Subsidiary and Associate Companies;
2. Appointment of the Heads of Subsidiaries;
3. Anti-Bribery and Anti-Corruption; and
4. Compliance Policy.

The Company also revised its Board Charter and Terms of Reference of Board Committees and recently established a compliance function spearheaded by the functionally-enhanced Legal and Compliance Department. The establishment of the compliance function is aimed at preventing and minimising the Group's exposure to violation risks with respect to the governing laws and regulations.

The improvement to the overall governance functions within the Group was formulated to enable us to be more responsive to the governing systems and changing requirements set forth in Bursa Securities' MMLR, the best practices and standards as per the MCCG which is issued by the Securities Commission, and to other relevant governing laws and regulations. The improvement efforts also took into consideration the dynamics of the Company's business.

Further details on our pledge to corporate governance are provided in the Corporate Governance Overview Statement found on pages 94 to 119 of this Annual Report.

MANAGEMENT OF HUMAN CAPITAL

We believe that investment in human capital contributes to the business growth of the Group. The talents, skillsets and creativity of our people have played an important role in delivering KPS' current business performance. Given the materiality of human capital to the sustainability of our business, we continue to place emphasis on the capacity and potential of our employees. As we create value through our people, we manage human capital with a similar accountability as we do financial capital and other resources, focussing on the impact it has on long-term value creation within the Group.

There were four main initiatives concerning human capital management that we proceeded with during the year:

1. **Awareness Programme on Sustainability**
   The programme addressed the Economic, Environmental and Social ("EES") risks and opportunities within the Group with the aim of achieving business and operational excellence, as well as addressing matters that are related to environmental issues given the Group's increasing exposure in the manufacturing business. The programme targetted all employees at the headquarters, as well as executive employees from all our subsidiary companies. 114 employees attended the programme.

2. **Safety and Health & Technical Training Programme**
   As part of our efforts in supporting productive employment, we continued with the plan to provide our employees with training and development programmes within the Group. To this effect, 39 safety & health, and 101 technical training programmes were conducted last year.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Train the Trainer Programme on PRIDE, Our Core Values

The coaching programme was aimed at enhancing and improving the trainers' presentation skills for the implementation of KPS' core values at all subsidiary companies expected to take place in 2020.

4. Professional Qualifications

We encourage and support our employees who want to improve their aptitude within their areas of expertise and interest. Last year, seven employees from the Facilities Management & Administration, Internal Audit, Investor Relations & Strategic Communication, Legal & Compliance, Secretarial, Strategic Planning & Investments departments, as well as from the Managing Director's Office, attained professional qualifications respective to their functions from both local and international regulating bodies.

The value of strategic human capital management is proven from the outcome it has on the operating performance of the Group's business. For the period under review, supported by our people – our greatest asset - we demonstrated agility and resilience in weathering the challenging operating environment, posting 48.0% growth in Operating Profit of RM76.2 million from RM51.5 million in the previous year. This performance would not have been possible without the commitment, know-how and skillsets of our people.

Operating Profit

48.0%

RM76.2 million

FY2018: RM51.5 million

SUSTAINABILITY & RESPONSIBLE CORPORATE PRACTICES

Focussing on sustainable development and corporate social responsibility ("CSR") is key to winning the trust of our shareholders, customers and other stakeholders, and ensuring long-term success of the Group.

Thus, we are heartened to note that our efforts in these areas have had better impact, not only in terms of sustainable development but also in societal value creation for the communities where we operate.

EcoFrenz Tree Planting Programme with CBB.

MANAGEMENT DISCUSSION AND ANALYSIS

KPS continued to build momentum in embedding sustainability considerations in our business operations, with the long-term aim of creating value for our stakeholders based on the respective priorities for their economic well-being, social development, as well as concern for the environment.

With the Group having higher business concentration in the manufacturing sector, we placed greater emphasis on environmental sustainability, looking at ways to directly or indirectly minimise the environmental footprint due to our business activities.

We also maintained our efforts to forge stronger ties with members of the communities. The Company undertook a multitude of CSR programmes during the year, investing a total of RM4.0 million to generate positive impact benefitting 22,890 stakeholders.

With active support and participation from our employees and members of the communities, we have set a better pace on focussing our CSR programmes that addressed three key areas: career, sports and community development. As we continue to grow, we aim to inspire the communities to grow in tandem with us.

Further details on the Group's sustainability initiatives are provided in the Sustainability Report.

KPS Team Building.

HRH Raja Muda of Selangor with the footballers who played for the Dato' Mokhtar Dahari Cup Under-18 Football Championship.

MANAGEMENT DISCUSSION AND ANALYSIS

AWARD AND RECOGNITION

As testament to the Group's commitment to CSR, KPS has been recognised and named Company of the Year under the Manufacturing and Trading sector by CSR Malaysia.

The 2019 CSR Malaysia Award honours outstanding corporations that have excelled in the role of change agents in the socioeconomic transformation in Malaysia. 48 corporations which represented a wide spectrum of industries in Malaysia, were recognised for their CSR efforts in 2019. The award ceremony was organised by CSR Malaysia Publications, a social project that shares the unwavering commitment of Corporate Malaysia. Its vision is to create awareness on the growing need to make Malaysia a better place for generations to come. The event, which was attended by some 500 corporate personalities and foreign dignitaries, was supported by the Ministry of Women, Family and Community Development of Malaysia.

In this regard, KPS has continued to excel tremendously in the corporate sustainability and social responsibility spheres. The award, which was selected by a panel of high calibre judges representing corporate and social bodies, symbolises our unrelenting efforts to create a better Malaysia through our holistic and effective CSR programmes that contribute towards community sustainability, environmental preservation and social development, going the extra mile to engage and leaving a significant impact on deserving communities.

The Company of the Year Award under the Manufacturing and Trading sector by CSR Malaysia is KPS' fifth CSR award since 2013, further validating our relentless commitment to sustainable development and CSR. We are humbled to note that our efforts in these areas have left a positive impact on the communities in which our businesses operate, yet again winning the trust of our many stakeholders and giving greater meaning to what we do.

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

MANAGEMENT DISCUSSION AND ANALYSIS

INCLUSION IN FTSE BURSA MALAYSIA SMALL CAP INDEX

KPS has been independently assessed according to the FTSE Bursa Malaysia Small Cap criteria and satisfied the requirements to become a constituent of the FTSE Bursa Malaysia Small Cap Index Series. Created by the global index provider FTSE Russell and Bursa Securities, the series is an equity index that is designed to facilitate investment in companies that meet globally recognised small-cap investible standards of minimum 15% free float and 0.05% median monthly liquidity.

The index measures the performance of small capitalised stocks listed on the Main Market of Bursa Securities, which provides the growing segment of investors with better benchmarking in making informed investment decisions.

The inclusion of KPS into the FTSE Bursa Malaysia Small Cap Index took effect on 24 June 2019.

CORPORATE ACTIONS IN 2019

KPS continued to explore wider business opportunities, canvassing the market locally, regionally and even globally, resulting in acquisitions of matured yet scalable companies with immediate earnings-accretive potential to expedite sustainable growth.

We insist on holding a majority stake for all acquisitions, ensuring governance and the Group's control over business decisions and operations. Sectoral focus was also given a high emphasis on these acquisitions, allowing for greater synergies within the Group. With a stronger focus, we expect to optimise the utilisation of resources. With subsequent value enhancement and cost management initiatives which provide the investee companies with potential beyond organic growth, it is our intent to safeguard the Group's ability to generate sustainable returns for its shareholders.

Acquisition of Toyoplas Manufacturing (Malaysia) Sdn Bhd

On 24 July 2019, we received the shareholders' approval at the Extraordinary General Meeting for the acquisition of 100% equity stake in Toyoplas and its subsidiaries by the Company's subsidiary, Perangsang Dinamik Sdn Bhd, for RM311.25 million. The acquisition was completed on 15 August 2019.

Having the full range of expertise, Toyoplas is involved in the plastics injection moulding business with an integrated capability from mould fabrication, precision injection moulding and secondary processes to full assembly of parts. A one-stop solutions provider to its clients, Toyoplas operates from seven manufacturing plants with a combined total area of over 1,000,000 square feet across three countries, Shanghai, Dongguan and Nanning in China; Ulu Tiram, Muar and Senai in Malaysia; and Jakarta in Indonesia, thus enjoying a wide customer base from diversified sectors.

MANAGEMENT DISCUSSION AND ANALYSIS

Signing ceremony for the acquisition of Toyoplas Manufacturing (Malaysia) Sdn Bhd.

The purchase price of RM311.25 million, valued against the industry benchmark in terms of Enterprise Value to Earnings Before Interest, Tax, Depreciation and Amortisation ("EV/EBITDA") and Price to Earnings ("P/E") ratios of 5.23x and 8.66x respectively, was fully satisfied by internally generated funds and borrowings. The transaction was funded by a mixture of equity and term loan, each amounting to RM161.25 million and RM150.00 million, respectively.

Toyoplas meets all the desired investment criteria by unlocking the full potential of KPS' plastics injection moulding business. It is anticipated to provide further synergy within the Group, with Toyoplas' complementing CPI's business dynamics. Both companies will be able to leverage on each other's expertise, and this is expected to improve overall efficiency and profitability of the businesses.

MANAGEMENT DISCUSSION AND ANALYSIS

Marking the Group's second, yet bigger entry into the plastics injection moulding business after CPI, the acquisition provides the Group with greater regional presence and stronger brand positioning as an integrated plastics injection moulding solutions provider.

With more than 300 injection moulding machines and an employee strength of more than 2,000, Toyoplas boasts a strong and diverse multinational clientele from the consumer electronics, industrial tools and automotive sectors as well as from other sectors.

Toyoplas' proven capabilities contribute towards its track record in retaining customers, most of whom have been with Toyoplas between eight and 21 years. This allows Toyoplas to benefit from their product development and business growth. Its key customers are industry market leaders and multinational companies in their respective sectors. Toyoplas holds various international quality management certifications which include ISO13485:2003, ISO14001:2004 and ISO9001:2008.

With Toyoplas' diversified geographical and customer mix, the bolt-on acquisition is a competitive strategy. We expect this acquisition will enable us to diversify the geographical revenue mix, potentially leading to an enlarged customer base.

It will also help expand the Group's existing business by venturing into new markets, sustained by growing demand for thermoplastic components from various underlying industries including home appliances, automotive and medical devices.

Acquisition of Taspack Industrial Sdn Bhd

The 85% equity stake in Taspack Industrial Sdn Bhd ("Taspack") was acquired on 11 October 2019, with the acquisition completed on 26 November 2019. Taspack is involved in end-to-end production of offset carton boxes packaging and printing of instruction manuals for the manufacturing sector. The acquisition provides further inroads for the Group to carve a greater presence and stronger positioning in the packaging industry as an integrated packaging solutions provider.

Via its wholly owned subsidiary, Polyplus Packages (JB) Sdn Bhd, CBB entered into a conditional Share Sale Agreement with Taspack for a total sum of RM21.25 million. The purchase consideration, which values Taspack within the industry benchmark in terms of EV/EBITDA and P/E ratios of 3.5x and 5.9x respectively, was fully satisfied by internally generated funds.

Presently, Taspack operates from an 89,994 square feet manufacturing plant for the production of end-to-end offset carton box packaging and printing of manuals in Ulu Tiram, Johor.

Offset cartons are used mainly for packaging premium products catering to retail customers. Printing is done on a duplex sheet and laminated on the carton box. The production of offset cartons involves design & development, computer-to-plate, printing, laminating and die-cutting. Examples of the products include tissue boxes, display for food items such as layer cakes and electrical goods such as coffee machines, telephones and vacuum cleaners. Taspack has a strong cost advantage compared to other players as it leverages on its current expertise in producing the raw material for carton boxes.

MANAGEMENT DISCUSSION AND ANALYSIS

Printing of manuals, which are packed together with electrical and electronics ("E&E") products such as telephones, coffee machines and vacuum cleaners, contain information such as instructions for using the products, technical information, warning and and a guide for trouble-shooting. Somewhat like offset cartons, the production stages of instruction manuals start with design & development from customers, computer-to-plate, printing, folding and ends with stitching and binding.

The acquisition fits well in the continuous value creation plan within the Group. It is expected to enhance CBB's capabilities in the midstream production of carton boxes and downstream services of designing and printing. In addition, it will provide long-term synergy in the procurement of single facer machines within CBB's existing operations, such as that with Hongda Century Packing and Printing Sdn Bhd, wherethe operations are only involved in the laminating and die-cutting processes of offset cartons boxes.

Sales from the Carton Packaging Division contributed the biggest chunk to the revenue. A conscious effort was made to grow this business segment by increasing the printing capacity to support growth driven by customers' demand.

Although commanding slightly higher margins, the instruction manual printing business remains complementary to Taspack's revenue contribution.

Besides the expectations of enhanced profitability on an enlarged earnings base, this acquisition will see CBB realising its vision towards becoming an integrated packaging solutions provider. This allows CBB to move up the value chain, focussing on more value added products, targetting new customers and potentially penetrating new market segments.

Ahmad Fariz bin Hassan (left) and Dato' Lim Kian Tiong (right) exchanging the share sale agreement during the signing ceremony.

MANAGEMENT DISCUSSION AND ANALYSIS

JV Agreement between Smartpipe Technology Sdn Bhd and Menteri Besar Kedah Incorporated

On 6 November 2019, KPS' subsidiary Smartpipe Technology Sdn Bhd ("Smartpipe") signed a Joint Venture ("JV") Agreement with Menteri Besar Kedah Incorporated ("MBI Kedah") to undertake non-revenue water ("NRW") and other water-related projects.

Subsequent to the JV Agreement, Darul Aman Water Solutions Sdn Bhd ("DAWS") was incorporated. DAWS will aim to remedy the NRW situation in Kedah, which is in line with Syarikat Air Darul Aman's ("SADA") mission to address the situation via sustainable infrastructure planning and development.

Kedah remains as one of the states in the country with high NRW percentage, averaging at 47.4% between 2015 and 2018. As at August 2019, its NRW reading stood at 49.3%, which was 1.9% higher than the historical average. The ageing water pipeline network is one of the main causes of the high NRW reading in the state.

MBI Kedah is the state of Kedah's investment arm, with the primary objective to grow the state's economy for the prosperity and benefit of its people via sound businesses and infrastructure projects. In addition to being tasked with driving progressive changes in Kedah's core and ancillary sectors, MBI Kedah is also entrusted to promote partnerships with other corporate or business entities in strategic areas, such as water infrastructure.

As an integrated water solutions provider, Smartpipe specialises in pipe rehabilitation as well as pipe replacement works and is licensed by Netherlands-based Wavin Overseas B.V. to sell and install Compact Pipe® and Wavin's other pipe rehabilitation products. Wavin's product line boasts competitive economic and technological advantages over currently available products. Combining its expertise in trenchless pipe rehabilitation with experience in conventional pipe replacement works, Smartpipe is ready to help address the NRW issues in the country.

DAWS is expected to restore the sustainability of water supply for the state. The immediate initiatives, which will cover the entire scope of NRW works, include the rehabilitation and replacement of asbestos cement ("AC") pipes, most of which are aging. Of the 13,159 kilometres long water pipeline network in Kedah, 8,942 kilometres, or approximately 67.9%, are AC pipes.

Tapping on Smartpipe's proven technical expertise in the areas of pipe rehabilitation and replacement, and guided by MBI Kedah's vision to attain sustainable economic prosperity for the state, DAWS is expected to play an instrumental role in addressing the NRW situation in Kedah to a more manageable level.

MBI Kedah and KPS signing the JV Agreement to undertake non-revenue water and other water-related projects in Kedah.

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMICS AND OPERATING ENVIRONMENT

As we had expected, the global economy moderated, yielding to the uncertainties arising from the overhang from geopolitical tension resulting from the US protectionist trade policy against China. The cautious sentiment was exacerbated by other geopolitical risks, one of which was the concern of Brexit-induced trade barriers in the Eurozone, which also slowed growth in the advanced economies.

Consequently, global economic growth moderated to 3.0% (2018: 3.6%). The advanced economies which comprise the US, the UK, the Eurozone, South Korea and Japan collectively registered a slower growth of 1.7% (2018: 2.3%). *(source: International Monetary Fund ("IMF"))*

The emerging markets and developing economies also posted slower economic growth of 3.9% (2018: 4.5%). In China, the ongoing structural reforms to rebalance the economy led to a slower yet more sustainable growth. The US-China trade tension further weakened consumer confidence, decelerating the country's GDP to 6.1% (2018: 6.6%). Similarly, India decelerated to 6.1% growth (2018: 6.8%). *(source: "IMF")*

In Malaysia, the overall business sentiment remained cautious. This was despite an accommodative monetary policy which saw the overnight policy rate eased by 25 basis points to 3.00% on 7 May 2019 to sustain economic growth. Given the global economic and geopolitical uncertainties, downside risk to domestic growth emerged.In addition, with the political instability persisting, the uncertainties in the domestic economy remained elevated. Given these headwinds to growth, Malaysia recorded a lower GDP of 4.3% (2018: 4.7%). *(source: Bank Negara Malaysia ("BNM"))*

However, for KPS, there was a silver lining.

The very US-China trade tension which started in the first quarter of 2018 has reoriented the global supply chain from which certain ASEAN export-oriented manufacturers would benefit through trade diversion from China. This is the case for manufacturers from Malaysia, Thailand, Indonesia and Vietnam. Collectively, the potential diversion of US' imports away from China to other countries is estimated to amount up to USD140.0 billion. This has provided redirection opportunities to Malaysia, for the most part, in the manufacturing sector. *(source: BNM)*

Zooming down the potential, it is estimated that Malaysia could potentially gain from trade diversion and substitution of up to USD970.0 million. This includes products for which Malaysia already has meaningful presence in the US, having at least 5% of US import market share, and assuming the manufacturers have the ability to ramp up production capacity. The products will likely be from the E&E industry, such as electronic integrated circuits and semiconductors, Automatic Data Processing ("ADP") machines, telco/communication equipment, printers and vacuum cleaners, among others. *(source: BNM)*

In relation to the trade diversion, Malaysia Manufacturing Purchasing Managers' Index ("PMI"), which measures manufacturers' sentiment in production, climbed steadily from September 2019, indicating that the underlying trend in the domestic manufacturing sector gained traction at the start of the fourth quarter of 2019. The index charted 47.9 in September, gradually increasing to 49.3, 49.5 and 50.0 in October 2019, November 2019 and December 2019, respectively.

The PMI readings suggested that the manufacturing sector was not contracting. Trade diversion was believed to be one of the probable causes to the steady climb in the PMI. *(source: IHS Markit)*

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL PERFORMANCE

Revenue

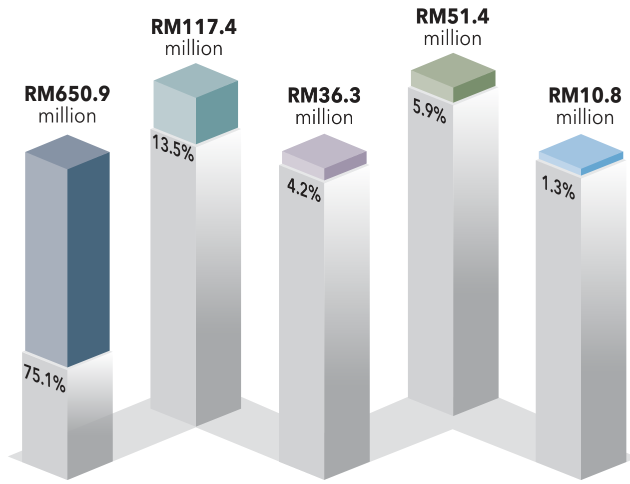
Despite the slower global growth, the Group has taken strategic and operational measures to mitigate the impact of the unfavourable operating environment, caused by the US-China trade tension and the outbreak of COVID-19 at the end of the year.

For the year in review, we attributed our revenue growth to the inaugural contribution by Toyoplas as well as to better performances by CPI, CBB and KKMW. The topline expansion was also contributed by steady traction of our trading business from Aqua-Flo, but was weighed down slightly by moderated traction from our infrastructure business, as represented by KPS-HCM and Smartpipe. However, in aggregate, the Group generated a strong revenue of RM866.8 million in 2019 as compared with RM582.3 million in 2018, posting a significant topline growth of 48.9%.

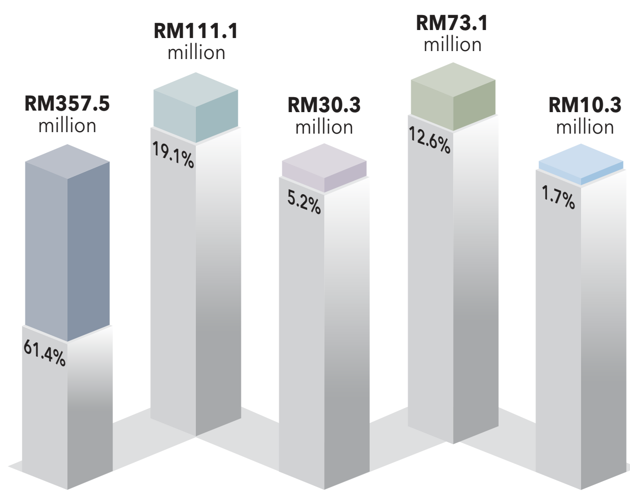
The manufacturing businesses almost doubled its revenue contribution to RM650.9 million from RM357.5 million in the previous year, a commendable growth of 82.1%. This year, the total contribution to the Group's revenue by this sector was 75.1%.

CBB led the revenue contribution with RM201.7 million, posting 6.2% growth on higher traction from the Carton Boxes and Plastics Divisions. This was followed by Toyoplas' five-month revenue contribution of RM193.6 million. CPI boosted the Group's revenue with a 12-month contribution of RM180.4 million, compared to a nine-month contribution of RM127.3 million in the previous year on steady growth from its ETP business, which was driven primarily by customers from the Automotive and Communications & IT sectors. And finally, KKMW contributed a 12-month contribution of RM75.1 million, compared to an eight-month contribution of RM40.3 million in the previous year, on increased utilisation rate of 39.6% at its Arizona plant.

Sectoral Revenue Breakdown



2019 REVENUE
RM866.8 million



2018 REVENUE
RM582.3 million

Manufacturing | Trading | Licensing | Infrastructure | Property Investment

MANAGEMENT DISCUSSION AND ANALYSIS

Further contribution was derived from the trading business with Aqua-Flo returning a modest revenue of RM117.4 million in 2019, a slight increase from the RM111.1 million it posted in the previous year. The contribution was driven primarily by stronger sales of water chemicals and to a lesser extent by sales from projects which were related to chemical dosing systems and filtration at potable water treatment plants. This was offset by moderated sales from miscellaneous projects. This year, total contribution to the Group's revenue by this sector was 13.5%.

The licensing business via KKLC posted an increase in revenue contribution of RM36.3 million, a 19.8% growth from the RM30.3 million it generated the year before. This was attributed to higher royalty fees from the 26 international licensees. The top royalty contributors were from licensees in Australia, China, Indonesia and the United Arab Emirates ("UAE"). For the year under review, the total contribution to the Group's revenue by this sector was 4.2%.

Having adjusted for inter-group sales, revenue contribution from the infrastructure businesses moderated to RM51.4 million from RM73.1 million generated in 2018. Despite higher revenue contributed by KPS-HCM given the improvement in work completion at Pulau Indah, the pullback in revenue contribution from this sector was mainly due to Smartpipe's lower topline traction as there was a prolonged delay in securing new projects. This year, total contribution to the Group's revenue by this sector was 5.9%.

The remaining RM10.8 million in revenue was contributed by the property investment business.

Operating Profit

We have seen improvement in our operating profits since the acquisitions of King Koil®, CBB, CPI and Toyoplas. Combined with the contributions from Aqua-Flo and KPS-HCM, the Group made a marked improvement in operating performance, registering a strong growth in operating profits of 48.0% to RM76.2 million, from RM51.5 million the year before. This was mainly attributed to new contribution by Toyoplas and higher revenue contribution by the above mentioned subsidiaries as well as other income recorded during the year of RM29.9 million.

Expenses

The Group's total expenses before finance costs and share of results in associates and income tax and zakat in 2019 was RM163.1 million compared with RM116.0 million in 2018. The higher expenses were due mainly to the following:

- Toyoplas' acquisition cost of RM6.5 million; and
- Toyoplas' expenses of RM25.0 million.

Finance Costs

Finance costs of RM36.0 million in 2019 were higher by RM2.5 million from RM33.5 million recorded in 2018. The increase in finance costs was due to a new loan amounting to RM150.0 million drawn to acquire Toyoplas, and RM300.0 million from a Sukuk facility to pare down existing loans. Holding a long-term view of its investments, the Management of KPS believes that the healthy cashflow and earnings visibility of the subsidiary companies will allow the Group to meet its future financial obligations.

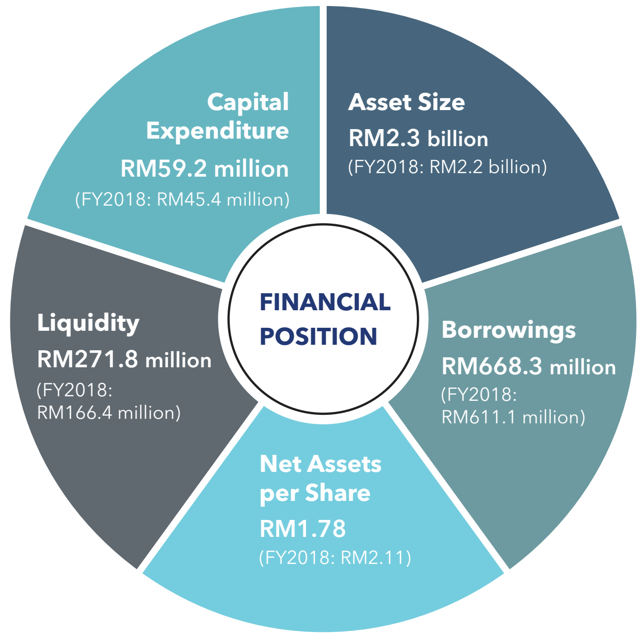
Profit Attributable to Owners of the Parent

The profit attributable to owners of the parent came in at RM26.9 million in 2019 as compared with a loss of RM205.5 million in 2018. The strong turnaround was mainly due to a new contribution by Toyoplas and a higher revenue contribution by subsidiary companies such as King Koil®, CBB and CPI. On per share basis, earnings came in at 5 sen, compared with loss per share of 38 sen in the previous year.

In 2018, the profitability was challenged by a share of loss from the 30% stake in Syarikat Pengeluar Air Selangor Holdings Bhd ("SPLASH Holdings"), which saw a one-off and non-cash impairment recognised on the intangible assets and receivables recorded by its subsidiary company, Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH").

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL POSITION



Asset Size

The Group's total assets grew to RM2.3 billion in 2019 as compared with RM2.2 billion in 2018. The increase was mainly due to the acquisition of Toyoplas. However, the increase was offset by reduction of investment in associates due to dividend income received from SPLASH Holdings.

Gearing

Additional borrowings secured for the acquisition of Toyoplas of RM150.0 million and drawdown of Sukuk facility of RM300.0 million resulted in much higher borrowings of RM668.3 million as at 31 December 2019, as compared with RM611.1 million the year before. As our business was still in expansionary mode, the gearing ratio of the Group (calculated as total debt divided by shareholders' equity) increased, yet remained manageable at 0.70 times as at 31 December 2019, as compared with 0.54 times the year before.

Net Assets

KPS' net assets per share was lower at RM1.78 in 2019, as compared with RM2.11 in 2018, which was due to a special dividend payment of RM175.2 million during the year. Adjusting for goodwill and intangible assets, the Group's net tangible assets per share came in at RM1.17, as compared with RM1.63 the previous year. This was mainly due to the increase in borrowings utilised to partly fund the acquisition of Toyoplas.

Liquidity

Cash and bank balances of the Group increased to RM271.8 million as at 31 December 2019, as compared with RM166.4 million the year before. This was due to higher cash balances at Toyoplas of RM45.2 million and RM120.0 million from the proceeds received from the capital reduction exercise at SPLASH Holdings.

Capital Expenditure

The Group incurred an additional RM59.2 million of Capital Expenditure ("CAPEX") in 2019, which was attributable mainly to the land acquisition and its related costs of RM29.0 million for CPI's new EMS plant in Bayan Lepas as well as purchase of new machineries and equipment of RM17.2 million by Toyoplas, CPI and CBB.

DIVIDEND

The Company's view on prudent capital structure is centred on safeguarding its ability to continue as a going concern while providing equitable shareholders' return. In this respect, KPS has consistently paid dividends aside from allocating funds to support the Group's growth plan.

Post the completion of the SPLASH divestment, on 26 April 2019, KPS declared a special dividend of RM175.2 million or 32.6 sen per ordinary share for the financial year ended 31 December 2019. The special dividend was paid on 28 May 2019. This was to reward our shareholders for their continuous support of the Company's corporate exercise and strategic initiatives.

Based on the recommendation by the Management and taking a far-sighted and independent view towards financial prudence and sustainability, the Board has resolved, taking into consideration the unprecedented circumstances arising from the COVID-19 pandemic, to preserve liquidity, hence safeguarding the Group's present operations and prospects. In view of this, the Board is not recommending a final dividend for the financial year ended 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES & STRATEGIC INITIATIVES

MANUFACTURING

Toyoplas Manufacturing (Malaysia) Sdn Bhd

Rising technological advancements in electrical appliances which are supported by higher standards of living have turned engineering thermoplastics, which are durable, lightweight and mouldable, into the most used plastic formation across a multitude of end-use industries.

The automotive, consumer goods, electronics, general construction, packaging, healthcare and other industrial sectors are all benefitting from the emerging trends in plastics injection moulding manufacturing and showing steady growth.

(source: Global Injection Moulded Plastic Market Size - Industry Report 2018-2026)

Single and multi-material plastics injection moulding machine.

MANAGEMENT DISCUSSION AND ANALYSIS

The US-China trade tension had caused dwindling sales at the customers' end, slower inventory movement and lower orders or delay in mass production. Therefore, revenue from China was lower this year. Contribution from the Malaysian operations was also challenged due to lower sales to one of its main customers who was expanding its in-house injection moulding capabilities. However, the moderation in sales from China and Malaysia was partially offset by the increase in sales from the Indonesian operations which secured a new customer.

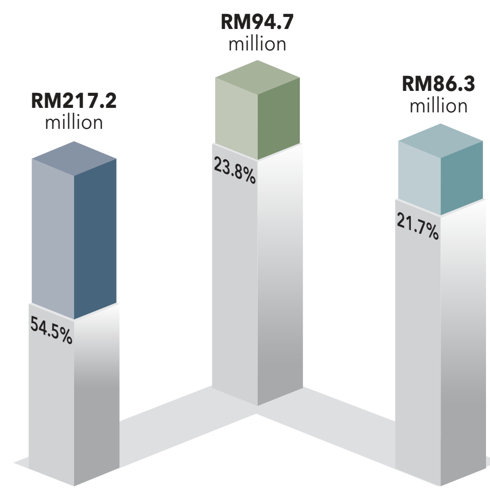
In 2019, China operations generated the highest revenue for Toyoplas, contributing RM217.2 million or 54.5% of the total revenue. Indonesia and Malaysia operations contributed RM94.7 million or 23.8% and RM86.3 million or 21.7%, respectively.

By division, sales from the Consumer Electronics Division contributed the biggest chunk to the revenue with RM330.1 million or 82.9%. The remaining was from the Automotive, Industrial Tools and Others Divisions, adding another RM30.9 million or 7.8%, RM24.2 million or 6.0% and RM13.0 million or 3.3%, respectively.

For 2019, Toyoplas made a five-month contribution to the Group's revenue amounting to RM193.6 million.

Product assembly process.

Revenue by Country



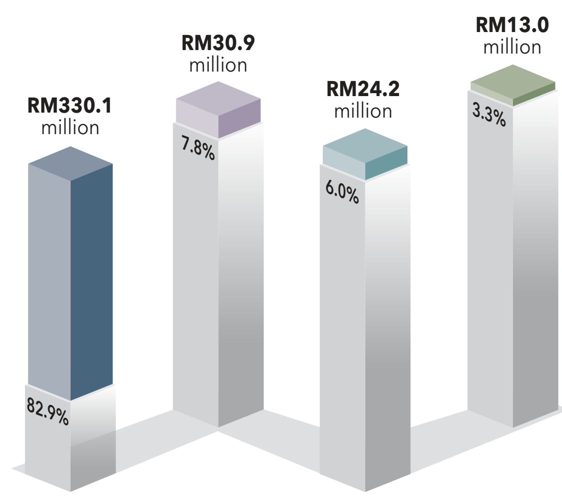
2019 REVENUE

RM398.2 million

Note : Five-month contribution to the Group was RM193.6 million

China | Indonesia | Malaysia

Revenue by Division



2019 REVENUE

RM398.2 million

Note: Five-month contribution to the Group was RM193.6 million

Consumer Electronics | Automotive

Industrial Tools | Others

MANAGEMENT DISCUSSION AND ANALYSIS

Toyoplas remained resilient and continued to look for new opportunities amidst the challenges arising from the trade tension. Taking advantage of the trade diversion from China, it continued to enhance market penetration and increase the customer base. It has made good progress in securing new customers.

Moving forward, Toyoplas expects to remain agile amidst the economic uncertainty, leveraging on its multi-geographical locations. In order to cope with changing market dynamics, there would likely be some relocation of production facilities and businesses across all plants within the three countries where it operates.

To this effect, Toyoplas has expanded its production capacity with the completion of Phase 1 and 2 expansion at its manufacturing plant in Senai.

Senai is now the new manufacturing hub for the Malaysian operations, which will be adopting EMS capabilities and other value-added services such as metal stamping.

Semi-automatic printing process.

MANAGEMENT DISCUSSION AND ANALYSIS

CPI (Penang) Sdn Bhd

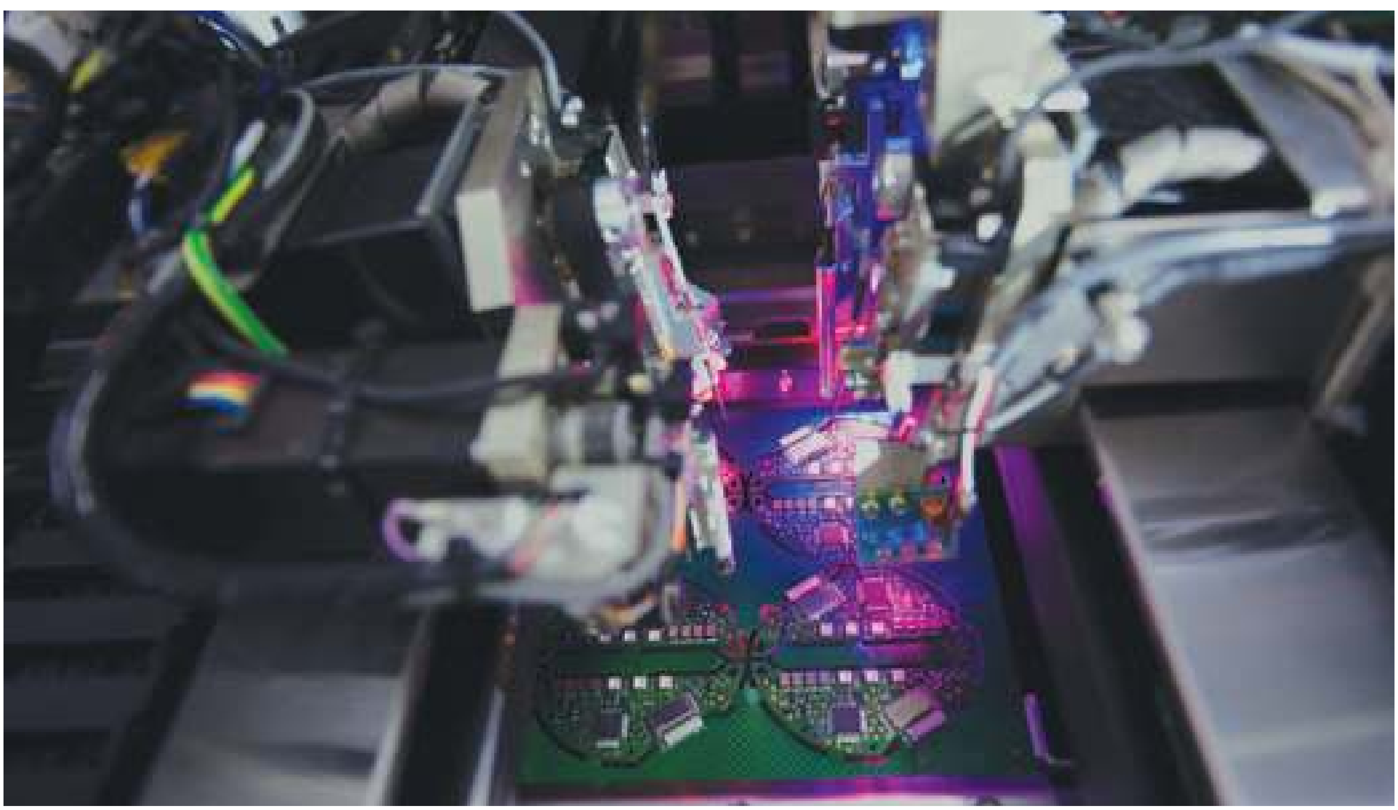
As an integrated plastics injection moulding company, CPI is well positioned for the expanding E&E global market, providing its customers with end-to-end plastics injection moulding services from product design conceptualisation, tool fabrication and production, to complete box-build solutions. Essentially, CPI is a contract manufacturer of products tailored to the specific requirements of its customers.

2019 marked the second year of CPI being under the umbrella of the Group. CPI continued to grow on various fronts ranging from financial to business development perspectives, which were supported by bridging expertise with KPS.

CPI continued to challenge itself in becoming a reliable and robust integrated plastics injection moulding solutions provider within its industry. Anticipating the future impact of technology on the industry, CPI has widened its customer base, onboarding new strategic customers from existing and new markets. Supported by its long-term clientele, CPI has also unlocked new business opportunities this year by undertaking new projects from existing customers and providing more value-added services.

During the year, CPI’s revenue contribution to the Group grew to RM180.4 million for full year (FY2019) sales, from a nine-month contribution of RM127.3 million pursuant to its acquisition at the end of March 2018.

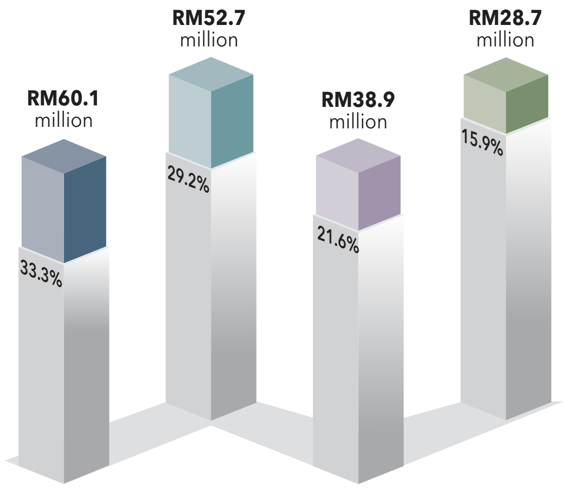
Although plastics injection moulding is the main business segment, the Electronics Division continues to play a supporting role to the Plastics Division. In 2019, the Plastics Division contributed RM151.4 million or 83.9% to CPI's revenue. The Electronics Division complemented this with a revenue of RM29.0 million or 16.1%.



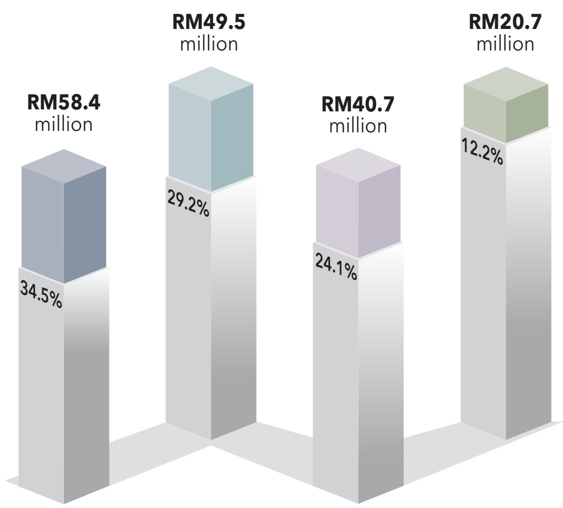
Industrial automation at CPI’s Electronics Division for increased production, quality improvement and improved efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by Sector



2019 REVENUE
RM180.4 million



2018 REVENUE
RM169.3 million

Note: 9-month contribution to the Group was RM127.3 million.

Automotive
Communications & IT
Healthcare
Other Electronics

With average plant utilisation of 85%, sales from the Automotive sector contributed the biggest chunk to CPI's revenue with RM60.1 million or 33.3%. The next largest contributors were sales from the Communications & IT and Healthcare sectors, adding another RM52.7 million or 29.2%, and RM38.9 million or 21.6%, respectively. The remaining contribution of RM28.7 million or 15.9% was from the Other Electronics sector.

While contribution from the Automotive sector was strengthened by new projects, that from the Healthcare sector was challenged by lower demand in the first half of 2019. However, what CPI lacked in the Healthcare sector, it made up for in the other three segments, especially in the Electronics sector, which saw a significant increase in demand and sales.

To a certain extent, the US-China trade tension had caused slower sales at the customers' end, resulting in lethargic inventory movement and lower orders or delay in mass production. During this course, CPI remained resilient and has been on the lookout for other opportunities. Taking advantage of the trade diversion from China, CPI has captured three new customers from the Electronics sector.

Moving forward, CPI will continue with the execution of its business initiatives and demonstrate its culture of excellence under KPS' leadership. For the ETP Division, CPI targets to expand its earnings base by focussing on higher margin customers as well as venturing into new sub-industries and product tiering.

MANAGEMENT DISCUSSION AND ANALYSIS

Quality control inspection process.

The EMS Division will continue to support the ETP Division with more aggressive efforts in securing new customers. Plans are underway to maximise CPI's EMS potential by sharing its expertise with Toyoplas. The bridging of EMS expertise will create synergistic impact benefitting both CPI and Toyoplas, generating better capacity utilisation and ultimately generating higher revenue.

Manual soldering process.

MANAGEMENT DISCUSSION AND ANALYSIS

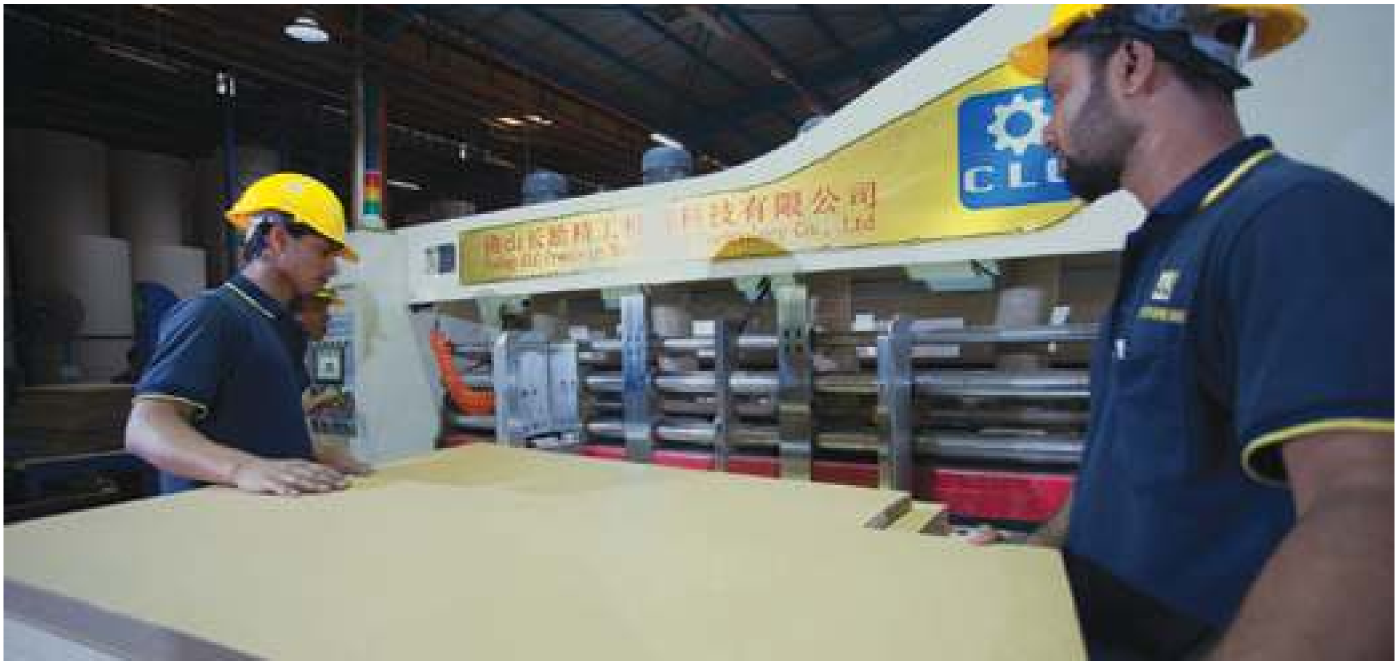
Century Bond Bhd

As an integrated packaging solutions provider, CBB's business is driven by four Divisions, namely Paper Bags, Carton Boxes, Plastics and Original Equipment Manufacturer ("OEM") for Consumer Products. The Paper Bags Division operates from three plants which are in Ipoh and Senai in Malaysia, and Medan in Indonesia. The plants in Nilai and Senai produce carton boxes while the other two Divisions, Plastics and Consumer Products, operate from CBB's plant in Senai.

It was a challenging year for CBB's Paper Bags Division. Weak property demand spilled over into 2019, causing sustained headwinds to recovery in the cement market. The anaemic outlook in the cement industry was exacerbated by the ongoing competition among paper bag suppliers, giving rise to a tough operating environment. The impact was compounded by the consolidation of the cement market following the acquisition of Lafarge Malaysia Berhad by YTL Cement Berhad.

The new industry dynamic naturally gives major cement players the upper hand in dictating the equilibrium price of cement bags, ultimately affecting CBB's paper bag sales. CBB is currently mitigating this impact by actively engaging its raw material suppliers for more efficient procurement.

CBB was also quick in manoeuvring in the challenging paper bag market, putting more focus on its carton box business. Offset cartons have been gaining momentum for brand owners as the preferred packaging solution for display in retail spaces as it contains more vibrant colours and pristine printing quality. To date, the Carton Boxes Division, in particular the offset carton segment, has recorded tremendous growth, compensating the decline experienced in the Paper Bags Division.



Carton Boxes high speed printing machine at CBB, Nilai, Negeri Sembilan.

MANAGEMENT DISCUSSION AND ANALYSIS

Laminating the outer layer of offset carton boxes with printed sheets for finer and more vibrant printing quality.

2019 saw the 85% acquisition of Taspack, a horizontal integration with CBB's existing business that allows the latter to command a bigger market share and manage competition in the carton box business. It enhances CBB's capabilities as an integrated packaging solutions provider. With Taspack onboard, CBB has emerged as a full-fledged offset carton manufacturer. It can now provide a wider product offering by having the technological advantage to produce its own printed sheets. CBB has come a long way in extending its value chain towards manufacturing higher value-added, customised and more complex packaging solutions.

During the year in review, CBB grew the revenue contribution to the Group by 6.2% to RM201.7 million from RM189.9 million previously.

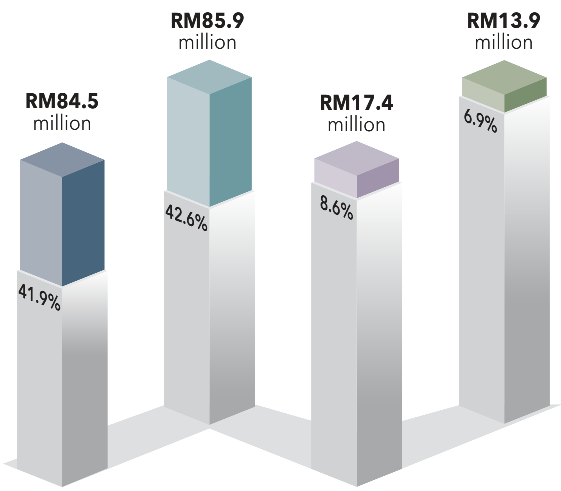
Traction from the Paper Bags Division was challenged by the consolidation of players in the cement industry which resulted in a softer margin for Paper Bags. Cushioning lower contribution from paper, the Carton Boxes Division grew strongly this year, having gained a higher market share and having optimised the procurement of raw materials. Revenue contribution from the Plastics Division was affected by lower resin price which over the year eased to about RM4,400/MT from RM5,000/MT the year before, resulting in a lower average selling price for the year. Lastly, the slight improvement in the Consumer Products Division was mainly due to stronger sales from higher margin products.

Based on an average plant utilisation rate of between 60% and 70%, CBB has ample capacity to grow its business by offering new products and expand the business beyond the existing geographical presence.

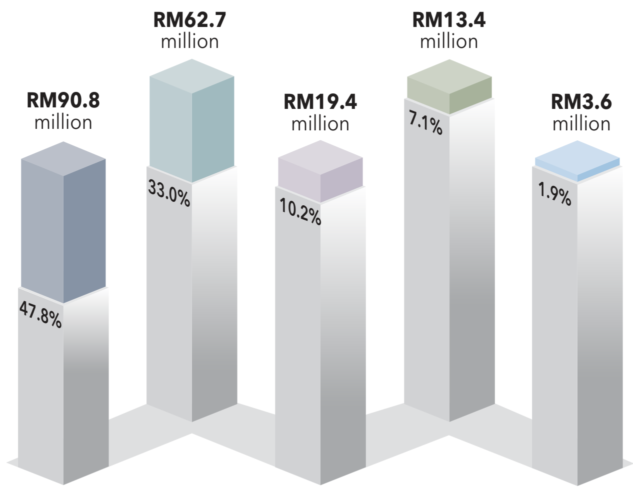
Going forward, CBB aims to extend the success of its carton box business geographically by penetrating the northern region. CBB's carton business is currently concentrated in the southern region. The northern region is a potentially promising market for us as it houses key manufacturers, servicing the robust E&E industry in Penang and plastic packaging players in Kedah and Perak.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue by Division



2019 REVENUE
RM201.7 million



2018 REVENUE
RM189.9 million

Paper Bags · Carton Boxes · Plastics
Consumer Products · Multi Level Marketing

CBB is also exploring markets beyond Malaysia, particularly Indonesia, to capitalise on the redirection of opportunity resulting from the ongoing US-China trade tension which has also shifted the manufacturing landscape of the packaging industry. As multinational companies move their manufacturing bases away from China into other countries such as Malaysia, Thailand, Indonesia and Vietnam, prospects for CBB's carton box business has improved. As one of our key customers has moved its OEM operation to Batam in Indonesia, CBB intends to extend the same packaging solutions to the customer out of Batam, having made operational preparations and adjustment to cater for the demand.

Instruction manuals, which will be packed with E&E products, are printed using woodfree paper.

Manufacturing of various plastic packaging materials at CBB's Plastics Division.

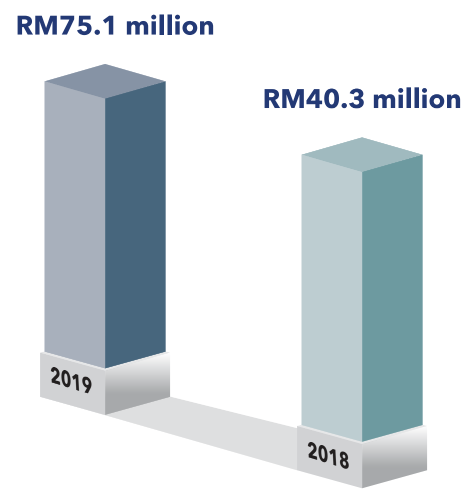
MANAGEMENT DISCUSSION AND ANALYSIS

King Koil Manufacturing West, LLC

The US mattress market is driven by demographics such as rapid urbanisation and increasing population, which leads to a higher rate of home ownership. The aging population which is on the rise, coupled with growing awareness on the importance of sleep for physical health and performance across all ages, is set to increase demand for premium mattresses.

In 2019, housing sales, disposable income and employment improved significantly in the US, resulting in a feel-good factor to create increased demand for mattresses, a shortening of the replacement cycle and choice of more premium and high-quality ones. The strength in demand for premium mattresses and sleep products in the US came mostly from the mature and ageing consumer segment which places high importance on comfort and health.

Revenue



Note: Figure for 2018 is based on an 8-month contribution.
KKMW's manufacturing plant commenced in May 2018.

King Koil® Manufacturing Facility in Arizona, US.

MANAGEMENT DISCUSSION AND ANALYSIS

Backed by an encouraging industry landscape, the new strategy for repositioning King Koil's bedding business in the US boded well for the Group. To this end, KKMW has been successful in cementing a larger market share in the West Coast, thanks to its 90,000 square-feet plant in Phoenix, Arizona, which has the capacity of manufacturing up to 250 beds daily on an eight-hour shift. Supported by these fundamentals, KKMW's manufacturing operations in the US continued to grow its topline.

In the attempt to command a bigger market share, King Koil® undertook two key strategies to position itself as a premium bedding company offering affordable luxury to US consumers:

- Firstly, revamped and elevated designs of King Koil's signature lines, starting with the higher-end Intimate and Extended Life mattresses, were introduced. These two signature lines were launched in January 2019 to strong reception by retailers, resulting in the capture of new accounts at regional and national levels.

- Secondly, a rebranding exercise was rolled-out to project a more contemporary look and feel for the King Koil® brand, complete with a new brand message that connects King Koil® to rest and rejuvenation in the comfort of one's home. This emphasis is reflected in the new principal tagline of "We Bring Sleep Home".

Despite the under utilised capacity of producing 125 mattresses a day, the Arizona plant has been able to provide KKMW with a greater scale in manufacturing bedding products by serving unlicensed territories in the West Coast. KKMW has since supplied retailers in California, Nevada, Washington and Texas.

At 39.6% plant utilisation in 2019, KKMW's revenue reached RM75.1 million, a jump from RM40.3 million in 2018. This is KKMW's first full year contribution to the Group, as opposed to an eight-month contribution in the preceding year.

Moving forward, KKMW looks to stabilise the Arizona plant by ramping up efficiency to manage the rising cost of quality mattresses and readiness for sales growth.

Next, it plans to increase the plant's utilisation rate via its sales force to market and eventually capture bigger opportunities with more retailers beyond the West Coast.

Other value creation initiatives being looked at include improvements in mattress design and increased focus on premium products such as the Smartlife, Intimate LS and iBed. KKMW is also looking at undertaking its rebranding exercise with full force in 2020.

Quilting machine for mattress border panels.

MANAGEMENT DISCUSSION AND ANALYSIS

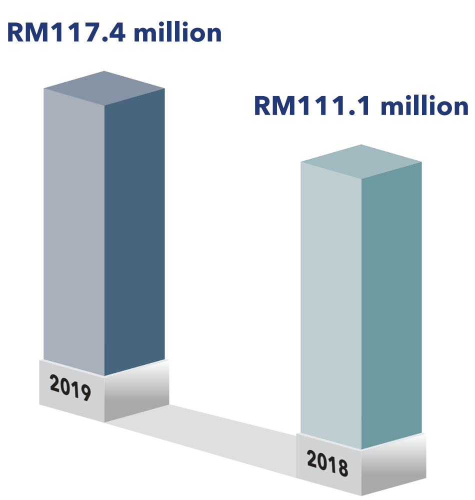
TRADING

Aqua-Flo Sdn Bhd

As one of the leaders in supplying water treatment chemicals such as liquid chlorine, liquid alum and poly aluminium chloride to the water, waste and sewage treatment industries, Aqua-Flo is well positioned to benefit from the increasing demand for water chemicals. Although most of its sales were generated from asset owners and operators in Selangor, Aqua-Flo also extended its services to water operators in 11 other states.

In addition, it continues to be one of the major suppliers of water treatment chemicals to potable treatment plants in Malaysia. The company is continuously striving to increase its market share particularly for potable and industrial water treatment. Aqua-Flo has also embarked on diversifying its business while leveraging its presence in the water industry to venture into the supply of water meters and water monitoring equipment.

Revenue



During the year in review, Aqua-Flo grew its revenue contribution to the Group marginally to RM117.4 million from RM111.1 million previously. The revenue traction was supported by sales of potable water treatment chemicals and municipal water treatment chemicals, as well as sales arising from projects related to chemical dosing filtration at the potable water treatment plants.

Moving forward, Aqua-Flo targets to achieve higher chemical sales. This plan is supported by the anticipated higher capacity utilisation at the Langat 2, Semenyih 2 and Labohan Dagang treatment plants, which is expected to take place towards the end of 2020. It also aims to improve sales and further increase market share in the industrial water treatment chemicals segment for prospective customers that require technical support for plant optimisation. Efforts will also be intensified to penetrate the water meter segment, which is a new growth segment.

Product testing at Aqua-Flo's in-house laboratory.

MANAGEMENT DISCUSSION AND ANALYSIS

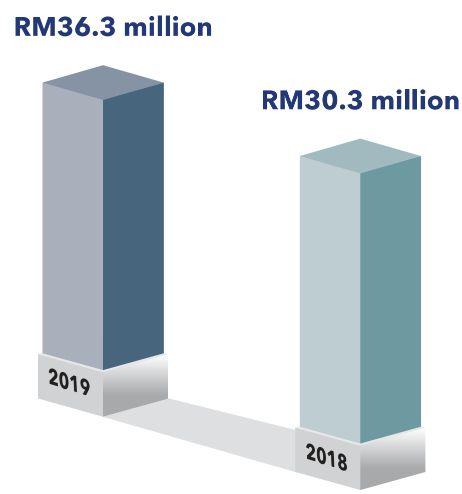
LICENSING

King Koil Licensing Company Inc

As the licensor, KKLC owns the King Koil® brand and operates the licensing of the brand worldwide. It generates income from royalty payments of between 2% and 3% for sales generated from the use of the trademark by its licensees, who are either contract manufacturers or retailers of mattresses and related bedding and sleep products. In 2019, KKLC had under its belt 27 licences, 26 of which are international licensees from outside the US.

Among the international licensees, top contributors in terms of royalty fees were licensees from Australia, China, Indonesia and the UAE. Licensees from Argentina, Ireland, Malaysia and Turkey also made significant contributions to the royalty payments. In 2019, KKLC continued its methodical expansion efforts to enhance King Koil's presence and brand recognition worldwide, seeking capable and credible partners in all markets. To this end, the license coverage in the Indian Subcontinent was expanded to Bangladesh.

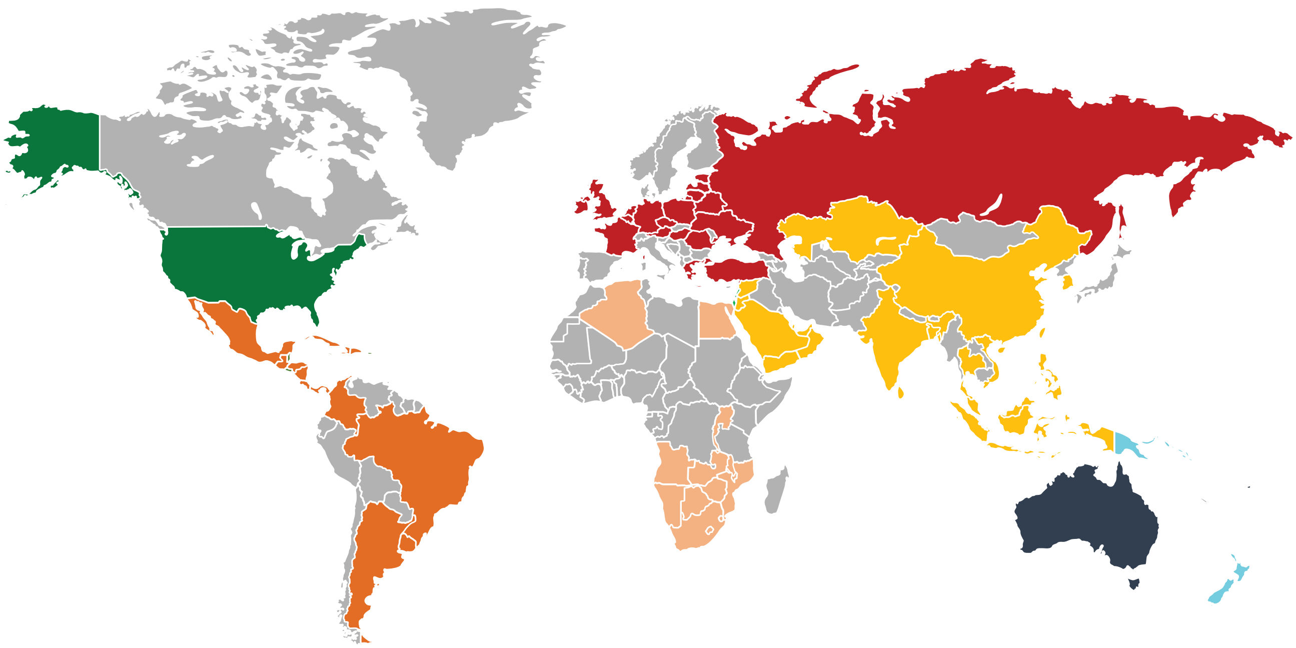
Revenue



Workers assembling mattress foundation at the King Koil® plant in Arizona, the US.

MANAGEMENT DISCUSSION AND ANALYSIS

Geographical Presence of King Koil Licensing Business: 27 Total Licenses Issued. 1 Licensee in the US, 26 internationally.



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
Caribbean (12 countries)
Colombia
Brazil
Argentina
Uruguay

Europe

Azerbaijian
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

Asia

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

Australia

Australia

Oceania

New Zealand
Fiji
Papua New Guinea

During the year, KKLC contributed RM36.3 million to the Group's revenue, posting a 19.8% growth from RM30.3 million contributed in the previous year. This was mainly due to the formalisation of contract manufacturing and new licensing arrangement forming a unified front for King Koil®. To this end, Blue Bell's factories have been assessed to meet the requirements of a potential new national retailer.

To maintain future value, KKLC had inked a strategic partnership with Blue Bell with the long-term objective of enhancing KKLC's distribution capabilities throughout the US. From its own manufacturing plant in Arizona, and Blue Bell's two plants in the Midwest and Northeast regions, King Koil® is now capable of supplying the best quality mattresses to furniture and bedding specialty retailers from coast to coast.

MANAGEMENT DISCUSSION AND ANALYSIS

INFRASTRUCTURE

Smartpipe Technology Sdn Bhd

Smartpipe continued to be aggressive in offering both trenchless and conventional pipe solutions to the Malaysian pipe rehabilitation and replacement market. While acceptance of the trenchless technique, which requires minimal excavation using the Netherlands-based Wavin Compact Pipe® technology, is still low in Malaysia, it continued to make its presence felt in this area of expertise.

Revenue
RM6.6 million
FY2018: RM20.2 million

Smartpipe had completed two pilot projects using the Compact Pipe® ("CP") technology. The first pilot project was executed for Air Selangor and took place on 11 July 2018 at Taman Bukit Anggerik, Cheras, in Kuala Lumpur. The demonstration showcased Malaysia's first ever trenchless, close-fit CP solution.

Via this pilot project, Smartpipe was able to showcase one of CP's advantages, where minimal excavation works were required for its installation, making it suitable for environments with limited amount of space. The second pilot project took place on 17 October 2018 on Jalan Dato' Hj Ahmad Said in Butterworth, Penang, which was demonstrated to representatives from Perbadanan Bekalan Air Pulau Pinang Sdn Bhd.

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.

The year also saw the company venturing outside its comfort zone, promoting its solutions to other states in Malaysia which are encountering NRW issues. Smartpipe positioned itself for future growth when it signed a JV Agreement with MBI Kedah on 6 November 2019. The signing of the JV Agreement was followed by the incorporation of DAWS.

In 2019, Smartpipe contributed RM6.6 million to Group revenue, significantly lower than RM20.2 million recorded the year before.

Moving forward, Smartpipe will continue its engagement with existing and new agencies and state water authorities to market and promote CP solutions for both the water and sewerage segments. Positioned as a holistic NRW solutions provider, DAWS is expected to provide the impetus for Smartpipe's future earnings visibility.

MANAGEMENT DISCUSSION AND ANALYSIS

KPS-HCM Sdn Bhd

In 2019, KPS-HCM was nearing the completion of Pulau Indah Industrial Park Phase 3C infrastructure works for Central Spectrum (M) Sdn Bhd. During the year, KPS-HCM had also actively participated in bids for building works, infrastructural construction works, road maintenance and other general civil engineering works. KPS-HCM managed to secure highway rehabilitation works awarded by new clients, LATAR Expressway and Kajang SILK Highway.

In 2019, KPS-HCM contributed RM48.1 million to the Group's revenue, as compared with RM72.2 million in the previous year.

Revenue
RM48.1 million
FY2018: RM72.2 million

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

ASSOCIATE COMPANIES

Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd

SPRINT Holdings is the concession holder of SPRINT.

SPRINT is one of the main expressway networks in the Klang Valley, which was built to disperse traffic congestion from Petaling Jaya, Damansara and from the surrounding areas. Also known as the western dispersal link scheme, the 26.5 kilometre expressway is divided into three sections: the Kerinchi Link, Damansara Link and Penchala Link.

KPS has a 20% stake in SPRINT Holdings.

On 21 June 2019, SPRINT Holdings received a Letter of Offer from the Ministry of Finance (Incorporated) ("MOF") to acquire all securities including ordinary shares, preference shares and loan stocks of SPRINT. The offer, which will be undertaken by MOF's wholly owned special purpose company, is conditional upon satisfactory due diligence findings, approvals from the Cabinet of Malaysia and other relevant parties, including authorities and shareholders. It is currently pending completion.

In 2019, the Group's share of profit from SPRINT Holdings was RM7.2 million, as opposed to RM1.4 million loss the year before.

NGC Energy Sdn Bhd

Our 40% associate company, NGC Energy, supplies LPG to residential, commercial and industrial customers. For the year under review, the Group's share of profit from NGC Energy was RM7.3 million, lower compared with RM12.1 million contributed to the Group's revenue the year before. The lower share of profits was due to lower revenue traction from industrial and commercial customers.

Moving forward, NGC Energy will continue its efforts in targetting higher margin customers in the commercial and industrial segments, which is in line with the long-term strategy of attaining a healthier mix of customer base.

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

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGING RISKS

With business sustainability in mind, assessments on the risk profiles of our businesses are carried out continuously and reported quarterly at the Group and subsidiary levels. These assessments facilitate risk awareness by promoting a forward-looking analysis of the Group's risk profile. In line with the Group's commitment to delivering sustainable value to all stakeholders, the Group's Risk Management function ensures an integrated approach to managing current and emerging threats.

The Group has in place an enterprise risk management framework that is based on the ISO 31000 international standard of risk management to proactively identify, evaluate and manage key risks to an acceptable level. The framework aims to provide an integrated approach to risk. Identified key risk areas, key mitigating actions and key risk indicators are documented and monitored on a quarterly basis.

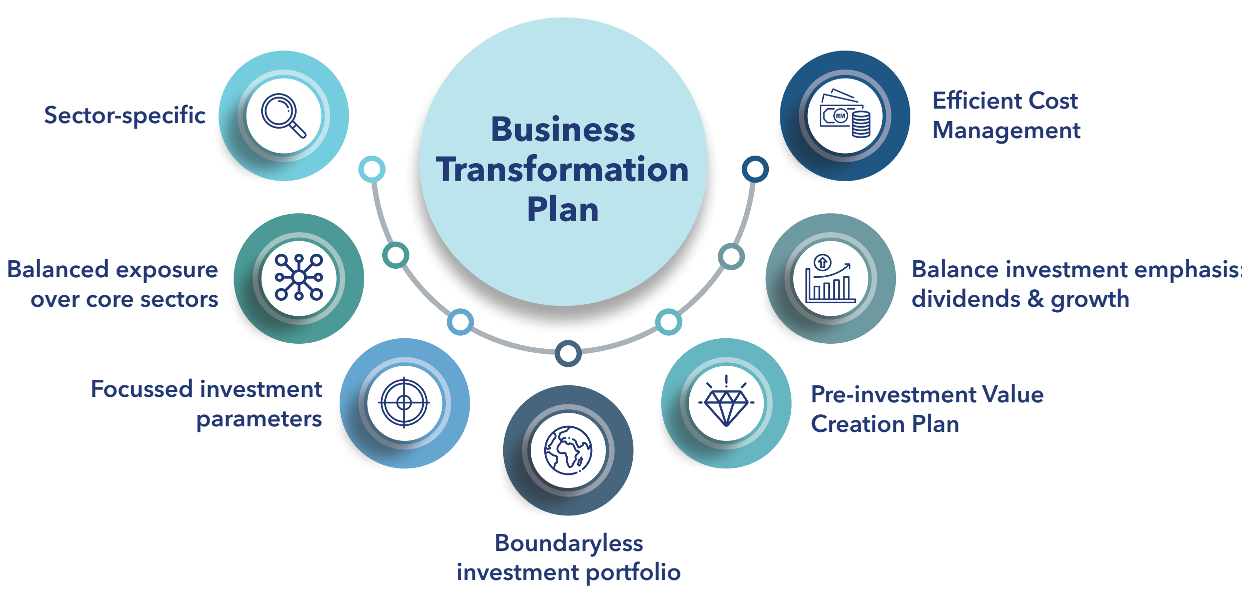
Further details on our risk management are provided in the Statement of Risk Management and Internal Control from pages 120 to 131 of this Annual Report.

STRATEGIES FOR CONTINUED SUCCESS

KPS has demonstrated its commitment to seize growth potential and enhance earnings visibility, as shown in its aggressive corporate exercises and promising financial results this year. As per the BTP, a growth agenda that we launched in 2016, KPS repositioned its brand in the marketplace, continued to create value for its shareholders by extending its reach regionally and globally, and expanded the product offerings into new segments and industries.

Supporting the commitment to sustainably growing the Group is the sharper focus we place on core business catalysts, pivoting us to expand, compete and stay ahead in the industry. It has also helped us to further harness the potential in our existing businesses and create future growth from new investment opportunities.

The BTP was guided by the following robust strategy:



MANAGEMENT DISCUSSION AND ANALYSIS

The acquisitions thus far have contributed towards KPS having more solid business fundamentals. For instance, the manufacturing businesses that we had acquired, CBB, CPI, Toyoplas and KKMW, have improved their operational efficiency and productivity by having their operational processes institutionalised. This has enabled them to morph into market leaders in their respective industries. With a long-term view and given the scalability of our businesses for regional demand, we are strengthening our regional footprint.

The BTP has taken shape: this year we generated better revenue, booked stronger operating profits, and demonstrated better management of expenses and finances, resulting in a strong turnaround in profits. Bottom line, we have proven our capabilities.

But what's next?

As an investment holding company in this competitive business environment, we need to keep the momentum going in ensuring sustainable development. Therefore, we are continuously on the lookout for other investment opportunities, be it acquisition or divestment, that can provide a furtherance to what we have already achieved and raise the Group's performance. We revisited our long-term business plan this year to ensure relevance to the dynamics of each of the industries in which our businesses operate.

To catapult KPS' performance, on 17 January 2020, we mapped out the key elements of our five-year strategic plan to determine the Group's firm position in the marketplace. The intent was simple: to keep delivering the value our shareholders deserve. The implementation of this strategy, acronymically known as LEAP25, is to strengthen KPS' position as a stronger investment holding company with four strategic ambitions:

01 Leading KPS to a strategic position via increasing awareness among stakeholders and by improving our investor profile;

02 Enhancing KPS' fundamentals via improving return on equity ("ROE");

03 Accelerating Delivery of KPS Subsidiaries' results through continuous value creation and improving operational efficiency; and

04 Progressing KPS further by generating value across the Group through leveraging its expertise in the areas of Internal Audit, Risk Management, Human Resources and Sustainable Development.

MANAGEMENT DISCUSSION AND ANALYSIS

To support the subsidiaries' delivery performance, the Group will be allocating adequate CAPEX, taking into consideration the availability of funds as well as expected return on the capital investment. We expect to continue with the value creation plan for all our subsidiaries, which will be focussing on optimising product mix, penetrating new markets and safeguarding business margins, among others. Subject to a business environment that is conducive and socio-political conditions prevailing in the country, details of our plans moving forward for our subsidiary companies are as follows:

MANUFACTURING

TOYOPLAS

- Secure new projects from existing customers.
- Explore new industries.
- Establish footprint in Vietnam.

CPI

- Explore new sub-industries and product tiering.
- Source new business or projects from existing and new customers.

CB

- Diversify the carton box business in the northern region.
- Capture growth via new products and customers.
- Extract more sales from customers operating in the essential services sectors.
- Tap e-commerce to capitalise on the changing consumer purchasing behaviour.

KING KOIL MATTRESS CO.

- Strengthen distribution network beyond west coast.
- Develop marketing plan to accelerate direct-to-customer e-commerce strategy.
- Tap digital marketing to boost sales.

OTHERS

Aqua-flo

- Improve market share in potable water chemicals.
- Boost sales of water meters.

SmartPipe TECHNOLOGY

- Engage stakeholders for strategic partnership.
- Expand into the sewerage segment.

As communication is a vital aspect to ensure KPS' success, we ensure that we communicate effectively with our customers and business partners. By developing robust relationships with them, we can better understand their needs and requirements, identify any problems and issues which may arise, and provide solutions. In nurturing relationships with our customers and business partners, we strive to maintain high standards of service excellence. With the importance of a holistic customer experience firmly entrenched in our business engagement, we provide bespoke solutions to our customers. This gives us the added advantage of achieving successful partnerships even at an early stage.

Internally, we also place great emphasis on engaging our employees through various platforms such as townhall sessions and team building programmes, getting everybody on board with the strategy and nature of our business. Guided by our core values of PRIDE, internal engagement initiatives are aimed at producing the most efficient business results for the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

LOOKING AHEAD

We started the new year with three challenges: moderation in global economic growth, ongoing US-China trade tension and escalated risks emerging from COVID-19. These challenges caused a subdued outlook for the overall economy, which has cast a pall over our business outlook for 2020.

Prior to the outbreak of the pandemic, the US economy was expected to moderate on slower domestic demand and corrosive effects of its inward trade policies. In the UK and the Eurozone, although growth was expected to stabilise, the impact of Brexit was already anticipated to linger and affect business confidence. China's economy was already expected to moderate on structural slowdown and prolonged trade tension. The economic growth of the ASEAN countries was expected to be supported by their respective domestic demand, in addition to benefitting to a lesser extent from the trade diversion.

Apart from the above expectation, downside risks to the economic growth in Malaysia were already expected, pointing to further moderation to the GDP forecast. The manufacturing sector, which contributes about one fifth to the GDP, was expected to remain flat, despite the uptick in cycle and changes in supply chain within the E&E sector. *(sources: IMF and BNM)*

Readings on PMI which measure manufacturing activities in the country has already shown contraction, declining to 31.3 in April 2020 and 48.4 in March 2020 from 50.0 in December 2019. *(source: IHS Markit)*

Now, consider COVID-19.

It has been categorised as a global pandemic by the World Health Organisation ("WHO") on 30 January 2020.

> **COVID-19 has already brought considerable disruption to the global economy and society, weakening growth prospects locally and globally.**

COVID-19 has already brought considerable disruption to the global economy and society, weakening growth prospects locally and globally. The adverse consequences of these developments are significant: disruption to global supply chains, restrictions on labour mobility, reduced output from China and weaker demand for goods and services from around the world. A visceral impact from the pandemic is higher risk aversion in financial markets, plummeting interest rates, and falling equity and commodity prices, resulting in a significant dent in business and consumer confidence.

At KPS, we have established a Business Continuity Plan–Crisis Management Team ("BCP-CMT") which is tasked to lead all preparations and implementation of key action plans and guidelines in handling the outbreak of COVID-19.

Taking cognisance that our business and factories are spread out in many geographical areas, the objective of the BCP-CMT is to lead the Group with its business continuity plan in response to the pandemic. It covers the procedures and measures before and after any unfortunate and disruptive events resulting from this pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

The scope of the BCP-CMT includes the following:

01 Minimise employees' health risks, including investigating the welfare of our employees who are undergoing treatment or hospitalisation;

02 Minimise the risk of premises becoming a node of transmission;

03 Ensure plans are in place should employees become infected and are required to be quarantined; and

04 Ensure alternative arrangements with suppliers and customers to allow for business operations to continue, such as the business recovery plan to address the productivity gap caused by the closure of factories.

In addition, the Business Continuity Plan covers the following key business operational risks:

01 Human resource management;

02 Processes and business functions;

03 Supplier and customer management; and

04 Communications, both internally and externally.

The management teams at our subsidiaries have started the process of stabilising the supply chain as well as keeping in close contact with customers. This will enable them to be nimble in tweaking their operational plans, should the need arise.

Given the extent and depth of the impact of COVID-19 we have adopted a cautious approach towards the prospects of our business going forward.

> The ensuing year will yet again reflect our ability in navigating the challenges in the operating environment.

This will require various levels of responses and a depth of resilience, focussing first on the aspects of the Group's business that we can control to protect us amidst the challenging operating environment. Whilst safeguarding operational strength and financial capacity, we shall ensure KPS' business continuity and attempt to keep the continuance of value creation across all our subsidiary companies while looking out for other business opportunities.

The ensuing year will yet again reflect our ability in navigating the challenges in the operating environment. We will strive to mitigate the risks that may arise from the challenges, given the business strategy that is already in place.

APPRECIATION

I would like to take this opportunity to extend my sincere gratitude to our major shareholder, Darul Ehsan Investment Group, for their trust and confidence in KPS. And as always, we are deeply grateful to our customers, shareholders, regulatory authorities, the media and other stakeholders, for their continued support.

I thank my Fellow Board Members for the vision and wise counsel in providing astute leadership, expertise and insights. On behalf of the Board of Directors, I would like to convey my appreciation to the former Chairman, YM Raja Shahreen Raja Othman and Independent Non-Executive Director, YBhg Dato' Mohamed Ross Mohd Din, who resigned from the Board on 17 January 2020 and 1 January 2020, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

YM Raja Shahreen has done a commendable job in shaping KPS for the last two years. His stewardship of the Group had been characterised by strategic thinking and most valuable, his tireless efforts has been instrumental in enhancing the credibility and visibility of KPS in the marketplace. Similarly, YBhg Dato' Ross has immensely contributed to the Group in his capacity as Chairman of the Board Risk Management Committee, Chairman of the Nomination and Remuneration Committee, Member of the Board Audit Committee and Member of the Board Investment Review Committee. He has been integral to KPS' achievements, helping us through a period of aggressive growth and change. I wish them both every success in their future endeavours.

I would also like to thank former Independent Non-Executive Director, YBhg Dato' Kamarul Baharin Abbas and Non-Independent Non-Executive Director, Encik Suhaimi Kamaralzaman, who resigned from the Board on 15 June 2019 and 19 August 2019, respectively. As the Chairman of the Sustainability Board Committee, YBhg Dato' Kamarul Baharin was instrumental in guiding the Group towards embedding sustainable practices and providing oversight on the Group's sustainability strategies. He was also a Member of the Nomination and Remuneration Committee and the Board Risk Management Committee. Encik Suhaimi Kamaralzaman was Chairman of the Tender Board Committee and Member of the Board Investment Review Committee.

On this note, please join me in welcoming our new Chairman, Dato' Nor Azmie Diron who was appointed on 17 January 2020; Dato' Noorazman Abd Aziz, Independent Non-Executive Director, appointed on 1 January 2020; and Encik Soffan Affendi Aminudin, Non-Independent Non-Executive Director, appointed on 17 January 2020. Each brings unique talents, experience and expertise as well as perspectives in furthering KPS' ambitious growth agenda.

ACKNOWLEDGMENT

I wish to convey my gratitude to the Members of the Board for their wise counsel and astute insight in steering the Group's direction and in guiding us through the challenges and opportunities in running the business; to government agencies and authorities for their unwavering assistance and cooperation; and to our loyal customers from diverse industries and sectors as well as all our other stakeholders for their continued support and trust in the KPS brand.

Equally important, I am truly honoured to have worked together with the very dedicated Management Team and our employees, the Group's greatest assets, who remained committed and steadfast in discharging their duties and responsibilities. My special thanks for their unrelenting support, as a result of which has led KPS to achieving its ambitious business aspiration.

The Group's strong business performance thus far is not just a reflection of the vision provided by the Board. It is also a reflection of the commitment to excellence and dedication to continuous improvement shown by all our employees. At this juncture, I would like to express my sincere appreciation and special thanks to all KPS employees and its Management Teams for their relentless commitment and tireless dedication in translating the Group's vision and mission into results.

For us to stay ahead in the game and gear up our performance momentum, we need to continuously reassess the way we do business and improve our work processes, skill sets and knowledge. We must also be agile in adapting to changes in business, to seize new opportunities as well as address challenges as the operating environment is ever evolving and our stakeholders' expectations are ever increasing.

As we plan to set new milestones ahead, it is my hope that all stakeholders continue to lend us their unwavering support, confidence and trust in us, Kumpulan Perangsang Selangor Berhad.

AHMAD FARIZ BIN HASSAN
Managing Director/Group Chief Executive Officer

BOARD OF DIRECTORS'

YB DATO' NOR AZMIE BIN DIRON
Chairman, Non-Independent Non-Executive Director

Nationality	:	**Malaysian**
Age/Gender	:	**51/Male**
Date of Appointment	:	**17 January 2020**
Length of Tenure as Director	:	**3 months**

MEMBERSHIP OF BOARD COMMITTEES

- None

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 Programme organised by Harvard Business School.
- Columbia University Leadership Programme.

MEMBERSHIP OF ASSOCIATIONS

- None

AREA OF EXPERTISE

- Government Relations, Finance, Economics

OTHER DIRECTORSHIPS

Listed Entities

- None

Public Companies

- Worldwide Holdings Berhad
- Invest Selangor Berhad
- Permodalan Negeri Selangor Berhad
- Kumpulan Darul Ehsan Berhad
- Kumpulan Hartanah Selangor Berhad
- Darul Ehsan Investment Group Berhad
- Yayasan Selangor
- Yayasan Warisan Anak Selangor
- Yayasan Hijrah Selangor

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Dato' Nor Azmie bin Diron has spent more than 25 years working in various Federal and State Government departments. Currently, Dato' Nor Azmie holds the position of State Financial Officer of the State of Selangor since 1 January 2018.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2019

- Not applicable (appointed on 17 January 2020)

PROFILE

ENCIK SOFFAN AFFENDI BIN AMINUDIN
Non-Independent Non-Executive Director

Nationality	:	**Malaysian**
Age/Gender	:	**41/Male**
Date of Appointment	:	**17 January 2020**
Length of Tenure as Director	:	**3 months**

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.

QUALIFICATIONS

- National Diploma in Business Studies, majoring in Accounting from Kolej Yayasan Pelajaran MARA, Kuala Lumpur ("KYPMKL"), a twinning programme with Dublin Business School.

MEMBERSHIP OF ASSOCIATIONS

- Member of the 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
- Kumpulan Darul Ehsan Berhad
- Kumpulan Hartanah Selangor Berhad

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 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 of Menteri Besar Selangor (Incorporated) ("MBI"). Currently, he holds the position of Acting Chief Executive Officer of MBI since 1 December 2019.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2019

- Not applicable (appointed on 17 January 2020)

BOARD OF DIRECTORS' PROFILE

YBHG DATO' IDRIS BIN MD TAHIR, ***DIMP***
Independent Non-Executive Director

Nationality	:	**Malaysian**
Age/Gender	:	**66/Male**
Date of Appointment	:	**15 August 2013**
Length of Tenure as Director	:	**6 years 7 months**

MEMBERSHIP OF BOARD COMMITTEES

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

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	**Public Companies**
• None Holdings	• Syarikat Pengeluar Air Selangor Berhad

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.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2019

- 10 out of 10 Board meetings held

BOARD OF DIRECTORS' PROFILE

YBHG DATO' IKMAL HIJAZ BIN HASHIM, *DIMP*
Independent Non-Executive Director

Nationality	:	**Malaysian**
Age/Gender	:	**66/Male**
Date of Appointment	:	**1 January 2018**
Length of Tenure as Director	:	**2 years 4 months**

MEMBERSHIP OF BOARD COMMITTEES

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

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
- MB World Group Berhad

Public Companies

- None

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.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2019

- 10 out of 10 Board meetings held

BOARD OF DIRECTORS' PROFILE

PUAN RITA BENOY BUSHON
Independent Non-Executive Director

Nationality	:	**Malaysian**
Age/Gender	:	**60/Female**
Date of Appointment	:	**6 April 2018**
Length of Tenure as Director	:	**2 years**

MEMBERSHIP OF BOARD COMMITTEES

- Chairman of the Tender Board Committee.
- Member of the Board Audit Committee.
- Member of the Board Risk & Compliance Committee.
- Member of the Sustainability Board Committee.

QUALIFICATIONS

- Master of Business Administration, Henley Management College.
- Bachelor of Economics (Hons) – Statistics, University Kebangsaan Malaysia.
- Capital Market Representative's Licence (Corporate Finance).

MEMBERSHIP OF ASSOCIATIONS

- International Corporate Governance Association ("ICGN")
- Fellow of Institute of Corporate Directors Malaysia

AREA OF EXPERTISE

- Investments, Corporate Governance, Risk Management, Corporate Planning, Corporate Sustainability

OTHER DIRECTORSHIPS

Listed Entities	Public Companies
• None	• None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Rita Benoy Bushon was the CEO of the Minority Shareholder Watchdog Group ("MSWG") from 2009 to December 2016 and founder director from 2002 until March 2017. She was the Council Member for the Institutional Investor Council of Malaysia in 2015-2016.

Currently, she is an Associate Director of SCS Global Advisory Sdn Bhd where she holds a corporate finance license. She is the Managing Director of RAA Capital Partners Sdn Bhd, a consulting company. She is currently a consultant to ICGN.

Rita served at the Employees Provident Fund ("EPF") for 23 years since 1984. Up to her optional retirement in October 2007, she had held various senior positions in EPF's investment and planning departments such as Head of Equity Research, Head of External Portfolio Management, Head of Private Equity, Head of Corporate Surveillance as well as Head of Corporate Planning.

Rita was a Non-Independent Non-Executive Director of Land & General Bhd between 2002 and 2006, before she became the Executive Director. She was also the Non-Independent Non-Executive Director of fast-food operator KFC Holdings (M) Bhd from 2003 to 2007. Between 2011 and 2013, she co-chaired the Shareholder Responsibilities Committee and Diversity Working Committee of the ICGN, an international investor-led global organisation responsible for promoting corporate governance. She has authored several books and written many articles on economics, corporate governance and investments.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- 50,000 shares in KPS

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2019

- 9 out of 10 Board meetings held

BOARD OF DIRECTORS' PROFILE

PUAN NORLIZA BINTI KAMARUDDIN
Independent Non-Executive Director

Nationality	:	**Malaysian**
Age/Gender	:	**56/Female**
Date of Appointment	:	**6 April 2018**
Length of Tenure as Director	:	**2 years**

MEMBERSHIP OF BOARD COMMITTEES

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

QUALIFICATIONS

- Bachelor in Arts and Design from Universiti Teknologi MARA ("UiTM").
- Professional Certificate in Corporate Public Affairs ("CPA") from The Center of Corporate Public Affairs, Melbourne Business School, Australia.

MEMBERSHIP OF ASSOCIATIONS

- None

AREA OF EXPERTISE

- Communication, International business/relations

OTHER DIRECTORSHIPS

Listed Entities	**Public Companies**
• Sedania Innovator Berhad	• None

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. Specialising in a variety of sectors including energy, finance, banking, aviation, telecommunications and hospitality, she has more than 25 years of 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.

Currently, Norliza is a Managing Director in the Strategic Communications practice of FTI Consulting, Inc and is based in Kuala Lumpur, Malaysia. FTI Consulting, Inc is a global New York-based business advisory firm listed on the New York Stock Exchange ("NYSE"). Previously, she was the Global Head of Strategic Communications for PETRONAS. She was responsible for the company's overall communications strategy, corporate branding and reputation management in more than 30 countries. Prior to joining PETRONAS, Norliza was the Country Head of Corporate Affairs at Standard Chartered Bank.

Norliza is currently serving as the Industrial Advisory Panel for Strategic Communications at Multimedia University Malaysia. She also sits on the Board of Trustees for Standard Chartered Foundation since 2010.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2019

- 10 out of 10 Board meetings held

BOARD OF DIRECTORS' PROFILE

ENCIK KOAY LI ONN (LEON)
Independent Non-Executive Director

Nationality	:	**Malaysian**
Age/Gender	:	**49/Male**
Date of Appointment	:	**1 January 2019**
Length of Tenure as Director	:	**1 year 4 months**

MEMBERSHIP OF BOARD COMMITTEES

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

QUALIFICATIONS

- Executive Education Programme from University of Oxford, Said 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

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Leon Koay has more than 23 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).

Leon is currently Managing Director of Bangsawan Group, which provides corporate, M&A, financial and strategic consulting in Singapore and Malaysia. Leon 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.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2019

- 10 out of 10 Board meetings held

BOARD OF DIRECTORS' PROFILE

YBHG DATO' NOORAZMAN BIN ABD AZIZ
Independent Non-Executive Director

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

MEMBERSHIP OF BOARD COMMITTEES

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

QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

- Member of Australian Institute of Company Directors
- Member of Chartered Institute of Islamic Finance Professionals

AREA OF EXPERTISE

- Leadership and Collaboration, Strategic Planning and Business Strategy, Relationship Management

OTHER DIRECTORSHIPS

Listed Entities

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

Public Companies

- PLUS Malaysia Berhad
- Yayasan UEM

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 (a Khazanah investee company) 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 UEM Edgenta Berhad on 2 October 2018 and also sits on the Board of several UEM Group of Companies including UEM Sunrise Berhad, PLUS Malaysia Berhad and PT Lintas Marga Sedaya in Indonesia where he is a Vice President Commissioner.

He also currently 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").

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2019

- Not applicable (appointed on 1 January 2020)

BOARD OF DIRECTORS' PROFILE

ENCIK AHMAD FARIZ BIN HASSAN
Managing Director/Group Chief Executive Officer

Nationality	:	**Malaysian**
Age/Gender	:	**43/Male**
Date of Appointment	:	**1 January 2019**
Length of Tenure as Director	:	**1 year 4 months**

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 and Business Strategy, Investment Management and Private Equity, Risk Management and Internal Control

OTHER DIRECTORSHIPS

Listed Entities

- None

Public Companies

- Century Bond Bhd
- Cash Band (M) Berhad

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Ahmad Fariz bin Hassan was appointed to the Board as Managing Director and simultaneously assumed the role of Group Chief Executive Officer on 1 January 2019. Prior to his appointment, Ahmad Fariz was KPS' Chief Executive Officer, a position he had held since 1 May 2016. Backed by 19 years of experience in investment and business management which was honed through his wide-ranging career that spans across the banking, consumer and property development sectors, Ahmad Fariz is entrusted to steer the corporate direction and lead the growth of the Group.

At the advent of his career, he built his competencies in internal audit and risk management with MK Land Holdings Berhad, and in corporate governance with Malaysian Resources Corporation Berhad. Subsequently, he embarked on his banking career, starting with the Treasury Operation Division of CIMB Investment Bank, followed by his tenure at CIMB Private Equity, one of the largest private equity houses in Southeast Asia at that time. During his tenure with CIMB Private Equity, he accumulated his expertise in a wide spectrum of private equity activities, ranging from fund raising and investment evaluation to structuring of transactions and post-investment monitoring. Thereafter, he joined Ekuiti Nasional Berhad ("Ekuinas") where he was involved in the acquisition of food and beverage companies under Integrated Food Group.

He was later seconded to Cosmo Restaurants Sdn Bhd, the franchise owner of the Burger King restaurants, as its Chief Operating Officer, where he was instrumental in enhancing the brand equity of Burger King and expanding its presence in Malaysia. Consequently, he joined Khazanah Nasional Berhad as Senior Vice President (Investment). He joined KPS as Head of Strategic Planning and Investment in 2015. In 2016, in the capacity of Chief Executive Officer, he demonstrated successful and impactful leadership, orchestrating strategic measures that harnessed a more aggressive yet sustainable growth agenda for the Group.

Ahmad Fariz steered a new business direction for the Group, one which aims for sustainable strong business growth, optimising shareholders' return as well as repositioning KPS' brand in the market. KPS has since evolved as an investment holding company, focussed on core assets in the manufacturing, trading, licensing and infrastructure sectors.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

NUMBER OF BOARD MEETINGS ATTENDED IN THE FINANCIAL YEAR 2019

- 10 out of 10 Board meetings held

Notes

Declaration by the Board:

i. None of the Directors has any family relationship with any Director and /or Major Shareholder of KPS.

ii. None of the Directors has any conflict of interest with KPS.

iii. 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.

iv. 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.

v. Encik Soffan Affendi bin Aminuddin 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'S PROFILE

PUAN SUZILA KHAIRUDDIN
Deputy Chief Executive Officer
(Finance & Corporate Services)

Nationality	:	**Malaysian**
Age/Gender	:	**44/Female**
Date of Appointment	:	**1 January 2019**

QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

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

PRESENT DIRECTORSHIPS:

Listed Entity
- None

Public Companies
- Cash Band (M) Berhad

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Suzila binti Khairuddin was appointed Deputy Chief Executive Officer (Finance & Corporate Services ("DCEOFCS") 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 assumed the roles of Deputy CEO (Operations) ("DCEOO"), Chief Operating Officer ("COO") and Chief Financial Officer ("CFO"). 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.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- 57,307 shares in Kumpulan Perangsang Selangor Berhad

KEY SENIOR MANAGEMENT'S PROFILE

ENCIK AZLAN BIN ABDUL JALIL
Deputy Chief Executive Officer
(Strategy & Investments)

Nationality	:	**Malaysian**
Age/Gender	:	**43/Male**
Date of Appointment	:	**1 January 2019**

QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

- None

PRESENT DIRECTORSHIPS:

Listed Entity

- None

Public Companies

- Century Bond Berhad

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 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 culture companies.

Prior to joining KPS, Azlan was with 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, GLCs, corporations and SMEs. His last position there was Head of Wholesale Banking.

Azlan has extensively developed his experience in banking, finance, investment and capital markets for over 19 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 at Bursa Malaysia Berhad, he led the business development arm 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 when he was the Head of Sales and Market Development there. He started his career as an Associate with PricewaterhouseCoopers in Audit and Business Advisory specialising in the banking sector.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

HEADS OF SUBSIDIARIES

PUAN LIM HUI BIAN (STACEY)
Chief Executive Officer of Toyoplas Manufacturing (Malaysia) Sdn Bhd

Nationality	:	**Malaysian**
Age/Gender	:	**37/Female**
Date of Appointment	:	**Since Year 2015**

QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

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

PRESENT DIRECTORSHIPS:

Listed Entity

- None

Public Companies

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Since graduating from Monash University, Australia in 2005, Stacey Lim started her career in Toyoplas as a Programme Manager in Shanghai. Although it was a family business, her hard work and persistance have earned her recognition, of which in less than a year she was able to manage key major customers' 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 to new customers and market segments.

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

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

HEADS OF SUBSIDIARIES

ENCIK LIM LAI CHIN
Chief Executive Officer of CPI (Penang) Sdn Bhd

Nationality	:	**Malaysian**
Age/Gender	:	**51/Male**
Date of Appointment	:	**4 January 1990 (Founder)**

MEMBERSHIP OF ASSOCIATIONS

- None

PRESENT DIRECTORSHIPS:

Listed Entity

- None

Public Companies

- 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 the increasing market demand and had 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 84 high-precision plastics injection moulding machines, equipped with robotic automation in order to be ready to embrace future advancement.

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 as well as 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 of every level from employees, customers, suppliers and even competitors, thus bringing CPI to where it is today.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

HEADS OF SUBSIDIARIES

PUAN NORHANIESA HASAN
Acting Chief Executive Officer of Century Bond Berhad

Nationality	:	**Malaysian**
Age/Gender	:	**39/Female**
Date of Appointment	:	**1 January 2020**

QUALIFICATIONS

- Degree in Management (Accounting), Universiti Teknologi Malaysia.
- Chartered Certified Accountant, the Association of Chartered Certified Accountants.

MEMBERSHIP OF ASSOCIATIONS

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

PRESENT DIRECTORSHIPS:

Listed Entity

- None

Public Companies

- None

WORKING EXPERIENCE AND CURRENT ENGAGEMENTS

Norhaniesa Hasan was appointed as Acting Chief Executive Officer of Century Bond Bhd ("CBB") on 1 January 2020. She assumed the position after being appointed the Chairman of the Executive Committee of CBB in 2017 where she was responsible for nurturing CBB from a local champion into a holistic packaging solutions provider with regional reach. Under her stewardship, CBB has ventured into higher value added products with higher margins, increased its international clientele as well as expanded its geographical presence. She carries with her over 16 years of experience in finance, strategic planning, corporate finance, corporate restructuring as well as investments.

Prior to that, she was Assistant Director ("AD"), Strategic Planning and Investment in KPS, a position she had held since January 2016. She led various mergers and acquisition transactions for the Group which culminated in the Mandatory General Offer of CBB back in 2016.

She joined KPS as Assistant Manager Finance on 1 February 2007, was later promoted to Finance Manager on 1 January 2009 and subsequently to Senior Manager of Finance and Treasury on 1 October 2013. In this role, she was pivotal in ensuring the continuous improvement of all key financial areas such as finance policies & procedures, system efficiency & processes, strategic financial risks and best practices. Prior to joining KPS, Norhaniesa had more than three years' experience in Audit during her tenure with Ernst & Young Malaysia, where she was involved in statutory audits.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- 45,661 shares in Kumpulan Perangsang Selangor Berhad

HEADS OF SUBSIDIARIES

ENCIK TAN CHEE KIT
Chief Executive Officer of Aqua-Flo Sdn Bhd

Nationality	:	**Malaysian**
Age/Gender	:	**65/Male**
Date of Appointment	:	**1 January 2019**

QUALIFICATIONS

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

MEMBERSHIP OF ASSOCIATIONS

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

PRESENT DIRECTORSHIPS:

Listed Entity
- None

Public Companies
- 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.

INTEREST IN SECURITIES OF THE COMPANY AND ITS SUBSIDIARIES

(as at 20 April 2020)

- None

Notes:

Declaration by the Key Senior Management

i. None of the Key Senior Management has any family relationship with any Director and /or Major Shareholder of KPS.

ii. None of the Key Senior Management has any conflict of interest with KPS.

iii. 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

Left to right: **HASHIMAH BINTI MOHD ISA** - Company Secretary
SUZILA BINTI KHAIRUDDIN - Deputy Chief Executive Officer (Finance & Corporate Services)
AHMAD FARIZ BIN HASSAN - Managing Director/Group Chief Executive Officer
AZLAN BIN ABDUL JALIL - Deputy Chief Executive Officer (Strategy & Investments)

Sitting left to right: **IQZUAN BIN IDRIS** - Associate Director, Risk Management
SUKMAN SUZZAK BIN ZAKARIA - Director, Internal Audit

Standing left to right: **ZULKIFLI BIN MAWARDI** - Director, Investor Relations & Strategic Communication
AHMAD ROSLY BIN AHIAR - Director, Human Resource Development

CALENDAR OF EVENTS

17 MAY 2019

SIGNING CEREMONY OF THE CONDITIONAL SHARE SALE AGREEMENT

KPS signed a conditional share sale agreement to acquire 100% stake in Toyoplas Manufacturing (Malaysia) Sdn Bhd from Toyoplas Consolidated Limited at the Hilton Petaling Jaya. The acquisition enables KPS to gain inroads into the global plastics injection moulding market, catering to the growing industrial demand for plastic components. Toyoplas has operations spread across China, Malaysia and Indonesia.

23 MAY 2019

42ND ANNUAL GENERAL MEETING

The Group held its 42nd Annual General Meeting at the Shah Alam Convention Centre, with KPS former Chairman, YM Raja Shareen Raja Othman and Managing Director/ Group CEO, Ahmad Fariz Hassan on hand to present the latest updates and answer queries from among the 400 shareholders and proxies in attendance.

11 JULY 2019

KPS WON CSR AWARD

KPS was awarded the Company of the Year under the Manufacturing and Trading sector by CSR Malaysia for its exemplary contribution to the socioeconomic transformation of Malaysia.

The Group's Deputy CEO (Finance & Corporate Services), Suzila Khairuddin was presented with the award by former Deputy Minister of Women, Family and Community Development, YB Hannah Yeoh in the presence of CSR Malaysia Chairman, Dato' R Rajendra (right) and CSR Malaysia Vice President, Lee Seng Chee (left) at the Sheraton Imperial Hotel Kuala Lumpur.

CALENDAR OF EVENTS

24 JULY 2019

EXTRAORDINARY GENERAL MEETING HELD TO APPROVE ACQUISITION OF TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

Shareholders of KPS gave their approval for the Group's acquisition of Toyoplas Manufacturing (Malaysia) Sdn Bhd during the Extraordinary General Meeting which was held at the Shah Alam Convention Centre.

11 OCTOBER 2019

CENTURY BOND BHD ACQUIRED MAJORITY STAKE IN TASPACK INDUSTRIAL SDN BHD

The Group's subsidiary company, Century Bond Bhd, signed a conditional share sale agreement via its wholly-owned subsidiary, Polyplus Packages (JB) Sdn Bhd, to acquire an 85% equity stake in Taspack Industrial Sdn Bhd, an offset carton box producer and instruction manual printer. The acquisition serves to expand CBB's capabilities as an integrated packaging solutions provider. Present at the signing ceremony were KPS Managing Director/Group CEO, Ahmad Fariz Hassan as well as Taspack owners, Dato' Lim Kian Tiong, Teo Kim Yan and Soo Yin Seong.

6 NOVEMBER 2019

SMARTPIPE TECHNOLOGY SDN BHD SIGNED JV AGREEMENT WITH MENTERI BESAR KEDAH INCORPORATED

The Group's subsidiary, Smartpipe Technology Sdn Bhd signed a Joint Venture (JV) Agreement with Menteri Besar Kedah Incorporated to undertake remedial projects on non-revenue water. Menteri Besar of Kedah, YAB Dato' Seri Utama Hj Mukhriz Tun Mahathir witnessed the exchange of agreements between KPS Managing Director Group CEO, Ahmad Fariz Hassan and MBI Kedah CEO, Dr Mahadi Mohamad at Wisma Darul Aman, Kedah.

AWARDS AND ACCOLADES

01	**CSR MALAYSIA AWARD 2019 COMPANY OF THE YEAR** Manufacturing and Trading CSR Malaysia Publications
02	**SILVER AWARD : EMPLOYER OF CHOICE (PRIVATE SECTOR) 2018** Malaysian Institute of Human Resource Management
03	**HR ASIA BEST COMPANIES TO WORK FOR IN ASIA 2018** HR Asia
04	**ASIA RESPONSIBLE ENTERPRISE AWARD 2018** Health Promotion Enterprise Asia
05	**2017 JURY AWARD** Selangor Sports Council
06	**SILVER AWARD : EMPLOYER OF CHOICE (PRIVATE SECTOR) 2017** Malaysian Institute of Human Resource Management
07	**CHAMPION 2016 RISK MANAGER OF THE YEAR** Malaysian Association of Risk and Insurance Management
08	**ASIA RESPONSIBLE ENTREPRENEURSHIP AWARD 2015** Social Empowerment Award (Asia) Enterprise Asia
09	**SECOND RUNNER-UP 2015 RISK MANAGER OF THE YEAR** Malaysian Association of Risk and Insurance Management
10	**ASIA RESPONSIBLE ENTREPRENEURSHIP AWARD 2013** Social Empowerment Award (Southeast Asia) Enterprise Asia

AWARDS AND ACCOLADES

01

02

03

04

05

06

07

08

09

10

MEDIA HIGHLIGHTS

PRINT MEDIA

KPS appoints Ahmad Fariz as MD, Kooy as non-executive director

KPS lantik Ahmad Fariz sebagai pengarah urusan

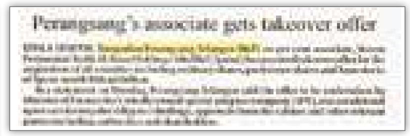
KPS tables RM311m offer for Toyoplas

KPS strengthens manufacturing segment following departure from utility business

SMART SOLUTION TO SAVING WATER

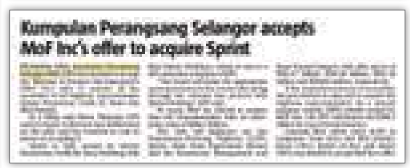
Compact Pipe® improves efficiency of water pipeline distribution networks

More acquisitions to follow — KPS



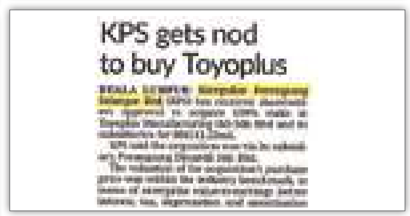
Perangsang's associate gets takeover offer

KPS says yes to Sprint Holdings stake sale



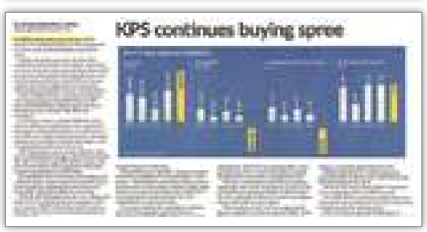
Kumpulan Perangsang Selangor accepts MoF Inc's offer to acquire Sprint

Fokus empat sektor niaga

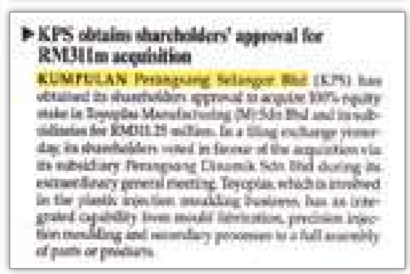


KPS gets nod to buy Toyoplus

KPS unit proposes selective capital reduction, repayment



KPS continues buying spree



KPS obtains shareholders' approval for RM311m acquisition

KUMPULAN Perangsang Selangor Bhd (KPS) has obtained its shareholders' approval to acquire 100% equity stake in Toyoplas Manufacturing (M) Sdn Bhd and its subsidiaries for RM311.25 million. In a filing exchange yesterday, its shareholders voted in favour of the acquisition via its subsidiary Perangsang Dinamik Sdn Bhd during its extraordinary general meeting. Toyoplas, which is involved in the plastic injection moulding business, has an integrated capability from mould fabrication, precision injection moulding and secondary processes to a full assembly of parts or products.

Kumpulan Perangsang Selangor declares special dividend of 32.6 sen

Umum dividen khas 32.6 sen

JV firm tackles non-revenue water

Its priority to replace nearly 9,000km of old asbestos cement pipes

SMARTPIPE Technology Sdn Bhd has formed a joint-venture company with Menteri Besar Kedah Incorporated (MBI Kedah) to undertake non-revenue water (NRW) and other water-related projects to remedy the NRW situation in Kedah.

This is in line with Syarikat Air Darul Aman's (Sada) mission to address the situation via sustainable infrastructure planning and development that will lead to attaining the stability of water supply in the state.

Kedah remains as one of the states in Malaysia with high NRW percentage, averaging 47.4% between 2015 and 2018.

As at August 2019, Kedah's NRW reading stood at 49.3%, which is 1.9% higher than the historical average.

Sada has identified ageing

tages over currently available products.

Combining its expertise in trenchless pipe rehabilitation with its experience in conventional pipe replacement works, Smartpipe Technology is ready to help resolve the NRW issues via the joint-venture company incorporated as Darul Aman Water Solutions Sdn Bhd (DAWS). MBI Kedah is the majority shareholder of DAWS at 51%.

DAWS' immediate priority is to either rehabilitate or replace the asbestos cement water pipes, most of which are ageing, in Kedah.

Of the 13,159km water pipeline network in the northern state, 8,942km — or approximately 67.9% — are made of asbestos cement.

The joint-venture agreement

given the opportunity to play a pivotal role in paving the way to ensure sustainability of water supply in Kedah.

"With Smartpipe's proven technical expertise in the areas of pipe rehabilitation and replacement, we are confident that Darul Aman Water Solutions Sdn Bhd will be able to gradually tame the NRW situation in Kedah to more manageable levels in the next few years, as planned.

"Guided by MBI Kedah's vision and supported by our expertise, be assured that DAWS will be instrumental in carrying out one of the major sustainable development plans, which is to provide solutions for NRW that we are all in dire need of," he concluded.

Ahmad Fariz (front, right) and Mahadi exchanging the documents after signing the joint-venture agreement, with Mukhriz (centre) witnessing the signing.

MEDIA HIGHLIGHTS

ONLINE MEDIA

Kumpulan Perangsang Selangor welcomes new chairman

KPS posts record net profit and revenue in Q4 2018

Perangsang Selangor buys Toyoplas for RM311mil

Perangsang Selangor tumpu empat sektor niaga jayakan BTP

KPS dapat kelulusan pemegang saham ambil alih Toyoplas dengan nilai RM311.25 juta

KPS unit proposes Century Bond capital reduction at RM1.75 per share

KPS declares special dividend of 33.4 sen following Splash stake sale

Kumpulan Perangsang's associate receive takeover offer for entire stake in Sprint

Sekutu Kumpulan Perangsang terima tawaran pengambilalihan bagi keseluruhan kepentingan dalam Sprint

KPS gets shareholders' approval to acquire Toyoplas for RM311.25 mln

Kumpulan Perangsang Selangor umumkan dividen khas 33.4 sen

Kumpulan Perangsang rises 12% following Splash dividend announcement

Sprint sahkan terima tawaran pengambilalihan

Sprint Highway takeover 'positive' for company, says minority shareholder

KPS to acquire Toyoplas for RM311.25m

Kumpulan Perangsang Selangor buys plastic injection moulding firm for RM311.25m

Perangsang Selangor to focus on four business sectors

Perangsang Selangor acquires Toyoplas for RM311m

DAWS diharap dapat atasi masalah bekalan air di Kedah – Mukhriz

SELANGOR

Perangsang Selangor tumpu empat perniagaan

Oleh Nohayati Umar

SHAH ALAM, 23 MEI: Kumpulan Perangsang Selangor Bhd (Perangsang Selangor) kini memfokuskan empat perniagaan utama membabitkan perkilangan, perdagangan, perlesenan dan infrastruktur.

THE EDGE MARKETS

Putrajaya offers to buy SPRINT for RM1.98 billion

Surin Murugiah | 24 June 2019

KUALA LUMPUR (June 24): Kumpulan Perangsang Selangor Bhd (KPS) said Minister of Finance Inc (MOF Inc) has made an offer to acquire all the securities of its 20% associated company, Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd (SPRINT Holdings) for RM1.98 billion, less debts.

It said MOF Inc had made the offer on June 21, and that the acquisition will be undertaken by a special purpose company wholly owned by MOF Inc.

KPS said the offer is subject to satisfactory due diligence findings, the approval of the Cabinet of Malaysia, the execution of a definitive agreement in respect of the offer and adherence to the terms of the offer.

Kumpulan Perangsang Selangor's 3Q improves with manufacturing uplift

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 ("CG Statement") 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 2019. This Statement is complemented with a Corporate Governance Report ("CG Report 2019"), 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.perangsangselangor.com and the Bursa Securities website. The CG Report 2019 provides a detailed explanation of how the Company has applied each Practice under the MCCG during financial year 2019 ("FY2019").

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's commitment to CG, KPS was ranked 46th among 100 public-listed companies ("PLC") in the 2018 ASEAN Corporate Governance Scorecard assessment, a joint initiative by the Minority Shareholder Watchdog Group ("MSWG") and the Asian Development Bank, benchmarked against international best practices.

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.

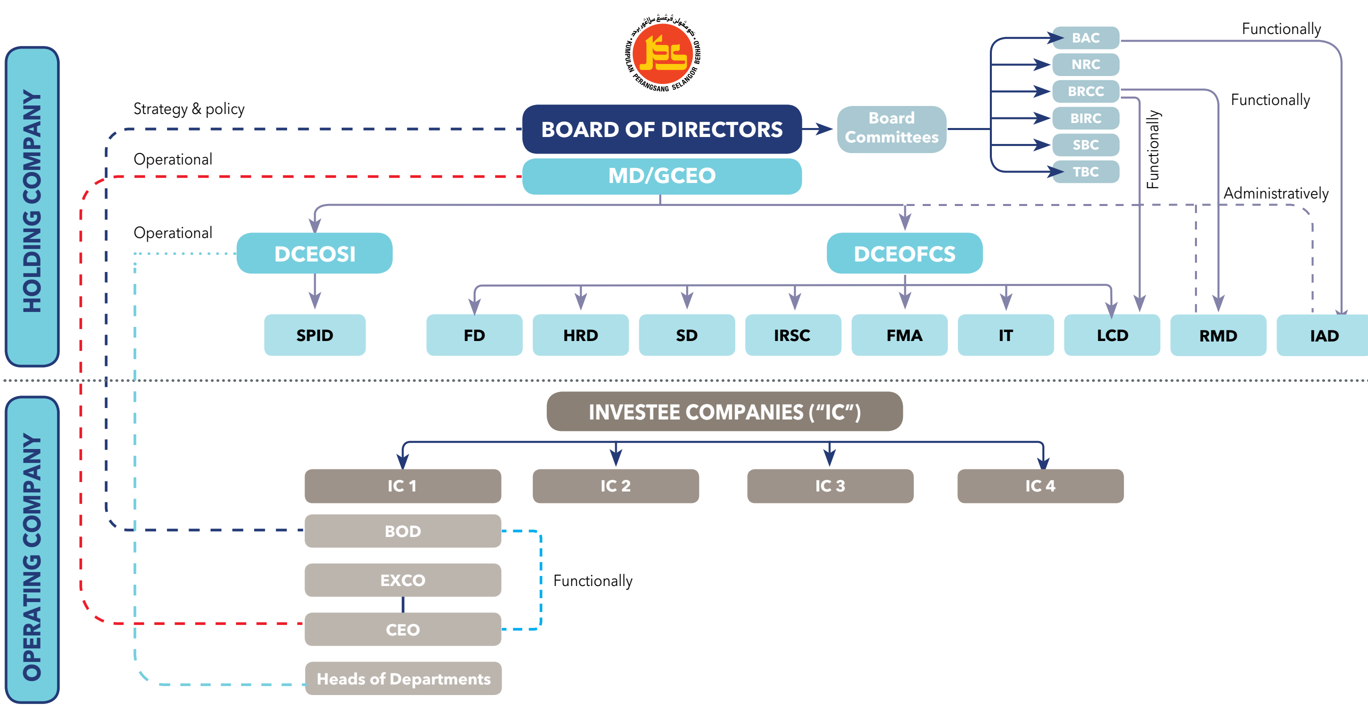
During FY2019, several enhancements were implemented, inter alia, the establishment of the Policy for Board Representation in Subsidiary and Associate Companies under KPS Group ("BR Policy"); Policy for Appointment of Head of Subsidiary; a revision of the Board Charter and Terms of Reference ("TOR") of Board Committees ("BC"); Anti-Bribery and Anti-Corruption Policy ("ABC Policy"); Compliance Policy for KPS Group and establishment of the compliance function spearheaded by the Legal and Compliance Department ("LCD"), aimed at preventing and minimising exposure to the risk of violating laws and regulations within KPS Group.

The enhancement initiatives 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 endeavour to 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 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. This OMS will facilitate the Board in ensuring orderly and effective discharge of the Board's responsibilities at investee companies with regards to key areas of strategy & policy, control & 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 Risk and Compliance Committee ("BRCC"); 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"); Investee Companies ("IC").

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, BRCC, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

KPS, as an active shareholder, places great emphasis on strategy, policies and performance management as outlined below:

HOLDING COMPANY

BOARD OF DIRECTORS

PRE-INVESTMENT

- Deliberate and approve acquisition/divestment in-line with KPS' strict investment criteria.
- Determination of reserve matters for all acquisitions especially:
  - Variation of business plan;
  - Change of companies' structure;
  - Threshold of investment or Capital Expenditure ("CAPEX");
  - Appointment of key personnel; and
  - Divestment of assets in total or part.
- To approve the financing required for the proposed acquisition.

POST INVESTMENT/EXECUTION

- Approval and oversight of the overall strategic direction of Group e.g. Group's policies, budget and business plan.
- Approval of reserve matter issue.
- Introduction of group-wide policies.

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 and conduct the roles and responsibilities of each EXCO member of the IC. Execution of IC plans are aligned to KPS' Group-wide strategies & policies as outlined below:

INVESTEE COMPANIES

BOARD OF DIRECTORS

PRE-INVESTMENT

Not Applicable ("N/A")

POST INVESTMENT/EXECUTION

- Appointment of KPS Director as Chairman of IC.
- Formulating business plan and budget aligned to KPS' objectives.
- Ensure reserved matters are adhered to.
- Ensure Group-wide policies cascaded by KPS are adhered to.
- Overseeing and evaluating the conduct of the business.
- Appointment of independent industry experts as Independent Non-Executive Director ("INED") (if necessary).
- Appointment of key senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Following each acquisition of an IC, existing Holding Board members are nominated as nominee directors ("ND") 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 NDs' fiduciary duties to act in good faith in the interest of the IC.

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

PRINCIPLE A

BOARD LEADERSHIP & EFFECTIVENESS

- Board Responsibilities
- Board Composition
- Remuneration

PRINCIPLE B

EFFECTIVENESS AUDIT AND RISK MANAGEMENT

- Audit Committee
- Risk Management and Internal Control Framework

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

- Communication with Stakeholders
- Conduct of General Meeting

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I) BOARD RESPONSIBILITIES

Primary Responsibility of the Board (Practice 1.1 – 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 (Practice 1.1 – MCCG)**

  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, namely Encik Ahmad Fariz bin Hassan.

During FY2019, ten (10) formal board meetings were held together with the MD/GCEO and Senior Management team for the purposes of planning, execution of policies and monitoring of the same. Besides these formal meetings, separate offsite informal sessions (Board Retreat Sessions, or BRS) were also held between the Board and Senior Management including Heads of Subsidiaries. These BRS were intended to facilitate brainstorming, in-depth discussions on issues/challenges, the exchange of views and opinions, and the further formulation of strategic initiative plans charting the direction of the Group.

The progress of ongoing strategic initiative plans, their execution and challenges, were also reported to the Board throughout the year at the quarterly Board meetings to enable the Board to monitor and track the implementation of such plans by Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- **Overseeing and Evaluating the Conduct of the Company's Business (Practice 1.1 – MCCG)**

  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, 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 (Practice 1.1 – MCCG)**

  In ensuring that the strategic initiatives plan supports long term value creation and includes sustainability strategies for the economic, environmental and social ("EES") dimensions, 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 in its sitting 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 EES considerations. Guided by the Sustainability Policy, the Group shall take considerable steps to:

  a) Ensure that its activities create long term value for all stakeholders via sustainable development practices; and

  b) 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 (Practice 1.1 – MCCG)**

  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 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 Board Succession Planning for KPS Holding Board in the BC and Board Representatives ("BR") in the IC to ensure continuity of Board effectiveness and sustainability of the Company.

  As for Talent Management & Succession Planning for Senior Management, during the financial year under review, the NRC had on 21 August 2019 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 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. Meanwhile, at subsidiaries level, the boards of the respective subsidiaries have endorsed the Talent Management and Succession Planning for Head of Subsidiary position.

- **Separation of Powers between Chairman of the Board and Management (Practice 1.2 & 1.3 – MCCG)**

  The roles of Chairman and MD/GCEO are held by two (2) 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 Chairman, YB Dato' Nor Azmie bin Diron is a Non-Independent and Non-Executive Chairman ("NINEC") and presides over the meetings of the Board and manages the Board by focusing on strategy, governance and compliance as well as collective oversight of Management. His role and function are clearly separated and distinct from the MD/GCEO. The MD/GCEO is responsible for implementation, as well as directing the business operations of the Group on a day-to-day basis. The separation of powers ensures that no one individual has unfettered decision-making powers, thus, safeguarding the equilibrium of power in the Company.

  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. The same applies to the Company's financial and non-financial reporting to ensure reliability, timeliness, transparency and compliance with the relevant standards.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- **Qualified and Competent Company Secretaries (Practice 1.4 – 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 play an advisory role to the Board on issues relating to compliance with laws, rules, procedures and regulations 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 Board Committees' meetings; attending and recording all Board and Board Committees' 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 2019	Date
1.	Puan Hashimah binti Mohd Isa (Practicing Certificate No. 201908000993/MACS 01269)	• Sustainability Training and Awareness Programme • Corporate Liability Provision & Governance, Risk & Controls • Resolving Conflict in the Boardroom • Company Secretaryship in the Digital Landscape – Challenge • Corporate Liability, Section 17A of the Malaysian Anti-Corruption Commission Amendment Act 2018 (MACC Act) and Introduction to Compliance • Cyber Security Risks – "Who Should Be Managing Them?"	• 7 May 2019 • 5 July 2019 • 15 July 2019 • 18 – 19 September 2019 • 9 October 2019 • 22 October 2019
2.	Puan Selfia binti Muhammad Effendi (Practicing Certificate No. 201908000999/MAICSA 7046782)	• Sustainability Training and Awareness Programme • MAICSA Conference 2019 • Corporate Liability Provision & Governance, Risk & Controls • KPS Leadership Development Programme • Listing Requirements Chapter 10 Transactions – Tackling Practical Issues • Corporate Liability, Section 17A, MACC Act and Introduction to Compliance • Certificate of Corporate Governance	• 7 May 2019 • 2 - 3 July 2019 • 5 July 2019 • 26 – 27 July 2019 • 1 August 2019 • 9 October 2019 • 15 - 17 October 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- **Board Meeting and Supply of Meeting Papers/ Information (Practice 1.5 – MCCG)**

  In support of a paperless environment and in line with the Group sustainable practices, the Company had since August 2014 started uploading meeting documents onto tablet devices for Directors' convenient reference. This initiative enables digital access to meeting documents instead of requiring distribution of hard copies. As a result, Directors and committee members can access meeting documents in a timely and more efficient manner, thus improving Board performance and overall effectiveness of decision-making. The draft minutes of Board and BC meetings were disseminated via email for the Board's review and comments before tabling at the following meetings for confirmation and signature by the respective Chairperson.

  The signed board minutes are entered in minutes books kept by the Company Secretary at the registered office.

  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 – 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. The Board is guided by the Board Charter which provides a reference for Directors to effectively and efficiently discharge their stewardship on matters relating to the Board, its BC and their processes. The Board had on 28 November 2019 approved the revision of the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities and to further strengthen the governance and management of the Company.

  The Board Charter is available at KPS' website at www.perangsangselangor.com.

- **Code of Conduct (Practice 3.1 – MCCG)**

  In addition, 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 administrating 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 – MCCG)**

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

  This Whistleblowing Policy is intended to provide a framework to promote responsible whistleblowing without fear. Responsible whistle-blowers 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 which Companies 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.

The Whistleblowing Policy provides the contact details of the Head of IAD (via email: whistleblowingofficer@kps.com.my or telephone: +603-55248787) and the Chairman of the BAC, namely Dato' Idris bin Md Tahir, (idris_bssb@hotmail.com) 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 in the Company's corporate website at www.perangsangselangor.com.

- **Anti-Bribery and Anti-Corruption Policy**

In line with the amendment to the MMLR of Bursa Securities 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.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II) BOARD COMPOSITION

- **Board Composition (Practice 4.1 – MCCG)**

The Board, led by a NINEC, consists of eight (8) Non-Executive Directors ("NEDs") and a MD/GCEO. The existing composition is in line with Paragraph 15.02 of Bursa Securities MMLR (at least one third (1/3) of the Board of Directors are Independent Directors) and Practice 4.1 of the MCCG (at least half of the board comprises Independent Directors).

Currently, 67% of the Board members are Independent Non-Executive Director ("INEDs"). The high proportion of INEDs provides for an effective check and balance in the functioning of the Board.

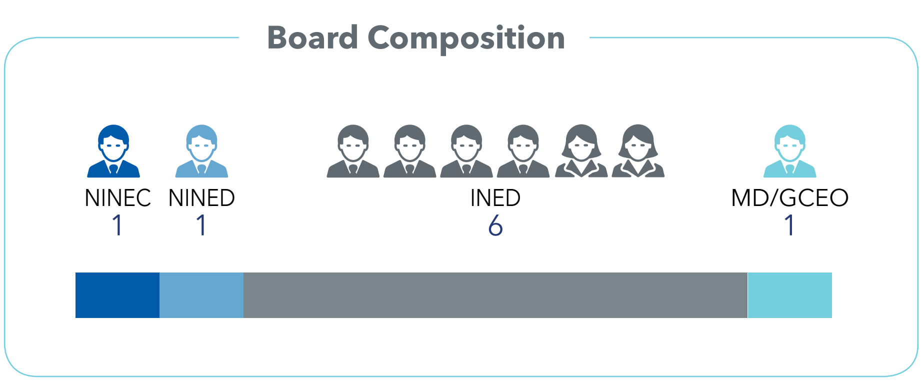
Name of Director		Designation
1.	YB Dato' Nor Azmie bin Diron*	NINEC
2.	Encik Soffan Affendi bin Aminudin**	NINED
3.	YBhg Dato' Idris bin Md Tahir	INED
4.	YBhg Dato' Ikmal Hijaz bin Hashim	INED
5.	Puan Rita Benoy Bushon	INED
6.	Puan Norliza binti Kamaruddin	INED
7.	Encik Koay Li Onn (Leon)	INED
8.	Encik Ahmad Fariz bin Hassan	MD/GCEO
9.	YBhg Dato' Noorazman bin Abd Aziz***	INED

Note:

* Appointed as NINEC on 17 January 2020

** Appointed as NINED on 17 January 2020

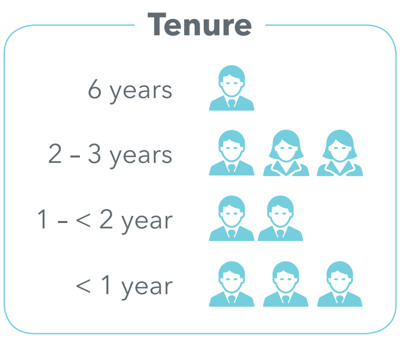
*** Appointed as INED on 1 January 2020



CORPORATE GOVERNANCE OVERVIEW STATEMENT

- **Tenure of Independent Directors (Practice 4.2 & 4.3 – MCCG)**

The Board has in place an Independent Director Tenure Policy ("IDT Policy") which limits the tenure of INEDs to nine (9) years in line with Practice 4.2 of the MCCG. Upon completion of the nine (9) years, an independent director 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 re-designate the affected director(s) as NID. Currently, none of the INEDs has served on the Board for more than nine (9) years from the date of his or her appointment. This is in adherence to Practice 4.2 of the MCCG, IDT Policy and Board Charter of the Company which limits an INED's tenure of service to a maximum of nine (9) years.



During the financial year under review, the NRC and Board have assessed, reviewed and determined that the independence of the INEDs remains objective and intact, based on the criteria for assessment of independence of Directors developed by the NRC. The INEDs have declared themselves to be independent from Management and free of any relationship 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 INEDs were made via written confirmation to the NRC during the Annual Board Evaluation ("ABE") for 2019.

- **Appointment of Director (Practice 4.4 & 4.6 - MCCG)**

The NRC is responsible for reviewing the Board's composition and recommending to the Board appointments of any new Directors or re-election of Directors. In such review, the NRC shall evaluate the candidate for Board membership against the relevant criteria developed by the NRC in a formal and transparent procedure considers the candidates':

i) skills, knowledge, expertise and experience (based on the current Board Skill Matrix);
ii) professionalism;
iii) integrity; and
iv) in the case of candidates for the position of INEDs, the NRC would also evaluate the candidates' ability to discharge such responsibilities/ functions as expected from INED.

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. However, if the need arises, the Board can seek independent professional search firm assistance to source for candidates. For example, YBhg Dato' Ikmal Hijaz bin Hashim was sourced through the Institute of Corporate Directors Malaysia (ICDM) database.

The Board has established a clear and transparent nomination process for the appointment of a Director of the Company. The nomination process involves the following seven (7) stages:

i) Identification of candidates (nomination by existing Director, Management, independent search firm or major shareholder);
ii) Evaluation of suitability of candidates (based on the selection criteria taking into consideration the Board Skill Matrix and the current/future needs of the Company);
iii) Background screening and verification;
iv) Interview by NRC members;
v) Final deliberation by the NRC;
vi) Recommendation to Board for decision; and
vii) Formal invitation by the Chairman.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During FY2019, the Board composition was refreshed as the Company continued its Business Transformation Plan journey and ongoing strategic shift towards becoming a high-growth and returns-focused entity. Premised on this, the new appointment to the Board is YBhg Dato' Noorazman bin Abd Aziz as INED, appointed on 1 January 2020. YBhg Dato' Noorazman bin Abd Aziz has a strong track record in investments, corporate finance and consulting practice, bringing corporate, financial and strategic advice and solutions which KPS could leverage on. He has 37 years of financial management, corporate planning and management experience. Besides that, YBhg Dato' Noorazman bin Abd Aziz is an experienced board member of companies from a wide range of sectors and has a proven record of establishing and executing turnaround plans.

The above appointment took into consideration the 2019 self-evaluation on Director's competencies, where one of the least familiar skill areas for the majority of the Board members was in relation to investment management and private equity, which only scored 33%. Given that KPS is an investment holding company, it is imperative for the Board to have suitable candidate(s) who possess practical experience in investment management and private equity in pursuit of achieving the desired board composition. The required composition remains a key ingredient in influencing how the Board functions, and the dynamics between its members.

In addition to the above appointment, the Board had appointed two (2) additional Directors on 17 January 2020, namely YB Dato' Nor Azmie bin Diron and Encik Soffan Affendi bin Aminudin to represent the interests of KPS' major shareholder in further strengthening the board composition.

YBhg Dato' Nor Azmie bin Diron has spent more than 25 years in the Public Service with vast experience in finance and economic sectors and his areas of expertise are Government Relations, Accounting and Economics, which would bring further valuable assistance in navigating and ascertaining the government's perspectives on various matters relevant to KPS. YBhg Dato' Nor Azmie bin Diron has been the Selangor State Finance Officer since 1 January 2018.

Meanwhile, Encik Soffan Affendi bin Aminudin has more than 18 years of experience in audit, investment research, private equity investment and was previously the Head of Corporate Finance of Alam Maritim Resources Berhad before being re-designated as Chief Financial Officer until November 2014. He joined Menteri Besar Selangor (Incorporated) ("MBI") on 1 December 2014 as Chief Operating Officer and was appointed as Acting Chief Executive Officer ("ACEO") of MBI on 1 December 2019. His areas of expertise are accounting, financial reporting and private equity investment.

With the recent appointments, the Directors include professionals in the fields of strategic planning & business strategy, corporate finance, legal, communication, project management, corporate governance, audit, risk management, accounting, internal control, financial reporting, human capital, sales & marketing and international business relations. 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.

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. A Board Skills Matrix has been developed to serve as a guide in identifying potential candidates to meet the level of independence and targeted gender representation as recommended by the MCCG and to facilitate Board succession.

On this note, the NRC had on 14 February 2020 conducted a rigorous review of the BC membership and BR nominees in IC, which was subsequently endorsed by the Board on 27 February 2020.

The profiles of all the Directors are set out from pages 72 to 80 of this Annual Report.

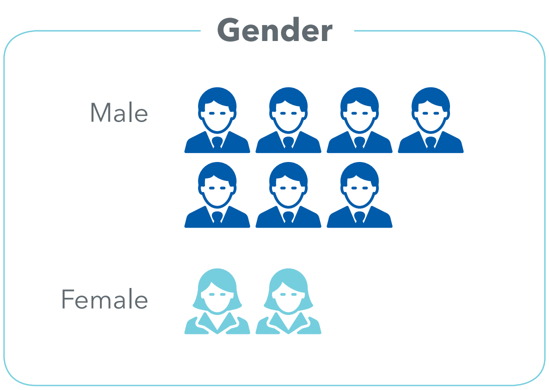
CORPORATE GOVERNANCE OVERVIEW STATEMENT

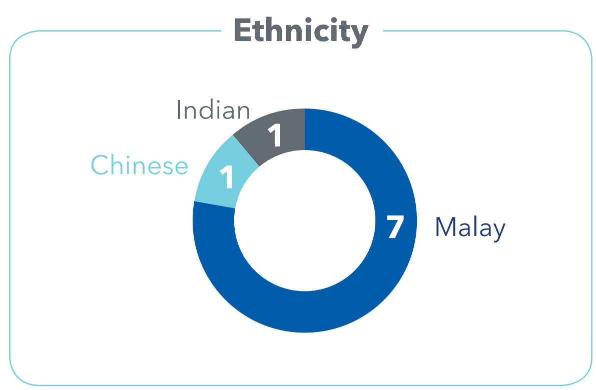
- **Board Diversity (Practice 4.5 – MCCG)**

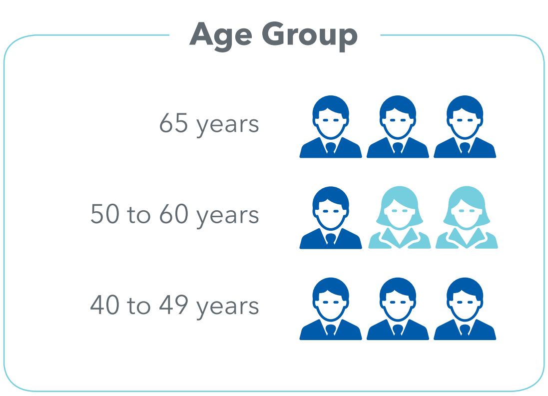
  The Board is mindful of diversity as an important element in maintaining its competitive advantage in the areas of skills and competencies, experience and background, age, gender, ethnicity and nationality, in order to ensure a balanced and effective decision-making process. In this regard, the Board embraces initiatives that encourage greater diversity throughout the organisation and in the boardroom, including gender diversity which has been the topic of global discussions.

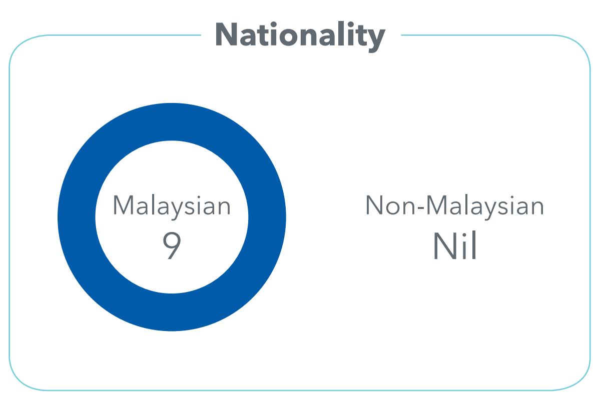
  Currently, the Board composition and all Board appointments are based on merit and to fill the gaps in the skill-set matrix identified as necessary to provide a balanced board composition. To uphold its gender diversity commitment, the Company currently has two (2) women Directors.

  The overview of Board Composition and Diversity for the Company are illustrated as follows:









CORPORATE GOVERNANCE OVERVIEW STATEMENT

Skills, experience and industry background of the Board:

Skill Sets of The Board 2019

Strategic Planning and Business Strategy	94%
Corporate Finance	78%
Legal & Regulatory Requirements	78%
Communications	78%
Project Management	72%
Corporate Governance	72%
Audit	72%
Human Capital	72%
Risk Management and Internal Control	72%
Financial Reporting	72%
Accounting	72%
Change Management	67%
Sales and Marketing	67%
International Business Relations	61%
Treasury Management	50%
Information Technology	50%
Taxation	44%
Production and Quality Assurance	44%
Others - Sustainability	33%
Others - Investment	33%
Others - Stakeholder Management	17%

Experience of The Board 2019

Private Companies	94%
Public/Public Listed Companies	89%
Professional Services/Bodies	78%
Government/Government Agencies/ Regulatory Bodies	78%
International Posting	50%

Industry Background of The Board 2019

Investment Holding & Property Investment	83%
Banking & Finance	78%
Infrastructure and Utilities	78%
Manufacturing	61%
Oil & Gas	56%
Licensing	56%
Water & Sewerage	50%
Transportation	50%
Electricity/Power Generation	50%
Trading	50%
Telecommunications	44%
Others - Consulting	17%
Others - Food & Beverages	17%
Others - Properties	17%
Others - Pension Industry	17%

The Board Diversity Policy can be found on the Company's corporate website at www.perangsangselangor.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- **Nomination and Remuneration Committee (Practice 4.7 – MCCG)**

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 were combined for the purposes of convenience, practicality and to enhance the work efficiency.

The composition of the NRC was re-constituted following the composition review of KPS BC carried out on 27 February 2020. Presently, the NRC comprises exclusively NEDs with majority being Independent Directors. YBhg Dato' Ikmal Hijaz bin Hashim was appointed as member of the NRC on 17 January 2020, before being re-designated as Chairman of NRC on 27 February 2020 following the resignation of YBhg Dato' Mohamed Ross bin Mohd Din on 1 January 2020. 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 are appointed by the Board from amongst the Directors of the Company and consist exclusively of NEDs, the majority of whom are independent.

	Name of NRC member	Designation
1.	YBhg Dato' Ikmal Hijaz bin Hashim	Chairman of NRC, INED
2.	YBhg Dato' Idris bin Md Tahir	Member, INED
3.	Puan Norliza binti Kamaruddin @	Member, INED
4.	Encik Soffan Affendi bin Aminudin @	Member, NINED

Note:
@ Both are appointed as NRC members on 17 January 2020.

Amongst the main objectives of the NRC are as follows:

a) Primary objectives in relation to the nomination function:

i. In assessing the existing directors' ability to contribute to the effective decision making of the Board;

ii. In identifying, recommending appointments of directors and orientating new directors;

iii. In identifying the mix of skills and experience and other qualities the Board requires for it to function completely and efficiently;

iv. In identifying, assessing and recommending to the Board of KPS, the NEDs/external experts as board representative to sit on the board of subsidiaries and/or associate companies;

v. In reviewing and recommending to the Board of KPS the executive appointments of the MD/GCEO of KPS; and

vi. 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 in relation to remuneration function:

i. To review and recommend to the Board the remuneration packages for the NEDs, Board Committees members and MD/GCEO of KPS; and

ii. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NRC Activities during FY2019 (Paragraph 15.08A(3) of Bursa Securities MMLR)

During FY2019, there were five (5) NRC meetings held and the following matters were reviewed:

i. Assessment of 2018 CKIs and KPIs for MD/GCEO of KPS;

ii. Proposed 2019 CKIs and KPIs for MD/GCEO of KPS;

iii. Proposed payment of Performance Bonus for year ended 31 December 2018 and 2019 Performance Increment of KPS;

iv. Proposed payment of Performance Bonus for year ended 31 December 2018 for the MD/GCEO of KPS;

v. Status of Staff Optimisation progress update;

vi. Outcome of the ABE of KPS for the financial year ended 31 December 2018;

vii. Re-election of Directors who were retiring pursuant to Articles 84 and 90 of the Company's Constitution;

viii. Update of the Talent Management and Succession Planning programme for C and C-1 Level at KPS;

ix. 2019 CKIs and KPIs for MD/GCEO as at 30 June 2019;

x. Appointment of Acting Chief Executive Officer of subsidiary; and

xi. Candidates for appointment as Independent Director 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.perangsangselangor.com.

- **Annual Board Evaluation (Practice 5.1 – 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 as a whole, the BC, Directors' peer evaluation as Director at Holding Board as well as BR at the IC and INEDs' assessment. Besides that, the NRC has also reviewed the term of office and performance of the BAC and each of its members annually to determine whether such BAC and its members have carried out their duties in accordance with their TOR. The ABE was facilitated by the Company Secretaries upon making the necessary reference to the Bursa CG Guide Third ("3rd") Edition, MCCG and good CG compliance companies.

During the year, the effectiveness of the Board as a whole was assessed in the areas of the Board's roles and responsibilities, Board operations (meeting process, administration and conduct), adding value on the strategic initiatives of the Company, Governance as well as the effectiveness of the Chairman.

The effectiveness of the BC was assessed in terms of its composition, responsibilities, the channelling of useful information and recommendations to the Board in support of the Board's decision-making process as well as the effectiveness of the Chairman of the respective BC.

As for assessment of individual Directors, the areas of assessment were leadership, integrity, contribution to overall strategic thinking and ideas amongst the ten (10) performance attributes. Besides that, the ABE also included an assessment of each individual Director who is the BR of the Holding Board in subsidiaries under KPS Group. This is in line with the BR Policy approved by the Board on 29 August 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The criteria used in the assessment of the BAC as a whole were quality and composition, skills and competencies and meeting administration and conduct. As for the assessment of individual BAC members, the areas of assessment were the interpersonal qualities, experience, participation in ongoing education, analytical thinking, understanding of risk, understanding of Company's compliance processes, understanding of financial and statutory reporting requirements, significant accounting policies, accounting estimates and financial reporting practices.

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 form one of the basis 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. Details of the ABE 2019 processes can be found in the CG Report 2019 of the Company under Practice 5.1.

- **Directors' Time Commitment (Paragraph 15.05(3) (c) of Bursa Securities MMLR)**

  Board meetings for each financial period are scheduled and informed to the Board in advance before the end of each financial year to enable the Directors to plan accordingly and fit the year's Board meetings into their respective calendar.

  During FY2019, ten (10) board meetings were held which comprised five (5) scheduled meetings and five (5) special meetings. All Directors attended more than 90% of the Board meetings held during FY2019. In addition, the Board also attended the two (2) BRS which were held off-site together with the MD/GCEO and Senior Management team of the Company and its subsidiaries. Besides that, the Board also had regular and direct engagement with the Senior Management team throughout the year including private sessions, pre-Board and BC meetings. The number of meetings convened by the Board, each BC and general meeting are as follows:

Types of Meetings	Board	BAC	NRC	BRCC	BIRC	SBC	TBC	AGM	EGM	Total Meetings for 2019
Number of Meetings in 2019	10	7	5	4	5	4	1	1	1	38

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The respective Directors' attendance are as follows:

Director	Board		BAC		NRC		BRCC		BIRC		SBC		TBC		AGM		EGM	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
DI	10/10	100	7/7	100	4/5	80							1/1	100	1/1	100		
DIH	10/10	100					4/4	100	5/5	100			1/1	100	1/1	100	1/1	100
RB	9/10	90	7/7	100			4/4	100			4/4	100			1/1	100		
NK	9/10	90									3/4	75	1/1	100	1/1	100	1/1	100
LK	10/10	100	7/7	100					5/5	100	4/4	100			1/1	100	1/1	100
^AFH	10/10	100													1/1	100	1/1	100
Former members who served during the year under review																		
*YMRS	10/10	100	6/7	86	5/5	100			4/5	80					1/1	100	1/1	100
#DMR	9/10	90	2/3	67	5/5	100	4/4	100	5/5	100					1/1	100		
$SK	6/6	100							1/3	33					1/1	100	1/1	100
@DKB	6/6	100			3/3	100	2/2	100			2/2	100			1/1	100		

Notes:

^AFH is not a member of any BC

*YMRS - Resigned as NINEC, NRC, BAC and BIRC member on 17/1/2020 respectively

#DMR - Resigned as BAC member on 17/7/2019 and as INED, NRC, BRCC & BIRC member on 1/1/2020

$SK - Resigned as NINED, BIRC and TBC member on 19/8/2019

@DKB - Resigned as INED, NRC, BRCC and SBC member on 15/6/2019

Abbreviation

YMRS	- YM RAJA SHAHREEN BIN RAJA OTHMAN
DI	- DATO' IDRIS BIN MD TAHIR
DIH	- DATO' IKMAL HIJAZ BIN HASHIM
RB	- RITA BENOY BUSHON
NK	- NORLIZA BINTI KAMARUDDIN
LK	- KOAY LI ONN (LEON)
AFH	- AHMAD FARIZ BIN HASSAN
DMR	- DATO' MOHAMED ROSS BIN MOHD DIN
SK	- SUHAIMI BIN KAMARALZAMAN
DKB	- DATO' KAMARUL BAHARIN BIN ABBAS

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- **Directors' Continuous Education Programme (Paragraph 15.08(3) of Bursa Securities MMLR)**

The Board believes that continuing development is necessary for effective Board leadership and oversight. Hence, the Directors are to keep themselves abreast of developments in the business environment as well as any new relevant regulatory and statutory requirements. This can be achieved, amongst others, through training provided externally or internally, access to relevant publications and continuous professional education as required by the respective professional bodies.

In compliance with the Bursa Securities MMLR, all Directors have attended the required Mandatory Accreditation Programme ("MAP"), including the newly appointed Director, namely Dato' Noorazman bin Abd Aziz, prior to joining KPS on 1 January 2020. Dato' Nor Azmie bin Diron and Encik Soffan Affendi bin Aminudin attended the MAP on 31 March, 7 & 9 April 2020 and 7, 8 & 9 April 2020 respectively.

Besides that, the Directors are also updated by the Company Secretaries on any changes to legal and governance practices which affect the Directors, from time to time. During FY2019, the Secretarial Department and LCD organised training on the Corporate Liability Provision and Governance, Risk and Control, Cyber Security Risks – "Who should be Managing Them", Section 17A of the MACC Act for the Board and Senior Management of KPS.

Forums including training programmes, courses, seminars, conferences and talks attended by the Directors during the year are as shown below:

Directors	Course Attended	Date	Remarks/Organiser
YBhg Dato' Idris bin Md Tahir	In-house training – i. Corporate Liability Provision & ii. Governance, Risk & Controls	5 July 2019	Secretarial Department – Speaker: Mr Lee Min Onn
	Corporate Liability, Section 17A, MACC Act	9 October 2019	Suruhanjaya Pencegahan Rasuah Malaysia ("SPRM") & LCD
	ICDM International Directors Summit 2019	14 – 15 October 2019	Institute of Corporate Directors Malaysia
YBhg Dato' Ikmal Hijaz bin Hashim	Corporate Governance Case Study Workshop	18 April 2019	Bursa Malaysia
	In-house training – i. Corporate Liability Provision & ii. Governance, Risk & Controls	5 July 2019	Secretarial Department – Speaker: Mr Lee Min Onn
	Audit Committee Institute Breakfast Round Table 2019	6 August 2019	The Audit Committee Institute
	The Convergence of Digitisation and Sustainability	23 August 2019	Bursa Malaysia
	Corporate Liability, Section 17A, MACC Act	9 October 2019	SPRM & LCD
	The Diverse Facets of Leadership	18 November 2019	PNB

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Course Attended	Date	Remarks/Organiser
Puan Rita Benoy Bushon	In-house training – i. Corporate Liability Provision & ii. Governance, Risk & Controls	5 July 2019	Secretarial Department – Speaker: Mr Lee Min Onn
	"Value Based Intermediation: Directors' Role"	1 August 2019	FIDE Forum – ISRA Programme
	Directorship Journey – An Exclusive Fireside Chat	27 June 2019	FIDE Forum – ISRA Programme
	Corporate Liability, Section 17A, MACC Act	9 October 2019	SPRM & LCD
	ICDM International Directors Summit 2019	14 – 15 October 2019	Institute of Corporate Directors Malaysia
	In-house training - Cyber Security Risks –"Who Should Be Managing Them"?	22 October 2019	Secretarial Department – Speaker: Mr Lee Min Onn
	The Legend of Huawei and Xiaomi	12 December 2019	CHK Consultancy Sdn Bhd
Puan Norliza binti Kamaruddin	ICDM – The Role of Audit Committee in Ensuring Organisational Integrity, Risk Governance	9 – 10 April 2019	Institute of Corporate Directors Malaysia
	In-house training – i. Corporate Liability Provision & ii. Governance, Risk & Controls	5 July 2019	Secretarial Department – Speaker: Mr Lee Min Onn
	Financial Language in the Boardroom	15 – 16 July 2019	Institute of Corporate Directors Malaysia
	ICDM International Directors Summit 2019	14 – 15 October 2019	Institute of Corporate Directors Malaysia
	In-house training - Cyber Security Risks –"Who Should Be Managing Them"?	22 October 2019	Secretarial Department – Speaker: Mr Lee Min Onn

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Course Attended	Date	Remarks/Organiser
Encik Koay Li Onn (Leon)	The Mandatory Accreditation Programme (MAP)	28 February – 1 March 2019	The Iclif Leadership and Governance Centre
	Digital Upskilling for Boards	5 August 2019	Institute of Corporate Directors Malaysia (ICDM)
	Corporate Liability, Section 17A, MACC Act	9 October 2019	SPRM & LCD
	ICDM International Directors Summit 2019	14 – 15 October 2019	Institute of Corporate Directors Malaysia
	In-house training - Cyber Security Risks - "Who Should Be Managing Them"?	22 October 2019	Secretarial Department – Speaker: Mr Lee Min Onn
Encik Ahmad Fariz bin Hassan	MAP	11 – 12 April 2019	The Iclif Leadership and Governance Centre
	In-house training – i. Corporate Liability Provision & ii. Governance, Risk & Controls	5 July 2019	Secretarial Department - Speaker: Mr Lee Min Onn
	Corporate Liability, Section 17A, MACC Act	9 October 2019	SPRM & LCD
	ICDM International Directors Summit 2019	14 – 15 October 2019	Institute of Corporate Directors Malaysia
FORMER MEMBERS WHO SERVED DURING THE YEAR UNDER REVIEW			
YM Raja Shahreen bin Raja Othman	In-house training – i. Corporate Liability Provision & ii. Governance, Risk & Controls	5 July 2019	Secretarial Department – Speaker: Mr Lee Min Onn
	Building Our Collective Brain	7 - 8 October 2019	Khazanah Megatrend Forum
	Corporate Liability, Section 17A, MACC Act	9 October 2019	SPRM
	ICDM International Directors Summit 2019	14 – 15 October 2019	Institute of Corporate Directors Malaysia
	In-house training - Cyber Security Risks –"Who Should Be Managing Them"?	22 October 2019	Secretarial Department – Speaker : Mr Lee Min Onn
YBhg Dato' Mohamed Ross bin Mohd Din	Islamic Finance for Board of Directors Programme	9-10 January 2019	Int'l Shariah Research Academy (ISRA)
	BNM Dialogue on Risk Management in Technology	8 April 2019	FIDE
	Financial Industry Conference 2019 - MyFintech Week	17 June 2019	Bank Negara Malaysia
	Value Based Intermediation: Directors' Role	1 August 2019	FIDE-ISRA
	Corporate Liability, Section 17A, MACC Act	9 October 2019	SPRM & LCD

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Course Attended	Date	Remarks/Organiser
FORMER MEMBERS WHO SERVED DURING THE YEAR UNDER REVIEW (CONT'D)			
Encik Suhaimi bin Kamaralzaman	Inside Risk: Shadows of Medellin Leading in High Stakes Conditions	15 May 2019	Leaderonomics
YBhg Dato' Kamarul Baharin bin Abbas	A Boardroom Colloquium on Innovation Governance	13 February 2019	MeLearn Global

II) REMUNERATION

- **Directors' and Senior Management Remuneration (Practice 6.1, 6.2, 7.1 & 7.2 – 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, BC, board representatives on the functional board of the subsidiaries and/or associate companies;

ii) To review, appraise and make recommendations to the Board on the remuneration, salary increment, performance bonus and compensation for the MD/GCEO of KPS;

iii) To appraise and recommend suitable short and long-term policies and performance-related incentive schemes for the Company;

iv) To review and recommend to the Board on the staff annual salary increment pool, performance bonus pool in respect of each financial year; and

v) 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 sufficient to attract and retain persons of calibre to guide the Group successfully, taking into consideration factors such as fiduciary obligations and responsibilities, time commitment, business complexities, the nature of and changes in business/market environments, as well as the Company's performance.

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 strategies and create a strong performance-oriented environment. In addition, the policies are expected to attract, motivate and retain talent as well as promote business stability and growth of the Company.

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 practice 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.perangsangselangor.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The remuneration structure for NED of KPS are as follows:

a) Directors' Fees

	Directors' Fee Quantum per annum (RM)
Chairman	130,000
Member	100,000

b) Meeting Allowance

	Meeting Allowance per attendance (RM)						
	Board	BAC	NRC	BRCC	BIRC	SBC	TBC
Chairman	3,500	3,000	2,000	2,000	2,000	2,000	2,000
Member	2,500	2,000	1,500	1,500	1,500	1,500	1,500

c) 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.

d) Benefit in Kind:

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

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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 2019 of the Company.

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 2019.

PRINCIPLE B

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT

I) AUDIT COMMITTEE (Practice 8.1, 8.2, 8.3 & 8.5 – MCCG)

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.

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 bin Md Tahir, who is not a 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 bin Md Tahir is a member of the Malaysian Institute of Accountants, a fellow member of the Chartered Institute of Management Accountants and former member of the Institute of Internal Auditors.

In accordance with Paragraph 15.20 of the Bursa Securities MMLR, the NRC has also reviewed the term of office and performance of the BAC and each of its members annually to determine whether the BAC and its members have carried out their duties in accordance with their TOR. The criteria used in the assessment of the BAC are quality and composition, skills and competencies, and meeting administration and conduct. As for assessments of individual BAC members, the areas of assessment are on interpersonal qualities, experience, participation in ongoing education, analytical thinking, understanding of risk, understanding of the Company's compliance processes, understanding of financial and statutory reporting requirements, significant accounting policies, accounting estimates and financial reporting practices.

Based on the BAC annual evaluation carried out in 2019, the BAC has shown consistent and commendable performance with all four (4) members demonstrating 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.

During FY2019, the BAC members attended various training programmes to update their knowledge and enhance their skills. Detailed disclosure on the training programmes attended by the BAC is provided under Practice 8.5 of the CG Report 2019.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

In line with Practice 8.2 of MCCG, the Board on 30 March 2018 approved the incorporation in the TOR of the BAC a policy on observation of a minimum two-year cooling-off period, 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.

The Company has in place the External Auditors Assessment Policy to assess the suitability, objectivity and independence of the external auditor, which was approved by the Board on 29 March 2017. 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 assessment carried out by the BAC together with the Management on 26 March 2020, 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 FY2019 did not in any way impair their objectivity and independence as external auditors of the Company.

A copy of the BAC TOR is available on the Company's corporate website at www.perangsangselangor.com.

A report of the BAC is set out at pages 132 to 136 of this Annual Report.

II) FINANCIAL REPORTING

The Board accepts responsibility that the annual audited financial statements and interim financial results have been prepared to comply with the Companies Act 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.

III) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Practice 9.1, 9.2, 9.3, 10.1 & 10.2 – MCCG)

The Board and Management continue to maintain and review its internal control procedures to ensure a sound system of internal control 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.

The Directors and Management acknowledge their responsibility and remain committed towards maintaining strong internal controls for the Group covering financial, operational and compliance controls as well as risk management, and for reviewing the adequacy and integrity of the system.

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 Enterprise Risk Management ("ERM") framework based on the ISO 31000 International Standards of Risk Management - Principles and Guidelines, 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.

The above framework incorporates a formalised reporting structure via establishment of the BRMC since 2011, and subsequently renamed BRCC on 29 August 2019. The rationale of the establishment of the BRCC is to reinforce effective CG in monitoring regulatory compliance in addition to the existing responsibility of BRCC to ensure the effectiveness of overall internal controls, risk management, governance systems and processes.

The BRCC comprises four (4) members, of whom all members are Independent Directors.

Presently, the BRCC is chaired by Encik Koay Li Onn (Leon), who was appointed as Chairman of BRCC on 27 February 2020 in place of YBhg Dato' Mohamed Ross bin Mohd Din, who resigned on 1 January 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of BRCC Member	Designation
1. Encik Koay Li Onn (Leon)	Chairman, INED
2. Puan Rita Benoy Bushon	Member, INED
3. YBhg Dato' Noorazman bin Abd Aziz	Member, INED
4. Puan Norliza binti Kamaruddin	Member, INED

The BRCC is supported by the Risk and Compliance Working Committee ("RCWC"), which is chaired by the MD/GCEO. The committees meet on a quarterly basis. The RCWC monitors the consistent enforcement of the ERM Policy and Compliance Policy. It also reviews and endorses the risk parameters, risk appetite, risk profiles, risk action plans as well as compliance status, action plans and compliance key risks.

IAD reports independently to KPS' BAC and provides independent appraisal on the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by Senior Management. The internal audit function is reviewed periodically by the BAC to ensure its adequacy in performing its role.

IAD reports significant findings to the BAC with recommended corrective actions. Senior Management is responsible to ensure that corrective actions on reported weaknesses are executed within an appropriate timeframe. The deadlines committed by Senior Management on corrective actions are closely monitored and undue delays have to be justified to the BAC for approval.

In addition, continuous improvement on internal audit activity is conducted by IAD to ensure that it is in line with the Institute of Internal Auditors International Standards for Professional Practice of Internal Auditing and the pertinent regulations.

During the financial year, the IAD was headed by Encik Sukman Suzzak bin Zakaria, an Internal Audit Director and assisted by two (2) internal auditors and one (1) assurance officer at each material subsidiary. 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. Besides that, all the internal auditors have the relevant tertiary education in audit.

The IAD's performance and conduct in evaluating effectiveness of the internal control, governance and risk management processes is guided by the International Professional Practices Framework which is a conceptual framework that organises authoritative guidance promulgated by The Institute of Internal Auditors ("IIA").

A trustworthy, global, guidance-setting body, the IIA provides internal audit professionals worldwide with authoritative guidance. The IAD is also guided by the MCCG issued by SC.

A Statement of Risk Management and Internal Controls is set out at pages 120 to 131 of this Annual Report.

PRINCIPLE C

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

I) COMMUNICATION WITH STAKEHOLDERS (Practice 11.1 – 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. To raise the level of corporate governance and credibility, the Board on 30 May 2018 approved the adoption of the 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 via the following:

a) The Annual Report and relevant circulars dispatched to shareholders and published in the Company's website;

b) Issuance of various disclosures and announcements inclusive of the quarterly financial performance of the Group to Bursa Securities; and

c) Series of engagement through IR programmes.

In addition, the Company has established and actively updates its corporate website at www.perangsangselangor.com, 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 with the latest information on the Group such as corporate announcements, quarterly financial results, stock charts, dividend payment and interactive annual reports.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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;

d) Engagement with the media via centralised strategic communication.

II) CONDUCT OF GENERAL MEETINGS (Practice 12.1, 12.2 & 12.3 – MCCG)

The AGM, which is held once a year, is the principal forum for dialogue with shareholders. The Company's AGM each 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 42nd AGM held on 23 May 2019, 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 43rd AGM to be held on 30 June 2020, 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.perangsangselangor.com.

During the 42nd AGM held on 23 May 2019, all Directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Company.

The Chairman of the Board chaired the 42nd AGM in an orderly manner and the shareholders were given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group. Shareholders, corporate representatives and proxies were briefed on their rights to speak and vote at the AGM before the commencement of the meeting.

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

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. 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.

Immediately after the AGM, the Board represented by the Chairman together with the Management, addressed issues raised by the media and answered questions on Group activities and plans while providing the latest updates on the Group.

- **Leveraging on Technologies**

  In light of the rapidly evolving developments relating to COVID-19 and the social distancing measures being widely implemented, KPS is re-strategising the way it engages the shareholders from holding physical meetings to having virtual ones. Given the unprecedented situation, KPS forthcoming 43rd AGM will be conducted entirely through live streaming from its corporate office. Shareholders who wishes to participate in the virtual AGM can do so via remote participation and voting facilities, an arrangement that is in accordance with Clause 53(4)(5) of the Constitution of the Company. However, to ensure the effectiveness of the proceeding and allow shareholders' participation at the AGM, KPS will 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 has 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 poll on all resolutions proposed at its AGM and EGM.

  To facilitate the process, a Poll Administrator, namely Boardroom Share Registrars Sdn Bhd, was appointed to conduct the polling process and Boardroom Corporate Services Sdn Bhd as Scrutineers to verify the poll results. The Chairman will announce the poll results at the end of the AGM, and these will be submitted to Bursa Securities on the same day for the benefit of all shareholders. Minutes of the 42nd 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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

The Board of Directors is pleased to provide this statement on Risk Management and Internal Control 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 2019.

Risk management and internal controls are integrated into the management processes and embedded in all business activities within the Group.

2. RESPONSIBILITY OF THE BOARD

The Group is led by the Board. The Board is responsible for overseeing and ensuring a sound system of risk management and internal controls 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 risk management and internal controls. 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.

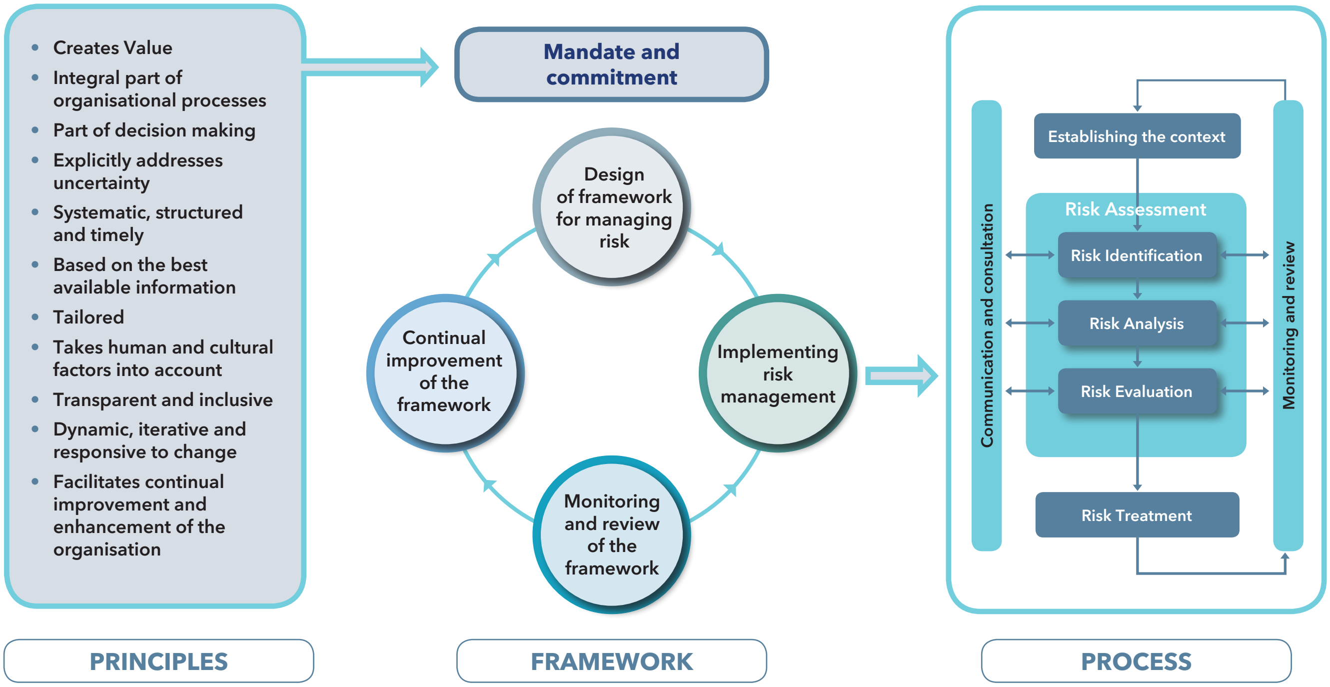
During the year under review, the Board Risk Management Committee ("BRMC") was renamed the Board Risk and Compliance Committee ("BRCC") following the establishment of the Compliance Function in August 2019 under the purview of the Legal Department. BRCC has expanded its scope to include the oversight of compliance matters. The primary roles of BRCC are to provide oversight and advice to the Board with respect to risk management and internal control systems 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 the deliberation on key risk issues, regulatory compliance matters and operational concerns of all subsidiaries and associate companies in the quarterly-convened EXCO meetings, Risk and Compliance Working Committee ("RCWC") meetings, Subsidiary Board meetings, Board Committee meetings and Board meetings.

3. RISK MANAGEMENT

The Group has established an Enterprise Risk Management ("ERM") framework, based on the ISO 31000 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, we 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:

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL



The ERM framework includes a formalised reporting structure which comprises the BRCC chaired by an Independent Director. The BRCC deliberates, recommends and reports on all ERM and compliance related matters to the Board of Directors of KPS. The BRCC is supported by the RCWC, which is chaired by the Managing Director / Group Chief Executive Officer ("MD/GCEO"). Both the BRCC and RCWC convene quarterly. By function, the RCWC assists the BRCC 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. The BRCC's and RCWC's Terms of Reference have been established and approved by the Board and BRCC respectively to enhance the Group's corporate governance.

The Group has executed the ERM initiatives based on the approved ERM Framework which includes continuous review, tracking and monitoring of the key mitigation strategies and implementation, and updates on the identification of key risk areas.

3.1 RISK MANAGEMENT DEPARTMENT

The Risk Management Department ("RMD") supports the Board and BRCC 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. RMD also aligns its activities with the overall corporate strategic plan in setting the priorities and direction of its activities.

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's strategy and risk appetite;

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

2. Overseeing management's implementation of risk management policies and procedures; and

3. Taking the necessary steps to foster a culture of risk awareness.

In doing so, the Board has communicated the requirements of this policy throughout the organisation via KPS's portal and in guiding the organisation to deal with both current and emerging risks. The policy statement of the Board with regards to enterprise risk includes:

- The identified risk will be pragmatically managed and optimised to acceptable levels, taking into account the circumstances of each situation. A cost-benefit approach is taken whereby the returns commensurate with the risks taken.

- To ensure that risk assessment is performed, assumptions are carefully evaluated and the process is embedded in the system. All proposals relating to strategies, key project approvals, significant actions or investments must include a risk assessment summary. Risk assessment would be an integral part of the investment decision making processes.

- The risk would be routinely managed and integrated in a transparent way in accordance with good governance practices in order to support the Group's investments, financial stability and sustainable business growth.

- To ensure that an effective and formalised risk management framework is established, maintained and updated from time to time in order to remain current.

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 the 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 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 RCWC, BRCC and Board of Directors on a quarterly basis for deliberation and approval.

KPS Subsidiaries

During the year under review, the key risk areas for subsidiaries were identified and assessed together with the respective key management and Executive Committees ("EXCO") of the respective subsidiaries and they were subsequently approved by the respective subsidiaries' Boards of Directors.

3.3.2 MONITORING OF KEY MITIGATION ACTIONS AND KEY RISK INDICATORS

Key mitigation strategies 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 strategies 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 strategies/ actions would be highlighted and reported to RCWC and BRCC on a quarterly basis.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

3.3.3 CONTINUOUS RISK AWARENESS AND RISK CULTURE EMBEDMENT

To inculcate a risk culture within the Group, ERM Key Performance Indicators ("KPIs") have been included as part of each departments' KPIs.

As part of the risk management culture embedment initiative, the RMD on 22 April 2019 organised a risk awareness session for key management of the subsidiaries. The objectives of the session were:

i) To update and refresh on current trends and key challenges ahead with regards to risk management and corporate governance; and

ii) To brief on the ERM plan for subsidiaries and the expected outcomes.

3.3.4 RISK APPLICATION

KPS risk management is embedded in every aspect of its business operations. Risk Management is applied when there are changes to the business process, systems and business direction due to internal and external factors.

During the period under review, RMD was involved in various key business processes such as process review on policy and standard operating procedure ("SOP"), investment or divestment evaluation 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:

KEY RISK AREAS	KEY MITIGATION ACTIONS
1. Cashflow Monitoring Monitoring cash and collateral obligations is crucial in fulfilling the need for funding requirement. This is done by coordinating various sources of available funds for business and potential investments.	• Establishment of Fund Management Policy to govern the process of surplus funds placement for the Group. • Regular monitoring of receivables balances and follow up via stringent Credit Policy. • Funding strategy to support business growth and working capital requirements for the Group.
2. Balancing of Investment Balancing of the investment portfolio is crucial to ensure business sustainability.	• Business Plan implementation strategy which includes establishment of investment mandate for acquisition of new businesses. • Establishment of investment criteria as set out in the Investment SOP. • Establishment of governing authority for evaluation and monitoring of investments.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

KEY RISK AREAS	KEY MITIGATION ACTIONS
3. Value Creation Plan Integration	
Integration of processes, technology and information between KPS and its subsidiaries. It is crucial to ensure that integration is properly carried out for effective monitoring of performance.	• Identification of critical gaps in key processes at portfolio companies. • Established periodic monitoring on post integration plan based on identified Value Creation Plans ("VCPs"). • Review business objectives based on SMART concept (Specific, Measurable, Attainable, Relevant and Time-bound) for better monitoring purposes.

4. CONTROL STRUCTURE AND ENVIRONMENT

The Group has established an internal control structure and is committed to 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 companies 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 companies within the Group.

The Board on 28 November 2019 approved the revision of the Board Charter to ensure that the charter remains consistent with the Board's objectives and responsibilities, and with all the relevant rules/regulations/standards of corporate governance.

The details of the Board Charter can be found in the Company's website at www.perangsangselangor.com.

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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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 to be independent, and the Internal Auditors to be objective in performing the internal audit.

4.3 INTERNAL AUDIT

The Internal Audit Department ("IAD"), which is an integral part for 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 annual audit plan, established via a risk-based approach, is reviewed and approved by the BAC annually. The IAD's performance and conduct are guided by the International Standards for the Professional Practice of Internal Auditing ("the IIA Standards") and the International Professional Practices Framework.

The IAD is also guided by the Malaysian Code on Corporate Governance established by Bursa Malaysia.

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 ("LOA")/Financial Authority Limit ("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.

Internal auditors don't just follow rules, we have standards

The mission for internal auditing is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The IAD relies on a framework of principles and standards to help them achieve this – the International Profession Practices Framework is the conceptual framework that organises authoritative guidance promulgated by the Institute of Internal Auditors ("IIA").

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

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 staff 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 any 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.

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) 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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.4.3 WHISTLEBLOWING AND GUIDELINES POLICY

During the financial year, the Whistleblowing and Guidelines ("WB") Policy was cascaded to subsidiaries for adoption. The objective of the WB policy is to enable any individuals to raise concerns regarding malfeasance within the Group. The policy was developed to achieve two (2) primary objectives as follows:

1. To provide a safe and acceptable avenue for staff 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 WB Policy can be found in the Company's website, accessible to all. The whistleblowing reporting mechanism is managed by the IAD. This is articulated in the WB 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 channels, they may contact the Chairman of the BAC, being the Director identified in this annual report.

4.4.4 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.

4.4.5 PERSONAL DATA PROTECTION 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, the Group has established a Personal Data Protection Policy that sets forth the personal data protection guidelines and standards that govern the Group in managing the collection, processing, usage, retention and disclosure of personal data in accordance with the PDPA 2010.

4.4.6 COMPLIANCE POLICY

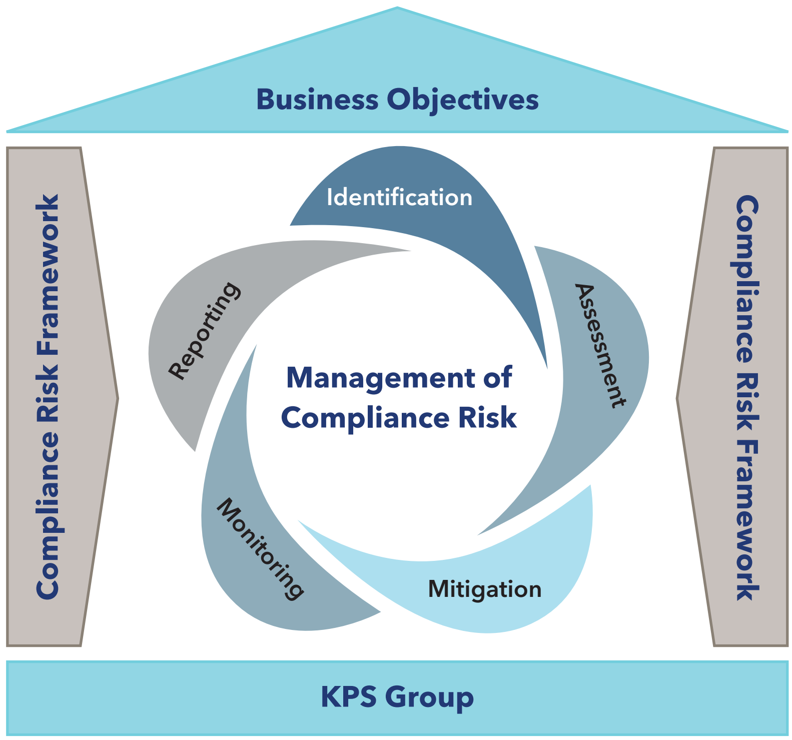
KPS's aim is to create a business culture that gains the trust and confidence of its stakeholders and the public while at the same time promoting business transparency via dedication and commitment towards compliance with all laws and regulations. While the business units within KPS and its subsidiary companies ("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 controls are in place to manage compliance risk. The Legal and Compliance Department has full responsibility in the development and maintenance of this Policy including any reviews, changes, amendments, additions or deletions of any provisions of this Policy.

The Compliance Policy, which was approved by the Board in August 2019, 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 of KPS on the senior management to oversee and ensure the effective management of compliance risk.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

4.4.7 COMPLIANCE RISK FRAMEWORK

The compliance risk framework sets out the process for identifying, assessing, mitigating, monitoring and reporting the compliance risks. KPS recognises that there are five elements for an effective framework, as depicted by the diagram below:



The compliance risk framework is periodically assessed and reviewed by the Legal and Compliance Department to ensure its relevance to the Group's changing business environment.

4.4.8 ANTI-BRIBERY AND CORRUPTION POLICY

To strengthen anti-bribery and corruption management in KPS, the Anti-Bribery and Corruption Policy ("the Policy") was developed and approved by the Board in November 2019. The Policy is intended to ensure KPS' readiness to combat corruption and any wrongdoings effectively as well as to establish adequate safeguard measures against corporate liability provisions under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, which will come into force on 1 June 2020.

4.4.9 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;

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- Recruitment and Staffing Policy;
- Conflict of Interest Policy;
- Senior Management Remuneration Policy;
- Appointment of Head of Subsidiary Policy; and
- Gift Policy.

The HRD, being the custodian of the policies, shall always and continuously provide effective human resource management support by translating the policies into programmes and services that contribute to the attainment of the organisational and individual goals.

KPS believes that its business operations should be conducted in a fair, transparent and responsible manner in compliance with all laws and regulations.

Employees are expected to conduct themselves and discharge their duties and responsibilities by adopting and adhering to the highest standards of KPS Core Values (PRIDE). 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 Malaysian Anti-Corruption Commission Act 2009, Whistleblower Protection Act 2010, Companies Act 2016 and all applicable laws and regulations in Malaysia.

4.4.10 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 via a system of checks and balances. This is to ensure that KPS obtains the best value in quality goods and services.

4.4.11 INFORMATION TECHNOLOGY POLICY

KPS' Information Technology ("IT") Policy aims to promote, standardise, develop and implement IT activities across the Group. During the financial year, the IT Policy was revised and approved by the Board in May 2018. The objectives of this policy are 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.

4.4.12 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.

4.4.13 INVESTOR RELATIONS POLICY

The Investor Relations ("IR") Policy was approved by the Board on 30 May 2018 with the aim of ensuring compliance with Bursa Malaysia securities legislations 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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The IR Policy is a key element of efforts to enhance KPS's IR capability and the foundation of its IR programme places emphasis on clarity and reliability of information, openness, timeliness and consistency. The IR policy provides a framework for the Board, Management and relevant staff to communicate effectively with KPS' shareholders, investors, other stakeholders and the general public. It also facilitates feedback, which can be factored into future business decisions.

4.4.14 SUSTAINABILITY POLICY

The Sustainability Policy was approved by the KPS Board on 29 November 2018 while its integration and application at subsidiaries was approved by their respective Boards in 2019.

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 operations and activities. For every decision made, KPS needs 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 needs to execute in a manner that addresses the EES risks and opportunities in achieving business and operational excellence.

4.4.15 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 KPS 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's effectiveness. The BCM programme was further extended to the subsidiaries.

4.4.16 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 Plaza Perangsang's 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 WB Policy, DR Policy, Senior Management Remuneration Policy and IR Policy can be found in the company's website at www.perangsangselangor.com.

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 KPS Board on matters deliberated.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

iii) Quarterly risk reports are tabled and deliberated at the RCWC and BRCC meetings for onward submission to the Board for deliberation.

iv) Quarterly 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 once 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:

- 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 ("IAFR") to determine the adequacy, effectiveness and timeliness of actions taken by the Management on audit recommendations highlighted in the 2019 audit reports with progress updates provided to the BAC on a quarterly basis.

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.

For the financial year ended 31 December 2019, 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 Company.

The Board has received reasonable assurance from the MD/GCEO and Deputy Chief Executive Officer, Finance & Corporate Services that the Company's current risk management framework and internal control structure are 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.

6 REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the independent auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of KPS for the year ended 31 December 2019. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

BOARD AUDIT COMMITTEE REPORT

The Board of Directors is pleased to present the Board Audit Committee ("BAC") Report 2019. We trust this report will provide you with an insight into how the BAC discharged its functions for the Company and the Group during the year, the focus of its deliberations and the matters it discussed. BAC, as a sub-committee of the Board, plays an important role in providing assistance from an independent perspective to the Board in fulfilling its oversight responsibilities in critical areas such as the integrity of the financial reporting, unbiased review of the effectiveness of the risk management and internal control systems as well as corporate governance and compliance matters.

The BAC keeps the Board informed of its activities and recommendations. Where the BAC considers that action or improvement is required concerning any aspect of financial reporting, risk management and internal control, compliance or audit-related BAC activities, or the Group's business in general, it promptly reports these concerns to the Board.

1. COMPOSITION AND ATTENDANCE

The composition of the BAC fulfills the Main Market Listing Requirements ("MMLR") as follows:

Committee Member	Designation	Appointment	Attendance
YBhg Dato' Idris bin Md Tahir (Chairman)	Independent Non-Executive Director	15 August 2013	7/7
Puan Rita Benoy Bushon	Independent Non-Executive Director	4 October 2018	7/7
Encik Koay Li Onn (Leon)	Independent Non-Executive Director	1 January 2019	7/7
Encik Soffan Affendi bin Aminudin	Non-Independent Non-Executive Director	27 February 2020	1/1
YM Raja Shahreen bin Raja Othman	Non-Independent Non-Executive Director	31 May 2015^	6/7
YBhg Dato' Mohamed Ross bin Mohd Din	Independent Non-Executive Director	26 May 2011*	1/3

* *Resigned as a member of the BAC from 17 July 2019*

^ *Resigned as a member of the BAC from 17 January 2020*

- Comprised no fewer than three (3) members;
- All six (6) 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, a former fellow member of the Chartered Institute of Management Accountants ("CIMA") and former member of the Institute of Internal Auditors.

BOARD AUDIT COMMITTEE REPORT

The experience of the BAC members outlined herein demonstrates that the BAC as a whole has competence relevant to the business that KPS operates, as well as the necessary financial, commercial, regulatory and audit expertise required to fulfil its responsibilities. The BAC members have gained further knowledge and experience of the business as a result of their Board membership and through various visits to KPS' subsidiary companies since their respective appointments.

2. MEETINGS

The BAC met on seven (7) 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 Corporate Governance section of the Company's website at www.perangsangselangor.com.

3. SUMMARY OF WORK

The BAC deliberates a variety of topics in its meetings. These include both standing items that the BAC considers as a matter of course, such as in relation to the quarterly unaudited financial statements, accounting policies and reporting matters, as well as a range of topics that are relevant to the Group's business, investments and control framework. The BAC invites the Managing Director/Group Chief Executive Officer ("MD/GCEO") to attend BAC meeting. Upon request by the BAC, other members of the Management will attend certain BAC meetings. During the reporting period, the BAC also held separate meetings with the External Auditors without the members of the Management to discuss any matters of concern.

The BAC is guided by its TOR, which was approved by the Board, and aligned its counsel 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 2019 and 25 March 2019, the BAC reviewed the financial results for the fourth quarter ended 31 December 2018 and reviewed the External Auditors Assessment for financial year ended 2018 and the audited financial statements for the financial year ended 31 December 2018 respectively, and recommended the same to the Board for approval.

b) The BAC reviewed the quarterly financial results for the first, second and third quarters of 2019 on 29 May 2019, 27 August 2019 and 26 November 2019 respectively and recommended the same to the Board for approval.

On 25 February 2020 and 26 March 2020, the BAC reviewed the financial results for the fourth quarter ended 31 December 2019 and the audited financial results for the year ended 31 December 2019 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.

3.2 EXTERNAL AUDIT

a) On 25 February 2019, the BAC was updated by External Auditors BDO on Areas of Audit Emphasis by External Auditors for the year ended 31 December 2018 and to review the issuance of Letter of Financial Support to subsidiary companies for the financial year ended 31 December 2018.

b) On 25 March 2019, the BAC reviewed the External Auditors Assessment for financial year ended 2018 and recommended the same to the Board for approval.

c) On 27 August 2019, the BAC reviewed and discussed with Management together with the External Auditors the 2019 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;

BOARD AUDIT COMMITTEE REPORT

- The areas of significant audit emphasis such as: -
  - i. Property, plant & equipment and investment properties – impairment assessment;
  - ii. Investments in subsidiaries & associates and recoverability of their amounts due;
  - iii. Goodwill and intangible assets – impairment assessment;
  - iv. Inventory valuation;
  - v. Receivables and impairment;
  - vi. Completeness of borrowings;
  - vii. Revenue recognition.
- Corporate exercises - disclosures;
- BDO engagement team members;
- The 2019 Audit timeline;
- The 2019 Audit fees.

d) On 26 November 2019, the BAC reviewed the financial results for the third quarter ended 30 September 2019 and recommended the same to the Board for approval.

d) On 25 February 2020, the BAC reviewed the financial results for the fourth quarter ended 31 December 2019 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 2019 annual audit. Significant accounting and auditing issues discussed during the meeting include the following:

- Impact of MFRS 1 First-time Adoption of Malaysia Financial Reporting Standards, MFRS 9 Financial Instruments and MFRS 15 Revenue from Contracts with Customers;
- Appropriateness and measurement of carrying amounts of receivables;
- Assessment of impairment on investments in associates;
- Assessment of impairment on property, plant and equipment;
- Appropriateness and measurement of the carrying amounts of goodwill and intangible assets;
- Assessment of impairment on investments in subsidiaries and recoverability of amounts due from subsidiaries (company level);
- Assessment of Liquidated and Ascertained Damages on construction contracts;
- Accounting treatment on foreign exchange differences;
- Financial Reporting Standards Implementation Committee ("FRSIC") Consensus 31: Classification of Amount due from Subsidiaries and Amount due to Holding Company that is Repayable on Demand; and
- Compliance with MMLR.

e) On 25 February 2020, the BAC reviewed and recommended to the Board for approval the final draft of the External Auditors' report on the Company and the Group's annual financial statements.

f) The BAC held without Management's presence three (3) private sessions on 25 February 2019, 27 August 2019 and 26 November 2019 respectively, with the External Auditors to reinforce independence. Matters discussed on these occasions included whether there were any pertinent issues relating to the 2019 annual audit 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 auditing.

3.3 INTERNAL AUDIT

a) Review and approved the Internal Audit Strategic Initiatives and 2019 Internal Audit Plan on 25 February 2019.

b) Reviewed and approved the results of the 2018 Internal Audit Department ("IAD") Key performance indicator ("KPI") and 2019 KPI on 25 March 2019.

c) Reviewed and discussed the 2019 internal audit reports during the quarterly BAC Meetings and sought Management's explanation on issues highlighted in the internal audit reports.

BOARD AUDIT COMMITTEE REPORT

d) 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.

e) 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.

f) Reviewed and approved the proposal for IAD co-sourcing of Internal Audit Assignments on 27 August 2019.

g) Reviewed and deliberated on the proposed Internal Audit Function Decentralisation Structure on 13 November 2019.

h) Reviewed and deliberated on the 2020 Internal Audit Plan for the Company and the Group on 5 November 2019 and subsequently, the 2020 Internal Audit Plan was approved by BAC at a special BAC meeting held on 13 December 2019.

i) Assessed the performance of the Internal Audit Director based on the agreed 2019 Balance Score Card.

j) On 26 March 2020, deliberated on the Statement on Risk Management and Internal Control for inclusion in the 2019 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.

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 116 to 117.

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, Encik Sukman Suzzak bin Zakaria ("Encik Sukman") and assisted by two (2) internal auditors and one (1) assurance officer at each material subsidiary. Encik Sukman 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.

b) During the year under review, on 27 August 2019, IAD obtained approval from the BAC to appoint Axcelasia Columbus Advisory Sdn Bhd to assist IAD to conduct review on three (3) audit assignments. The rationale for co-sourcing of audit assignments in FY2019 was to equip the IAD team with capabilities and knowledge about specific auditable areas and to facilitate knowledge transfer to the IAD team from external Internal Audit service providers.

c) 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.

d) The mission of the 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 objectives:

- Achievement of the organisation's goals and strategic objectives;
- Reliability and integrity of information on Group financials and operating business;
- Effectiveness and efficiency of operations and programmes;
- Safeguarding assets; and
- Compliance with laws, regulations, policies, procedures and contracts.

e) The IAD's performance and conduct in evaluating the effectiveness of the governance, risk management and internal control processes are guided by the International Professional Practices Framework which is a conceptual framework that organises authoritative guidance promulgated by the Institute of Internal Auditors ("IIA"). A trustworthy, global, guidance-setting body, the IIA provides internal audit professionals worldwide with authoritative guidance. The IAD is also guided by the Malaysian Code on Corporate Governance established by Bursa Malaysia.

BOARD AUDIT COMMITTEE REPORT

f) 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 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.

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 the 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 audit reports that contain improvement opportunities, 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 2019 Audit reports with progress updates provided to the BAC.

vi. Conducted quarterly reviews on impairment of assets and related party transactions/recurrent related party transactions.

vii. Presented to the BAC on a quarterly basis, the IAD's performance relative to the Annual Internal Audit Plan.

g) For the year ended 31 December 2019, the IAD was managed by three (3) internal auditors and assisted by three (3) assurance officers at headquarters and material subsidiaries respectively. One (1) of the assurance officers joined during the third quarter FY2019 and the remainder two (2) were recruited and joined during the fourth quarter of FY2019. The total cost incurred during the year was RM1,168,944.

h) As at the date of this report, the internal audit department has been strengthened vis-à-vis the previous financial year. All the three (3) internal auditors and three (3) assurance officers possess tertiary qualifications with four (4) having either relevant internal audit and/ or accounting professional qualifications. One (1) of the internal auditors has attended the 10th Asian Senior Management Development Programme organised by Harvard Business School Alumni Club of Malaysia. Among the three (3) assurance officers, one (1) is a qualified ISO 9001 Lead Auditor and another one (1) has a certificate in Legal Practice. All staff are required to attend relevant courses and training to ensure their competencies and skills are continuously developed and updated throughout the year to enhance their professionalism and qualifications, be it in the form of on-the-job training, acquiring certification such as the Certified Internal Auditors and others, which are pertinent to carry out their duties efficiently and effectively.

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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 2019.

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	29,223	454,549
Profit attributable to:		
Owners of the parent	26,882	454,549
Non-controlling interests	2,341	-
	29,223	454,549

DIVIDENDS

Dividends paid, declared or proposed since the end of previous financial year were as follows:

	Company RM'000
In respect of financial year ended 31 December 2018:	
Single-tier final dividend of 4.25 sen per ordinary share, on 537,385,383 ordinary shares declared on 28 March 2019 and paid on 17 July 2019	22,839
In respect of financial year ended 31 December 2019:	
Special dividend of 32.6 sen per ordinary share, on 537,385,383 ordinary shares declared on 29 April 2019 and paid on 28 May 2019	175,186

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

DIRECTORS' REPORT
(continued)

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

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	(Appointed on 17 January 2020)
YBhg Dato' Idris Bin Md Tahir**	
YBhg Dato' Ikmal Hijaz Bin Hashim**	
Puan Rita Benoy Bushon**	
Puan Norliza Binti Kamaruddin**	
Encik Koay Li Onn (Leon)**	(Appointed on 1 January 2019)
Encik Ahmad Fariz Bin Hassan**	(Appointed on 1 January 2019)
YBhg Dato' Noorazman Bin Abd Aziz	(Appointed on 1 January 2020)
Encik Soffan Affendi Bin Aminudin**	(Appointed on 17 January 2020)
YM Raja Shahreen Bin Raja Othman	(Resigned on 17 January 2020)
YBhg Dato' Kamarul Baharin Bin Abbas	(Resigned on 15 June 2019)
Encik Suhaimi Bin Kamaralzaman	(Resigned on 19 August 2019)
YBhg Dato' Mohamed Ross Bin Mohd Din	(Resigned on 1 January 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
Encik Azlan Bin Abdul Jalil
Cik Norsham Binti Ishak
Encik Aminurddin Bin Abdul Jalil
Encik Yeoh Jin Hoe
Encik Keith Christopher Yeoh Min Kit
Encik Ooi Inn Kee
Encik Abu Bakar Bin Hashim
Encik Tan Chee Kit
Encik Phang Kwai Sang
YBhg Dato' Jamal Bin Nasir
YBhg Dato' Lim Yew Boon
Encik Chen Tien Tsai
Encik Chan Heng Loong

DIRECTORS' REPORT
(continued)

DIRECTORS (continued)

Subsidiaries of Kumpulan Perangsang Selangor Berhad (excluding those who are already listed above) (continued)

Puan Aw Kwai Fong
Encik Lim Kian Tiong
Encik Chey Poh Chung
Puan Norhaniesa Binti Hasan
Encik Jan I-Chuan
Encik Lim Lai An
Puan Lim Hui Bian
Encik Ren, Zhisheng
Encik Tan Hooi Bee
Encik Tan Seng Guan
Encik Teo Kim Yam
Puan Zhang, Yanli
Encik Hee Ching Hock
Encik Kee Hee Lai
Encik Muhamad Hafidz Bin Abdul Jamal
Encik Syed Johan Izmin Bin Syed Mansor
Encik Kwek Cheng Chai
Encik Ahmad Rosly Bin Ahiar^
YBhg Dato' Sri Su-Azian @ Muzaffar Syah Bin Abd Rahman*
Encik Abdul Hamid Bin Mohamed Ghows*
Encik Zain Azrai Bin Zainal Abidin**

^ 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' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2019 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2019	Acquired/ Allotted	Disposed	Balance as at 31.12.2019
Shares in the Company				
Direct interest:				
YBhg Dato' Mohamed Ross Bin Mohd Din	11,113	-	-	11,113

None of the other 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' REPORT
(continued)

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 officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and 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 RM61,069.

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

(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.

DIRECTORS' REPORT
(continued)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

(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.

SIGNIFICANT AND SUBSEQUENT EVENTS

The significant and subsequent events are disclosed in Note 37 to the financial statements.

DIRECTORS' REPORT
(continued)

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 2019 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	**Ahmad Fariz Bin Hassan**
Director	Director

Shah Alam
30 April 2020

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 150 to 273 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 2019 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	**Ahmad Fariz Bin Hassan**
Director	Director

Shah Alam
30 April 2020

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 150 to 273 are, 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 April 2020	)	Suzila Binti Khairuddin

Before me:

Nurhidayaty Binti Maidin (B500)
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 2019 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 150 to 273.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("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' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 intangible assets, i.e. brand name and goodwill of the Group as at 31 December 2019 amounted to RM194,441,000 and RM187,725,000 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 Cash-Generating Units ("CGUs"). 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 CGUs' 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) Determination of fair value of identifiable assets acquired and liabilities assumed on business combination

As disclosed in Note 16 to the financial statements, the Group acquired Toyoplas Manufacturing (Malaysia) Sdn. Bhd. in August 2019 for a purchase consideration of RM311,250,000. As part of the purchase price allocation performed by management, this amount has been allocated to the fair value of identifiable assets acquired and liabilities assumed, resulting in the recognition of intangible asset amounting to RM20,707,000 in the form of technical know-how and goodwill of RM59,201,000.

We determined the fair value of identifiable assets acquired and liabilities assumed on business combination to be a key audit matter due to significant number of management's estimates and judgements applied, including identification of intangible asset, discount rate, valuation of intangible asset and the resulting goodwill as well as determination of the amortisation period for the identified intangible asset.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD
(Incorporated in Malaysia) (continued)

Key Audit Matters (continued)

(b) Determination of fair value of identifiable assets acquired and liabilities assumed on business combination (continued)

Our audit procedures included the following:

(i) assessed the methodology and the appropriateness of the key assumptions applied by management on the intangible asset recognised as disclosed in Note 16(d) to the financial statements; and

(ii) considered whether the relevant disclosures were appropriate in the financial statements.

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.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KUMPULAN PERANGSANG SELANGOR BERHAD
(Incorporated in Malaysia) (continued)

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.

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

Rejeesh A/L Balasubramaniam
02895/08/2020 J
Chartered Accountant

Kuala Lumpur
30 April 2020

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	3	**866,786**	582,313	**505,564**	23,710
Cost of sales	4	**(657,447)**	(453,373)	-	-
Gross profit		**209,339**	128,940	**505,564**	23,710
Other income	5	**29,889**	38,565	**7,641**	10,912
Administrative expenses		**(123,695)**	(88,849)	**(31,759)**	(30,723)
Selling and marketing expenses		**(34,104)**	(19,043)	-	-
Other expenses		**(5,252)**	(8,155)	**(4,108)**	(8,420)
Operating profit/(loss)		**76,177**	51,458	**477,338**	(4,521)
Finance costs	6	**(35,972)**	(33,522)	**(21,686)**	(12,614)
Share of profit/(loss) of associates	17	**14,789**	(197,575)	-	-
Profit/(Loss) before tax and zakat	7	**54,994**	(179,639)	**455,652**	(17,135)
Income tax and zakat	10	**(25,771)**	(17,118)	**(1,103)**	(235)
Profit/(Loss) net of tax and zakat		**29,223**	(196,757)	**454,549**	(17,370)
Profit/(Loss) net of tax and zakat attributable to:					
Owners of the parent		**26,882**	(205,549)	**454,549**	(17,370)
Non-controlling interests		**2,341**	8,792	-	-
		29,223	(196,757)	**454,549**	(17,370)

		Group	
	Note	2019 Sen	2018 Sen
Earnings/(Loss) per share ("EPS") attributable to owners of the parent			
Basic EPS	11	**5.00**	(38.25)
Diluted EPS	11	**5.00**	(38.25)

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Profit/(Loss) net of tax and zakat		**29,223**	(196,757)	**454,549**	(17,370)
Other comprehensive income/(loss), net of tax and zakat					
Items that may be reclassified subsequently to profit or loss					
(Loss)/Gain on foreign currency translations		**(6,072)**	4,207	**-**	-
Items that may not be reclassified subsequently to profit or loss					
Re-measurement of post-employment benefits	27	**(34)**	-	**-**	-
Total comprehensive income/(loss)		**23,117**	(192,550)	**454,549**	(17,370)
Total comprehensive income/(loss) for attributable to:					
Owners of the parent		**22,019**	(203,432)	**454,549**	(17,370)
Non-controlling interests		**1,098**	10,882	**-**	-
		23,117	(192,550)	**454,549**	(17,370)

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 (Restated) RM'000	Company 2019 RM'000	Company 2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**373,001**	182,035	**3,324**	13,588
Right-of-use assets	14	**87,869**	-	**9,753**	-
Investment properties	15	**89,498**	92,433	**49,331**	51,160
Investments in subsidiaries	16	**-**	-	**1,028,808**	478,858
Investments in associates	17	**323,181**	929,891	**131,809**	131,809
Intangible assets	18	**251,762**	237,209	**-**	-
Goodwill	19	**187,725**	129,462	**-**	-
Long term receivables	20	**99,236**	25,551	**-**	-
Other receivable	22	**-**	-	**-**	10,262
Deferred tax assets	26	**989**	353	**-**	-
Club memberships		**153**	203	**153**	153
		1,413,414	1,597,137	**1,223,178**	685,830
Current assets					
Inventories	21	**141,692**	82,409	**-**	-
Trade and other receivables	22	**368,967**	293,128	**9,599**	179,731
Cash and bank balances and short term funds	23	**271,801**	166,448	**106,671**	36,924
Current tax assets		**8,059**	6,853	**-**	-
		790,519	548,838	**116,270**	216,655
Non-current assets held for sale	24	**-**	24,200	-	103
Assets of disposal group classified as held for sale	24	**92,189**	-	**2,915**	-
TOTAL ASSETS		**2,296,122**	2,170,175	**1,342,363**	902,588

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 (continued)

	Note	Group 2019 RM'000	Group 2018 (Restated) RM'000	Company 2019 RM'000	Company 2018 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	**419,836**	596,281	**340,785**	84,265
Shareholders' equity		**957,763**	1,134,208	**878,712**	622,192
Non-controlling interests		**109,250**	108,430	**-**	-
TOTAL EQUITY		**1,067,013**	1,242,638	**878,712**	622,192
LIABILITIES					
Non-current liabilities					
Other payable	28	**80,925**	51,424	**300,000**	51,424
Loans and borrowings	25	**505,914**	405,650	**20,000**	137,073
Lease liabilities	14	**20,461**	-	**31**	-
Deferred tax liabilities	26	**106,810**	82,394	**-**	-
Post-employment benefits	27	**10,454**	-	**-**	-
		724,564	539,468	**320,031**	188,497
Current liabilities					
Loans and borrowings	25	**106,379**	205,486	**40,000**	65,000
Lease liabilities	14	**8,843**	-	**24**	-
Trade and other payables	28	**292,052**	165,690	**103,596**	26,899
Contract liabilities	29	**10,545**	12,855	**-**	-
Current tax liabilities		**7,594**	4,038	**-**	-
		425,413	388,069	**143,620**	91,899
Liabilities of disposal group classified as held for sale	24	**79,132**	-	**-**	-
TOTAL LIABILITIES		**1,229,109**	927,537	**463,651**	280,396
TOTAL EQUITY AND LIABILITIES		**2,296,122**	2,170,175	**1,342,363**	902,588

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		<---Non-distributable--->			Distributable			
Group	**Note**	**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**
As at 1 January 2019, as previously reported		**537,927**	**1,141**	**-**	**595,140**	**1,134,208**	**108,430**	**1,242,638**
Effects of adoption of MFRS 16	39	**-**	**-**	**-**	**(439)**	**(439)**	**-**	**(439)**
As at 1 January 2019, restated		**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	27	**-**	**-**	**-**	**(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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

			Non-distributable	Distributable			
Group	**Note**	**Share capital RM'000**	**Foreign currency translation 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**
As at 1 January 2018		538,092	(976)	824,463	1,361,579	92,967	1,454,546
Loss net of tax and zakat		-	-	(205,549)	(205,549)	8,792	(196,757)
Gain on foreign currency translations		-	2,117	-	2,117	2,090	4,207
Total comprehensive income/(loss)		-	2,117	(205,549)	(203,432)	10,882	(192,550)
Transactions with owners							
Dissolution of a subsidiary		-	-	(935)	(935)	(1,486)	(2,421)
Dividends paid to shareholders	12	-	-	(22,839)	(22,839)	-	(22,839)
Dividends paid to non-controlling interests	16	-	-	-	-	(1,927)	(1,927)
Expenses incurred for issuance of bonus shares	30	(165)	-	-	(165)	-	(165)
Subscription of additional interest in subsidiaries		-	-	-	-	7,994	7,994
Total transactions with owners		(165)	-	(23,774)	(23,939)	4,581	(19,358)
As at 31 December 2018		537,927	1,141	595,140	1,134,208	108,430	1,242,638

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Company	**Note**	**Share capital RM'000**	**Distributable Retained earnings RM'000**	**Total equity RM'000**
As at 1 January 2019, as previously reported		**537,927**	**84,265**	**622,192**
Effects of adoption of MFRS 16	39	**-**	**(4)**	**(4)**
As at 1 January 2019, restated		**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**
As at 1 January 2018		538,092	124,474	662,566
Loss net of tax and zakat		-	(17,370)	(17,370)
Other comprehensive income, net of tax and zakat		-	-	-
Total comprehensive loss		-	(17,370)	(17,370)
Transactions with owners				
Expenses incurred for issuance of bonus shares		(165)	-	(165)
Dividends paid to shareholders	12	-	(22,839)	(22,839)
Total transactions with owners		(165)	(22,839)	(23,004)
As at 31 December 2018		537,927	84,265	622,192

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax and zakat		**54,994**	(179,639)	**455,652**	(17,135)
Adjustments for:					
Amortisation of intangible assets	18	**5,674**	1,340	**-**	-
Depreciation of:					
- property, plant and equipment	13	**23,503**	12,812	**651**	790
- right-of-use assets	14	**5,684**	-	**185**	-
- investment properties	15	**3,994**	4,868	**2,888**	3,762
Dividend income from subsidiaries	3	**-**	-	**(495,305)**	(13,674)
Gain on disposal:					
- property, plant and equipment		**(2,303)**	(90)	**-**	-
- assets held for sale		**(2,900)**	-	**(997)**	-
- fair value of short term funds		**(2,791)**	(131)	**(2,772)**	(50)
- bargain purchase	16	**(1,842)**	-	**-**	-
(Gain)/Loss on dissolution/disposal of subsidiaries	16	**-**	(2,696)	**-**	14
Investment in a subsidiary written off		**-**	-	**100**	-
Impairment loss on:					
- amount due from a subsidiary	22	**-**	-	**-**	1,299
- trade receivables	22	**2,338**	447	**-**	-
- investment in a subsidiary		**-**	-	**-**	3,505
Inventories written down	21	**789**	11	**-**	-
Loss on disposal of investment in an associate	17	**-**	2,132	**-**	-
Profit payment/interest expense	6	**35,972**	33,522	**21,686**	12,614
Profit rate/interest income	5	**(10,544)**	(11,421)	**(3,801)**	(10,594)
Property, plant and equipment written off	13	**29**	7	**8**	6
Provision of post-employment benefits	27	**926**	-	**-**	-
Reversal of impairment losses on:					
- trade receivables	22	**(139)**	-	**-**	-
- long term receivables	20	**(1,738)**	(1,658)	**-**	-
Share of (profit)/loss of associates	17	**(14,789)**	197,575	**-**	-
Loss/(Gain) on unrealised foreign exchange		**412**	(291)	**-**	-
Write back of accruals		**-**	(3,229)	**-**	-

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Operating profit/(loss) before working capital changes		**97,269**	53,559	**(21,705)**	(19,463)
Increase in inventories		**(8,279)**	(13,147)	**-**	-
(Increase)/Decrease in receivables		**(186,197)**	(76,253)	**1,654**	(1,210)
Increase in payables		**79,030**	15,912	**1,283**	42,440
Net movement in intercompany balances		**73,714**	16,621	**-**	-
Cash generated/(used in) from operations		**55,537**	(3,308)	**(18,768)**	21,767
Contribution paid for post-employment benefits	27	**(52)**	-	**-**	-
Zakat paid		**(1,119)**	(500)	**(1,064)**	(235)
Tax paid, net of refunds received		**(19,237)**	(17,299)	**(39)**	-
Net cash from/(used in) operating activities		**35,129**	(21,107)	**(19,871)**	21,532
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividends received from:					
- subsidiaries	3	**-**	-	**495,305**	13,674
- associates	17	**501,502**	42,000	**-**	-
Profit rate/interest income received		**10,544**	11,421	**3,801**	10,594
Purchase of:					
- property, plant and equipment	13	**(26,112)**	(29,633)	**(249)**	(284)
- investment properties	15	**(1,059)**	(4,316)	**(1,059)**	(4,316)
- intangible assets	18	**(731)**	(306)	**-**	-
Acquisition of subsidiaries, net of cash and cash equivalents	16	**(302,564)**	(153,075)	**-**	-
Proceeds from dissolution/disposal of subsidiaries	16	**-**	979	**-**	537
Proceeds from disposal of:					
- property, plant and equipment		**3,258**	101	**-**	-
- assets held for sale		**27,100**	-	**1,100**	-
- an associate		**-**	100	**-**	-
Placement of short term funds		**(44,236)**	(19,793)	**(56,250)**	(6,500)
Proceeds from capital reduction of an associate	17	**119,997**	-	**-**	-
Subscription of additional interest in subsidiaries		**-**	6,848	**-**	(57,000)
Net cash from/(used in) investing activities		**287,699**	(145,674)	**442,648**	(43,295)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to shareholders		**(198,025)**	(22,839)	**(198,025)**	(22,839)
Dividends paid to non-controlling interest	16	**(2,203)**	(1,927)	**-**	-
Share capital reduction of a subsidiary		**(2,150)**	-	**-**	-
Expenses incurred for issuance of bonus shares		**-**	(165)	**-**	(165)
Loans and borrowings:					
- drawdowns	25	**702,264**	532,902	**54,500**	232,073
- repayments	25	**(692,387)**	(239,350)	**(196,573)**	(169,000)
Repayment of advances from subsidiaries		**-**	-	**134,504**	48,069
Payments of lease liabilities	14	**(33,660)**	-	**(33)**	-
Payments of lease interest	14	**(1,211)**	-	**(4)**	-
Profit payment/interest expense paid		**(30,464)**	(33,522)	**(19,054)**	(12,614)
Net movement in intercompany balances		**8,140**	-	**184,595**	(24,983)
Net movement in deposits pledged with licensed banks for more than three (3) months and sinking trust fund		**(19,110)**	(24,319)	**(16,301)**	(25,036)
Net cash (used in)/from financing activities		**(268,806)**	210,780	**(425,581)**	25,505
Net increase/(decrease) in cash and cash equivalents		**54,022**	43,999	**(2,804)**	3,742
Effect of exchange rate changes on cash and cash equivalents		**(3,545)**	(838)	**-**	-
Cash and cash equivalents at beginning of financial year		**109,337**	66,176	**4,252**	510
Cash and cash equivalents at end of financial year	23	**159,814**	109,337	**1,448**	4,252

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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 of the Company is located at 16th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan.

The principal place of business of the Company is located at 16th and 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. 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 Group Investment 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 2019 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 April 2020.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 150 to 273 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 39(a) to the financial statements.

The Group and the Company applied MFRS 16 *Leases* and IC Interpretation 23 *Uncertainty over Income Tax Treatments* for the first time during the current financial year, using the cumulative effect method as at 1 January 2019. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

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 2019 (continued)

3. REVENUE

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers:				
Sale of manufacturing products	**575,773**	313,656	**-**	-
Sale of chemical products	**117,410**	111,068	**-**	-
Sale of bedding products	**75,116**	42,705	**-**	-
Licensing	**36,286**	27,965	**-**	-
Construction contracts	**51,397**	73,093	**-**	-
Membership fee income	**-**	3,653	**-**	-
Management fee from subsidiaries	**-**	-	**1,154**	1,120
	855,982	572,140	**1,154**	1,120
Revenue from other sources:				
Rental income	**9,105**	8,916	**9,105**	8,916
Leasing income	**1,699**	1,257	**-**	-
Dividend income from subsidiaries	**-**	-	**495,305**	13,674
	10,804	10,173	**504,410**	22,590
	866,786	582,313	**505,564**	23,710
Timing on revenue recognition				
Transfer over time	**87,683**	101,058	**-**	-
Transfer at a point in time	**768,299**	471,082	**1,154**	1,120
Revenue from contracts with customers	**855,982**	572,140	**1,154**	1,120

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 2019 (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 licensing

Revenue from licensing 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 licensing 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.

(d) Revenue from membership fee income

The membership fee is non-refundable and is recognised at point in time when goods and services are provided.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

3. REVENUE (continued)

(e) Revenue from management fee

Management fee is recognised on a straight-line basis when subsidiaries simultaneously receives and consumes the benefits.

(f) Rental and leasing income

Leasing and rental income is recognised on a straight-line basis over the lease term of an on-going lease.

(g) Dividend income

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

4. COST OF SALES

	Group	
	2019	**2018**
	RM'000	**RM'000**
Cost of inventories sold:		
- manufacturing products	**433,809**	246,914
- chemicals products	**105,982**	99,569
- bedding products	**68,528**	37,921
Construction contracts	**49,128**	68,969
	657,447	453,373

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

5. OTHER INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit rate/interest income from:				
- an associate	**-**	180	**-**	-
- subsidiaries	**-**	-	**2,067**	10,019
- related companies	**6,020**	8,609	**-**	-
- deposits with licensed banks	**4,524**	2,632	**1,734**	575
	10,544	11,421	**3,801**	10,594
Sales of scrap	**2,792**	3,789	**-**	-
Gain on:				
- disposal of assets held for sale	**2,900**	-	**997**	-
- disposal of property, plant and equipment	**2,303**	90	**-**	-
- dissolution/disposal of subsidiaries	**-**	2,696	**-**	-
- fair value of short term funds	**2,791**	131	**2,772**	50
- bargain purchase	**1,842**	-	**-**	-
- realised foreign exchange	**1,015**	591	**-**	-
- unrealised foreign exchange	**79**	595	**-**	-
Write-back of accruals	**-**	3,229	**-**	-
Compensation from international licensee	**-**	12,109	**-**	-
Reversal of impairment losses on:				
- long term receivables	**1,738**	1,658	**-**	-
- trade receivables	**139**	-	**-**	-
Others	**3,746**	2,256	**71**	268
	29,889	38,565	**7,641**	10,912

6. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit payment/interest expense on:				
- bank overdrafts and short term borrowings	**3,634**	6,573	**2,230**	6,138
- finance lease obligations	**-**	24	**-**	-
- lease liabilities	**1,211**	-	**4**	-
- term loans	**16,521**	26,925	**4,846**	6,476
- sukuk murabahah Islamic medium term notes	**14,606**	-	**-**	-
- amount due from a subsidiary	**-**	-	**14,606**	-
	35,972	33,522	**21,686**	**12,614**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

7. PROFIT/(LOSS) BEFORE TAX AND ZAKAT

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Auditors' remuneration:				
- statutory audit				
- BDO PLT	**641**	571	**170**	100
- Non-BDO PLT	**813**	47	**-**	-
- non-statutory audit	**150**	5	**5**	5
Directors' remuneration (Note 9)	**5,013**	2,299	**2,793**	1,211
Employee benefits (Note 8)	**117,845**	84,866	**18,287**	17,892
Loss on foreign exchange:				
- realised	**698**	539	**-**	-
- unrealised	**491**	304	**-**	-

8. EMPLOYEE BENEFITS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages, salaries and bonus	**102,440**	69,834	**14,638**	14,626
Defined contribution plan	**2,477**	5,173	**1,495**	1,507
Social security contributions	**4,817**	494	**71**	73
Other benefits	**8,111**	9,365	**2,083**	1,686
	117,845	84,866	**18,287**	17,892

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

9. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors during the financial year are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Directors of the Company				
Non-Executive Directors:				
Fees	**1,035**	1,041	**838**	868
Other emoluments	**419**	378	**377**	343
	1,454	1,419	**1,215**	1,211
Executive Directors				
Salaries and bonus	**1,349**	-	**1,349**	-
Other emoluments	**229**	-	**229**	-
	1,578	-	**1,578**	-
Total remuneration for Directors of the Company	**3,032**	1,419	**2,793**	1,211
Directors of subsidiaries				
Non-Executive Directors:				
Fees	**108**	97	**-**	-
Other emoluments	**21**	22	**-**	-
	129	119	**-**	-
Executive Directors				
Fees	**12**	12	**-**	-
Salaries	**1,697**	668	**-**	-
Allowances	**14**	4	**-**	-
Other emoluments	**129**	77	**-**	-
	1,852	761	**-**	-
Total remuneration for Directors of subsidiaries	**1,981**	880	**-**	-
Total Directors' remuneration	**5,013**	2,299	**2,793**	1,211
Total Non-Executive Directors' remuneration	**1,583**	1,538	**1,215**	1,211
Total Executive Directors' remuneration	**3,430**	761	**1,578**	-
Total remuneration for Directors	**5,013**	2,299	**2,793**	1,211

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 RM188,000 (2018: RM135,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

10. INCOME TAX AND ZAKAT

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Malaysian income tax:				
Current income tax	**15,483**	12,462	**-**	-
Under/(Over) provision in prior years	**672**	(550)	**-**	-
	16,155	11,912	**-**	-
Foreign income tax:				
Current income tax	**5,341**	3,423	**-**	-
Under/(Over) provision in prior years	**(374)**	-	**-**	-
	4,967	3,423	**-**	-
	21,122	15,335	**-**	-
Deferred taxation: (Note 26)				
Relating to origination and reversal	**2,342**	553	**-**	-
Under provision in prior years	**1,149**	730	**-**	-
	3,491	1,283	**-**	-
Income tax	**24,613**	16,618	**-**	-
Real property gain tax	**39**	-	**39**	-
Zakat	**1,119**	500	**1,064**	235
	25,771	17,118	**1,103**	235

(a) Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 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 2019 (continued)

10. INCOME TAX AND ZAKAT (continued)

(d) The numerical reconciliations between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Profit/(Loss) before tax and zakat	**54,994**	(179,639)	**455,652**	(17,135)
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	**13,199**	(43,113)	**109,356**	(4,112)
Tax effects in respect of:				
Non-taxable income	**(3,502)**	(4,472)	**(119,538)**	(3,282)
Non-deductible expenses	**18,011**	16,965	**7,301**	5,552
Effect of share of results in associates	**(3,549)**	47,418	**-**	-
Effect of tax incentives	-	(1,475)	**-**	-
Effect of utilisation of previously unrecognised deferred tax assets	**(129)**	(654)	**-**	-
Deferred tax assets not recognised	**5,282**	1,886	**2,881**	1,842
Effect of different tax rates in foreign jurisdictions	**(6,146)**	(96)	**-**	-
Effect of reduction in tax rate	-	(21)	**-**	-
	23,166	16,438	**-**	-
Under/(Over) provision in prior years:				
- income tax	**298**	(550)	**-**	-
- deferred tax	**1,149**	730	**-**	-
	24,613	16,618	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

10. INCOME TAX AND ZAKAT (continued)

(e) Tax on each component of other comprehensive income is as follows:

	Group		
	Before tax RM'000	**Tax effect RM'000**	**After tax RM'000**
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 defined benefit liability	**(34)**	-	**(34)**
2018			
Item that may be reclassified subsequently to profit or loss			
Gain on foreign currency translations	4,207	-	4,207

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per ordinary share

Basic earnings/(loss) per share of the Group for the financial year is calculated by dividing profit/(loss) 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	
	2019	**2018**
Profit/(Loss) net of tax and zakat attributable to owners of the parent (RM'000)	**26,882**	(205,549)
Weighted average number of ordinary shares in issue ('000)	**537,385**	537,385
Basic earnings/(loss) per share (sen)	**5.00**	(38.25)

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

12. DIVIDENDS

	Group and Company			
	2019		2018	
	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 2017:				
Final dividend paid on 20 July 2018	-	-	4.25	22,839
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**	-	-
		198,025		22,839

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

13. PROPERTY, PLANT AND EQUIPMENT

Group 2019	Note	Freehold land RM'000	Long term leasehold 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		1,400	25,401	73,993	3,092	66,896	62,561	3,225	236,568
Effect of adoption of MFRS 16		-	(25,401)	-	(502)	(2,799)	-	-	(28,702)
Additions		-	-	3,136	70	17,206	7,973	786	29,171
Acquisition of subsidiaries	16	12,620	-	131,067	695	50,534	6,778	10,889	212,583
Disposals		-	-	(445)	-	(829)	(151)	(194)	(1,619)
Written off		-	-	-	(54)	(812)	(43)	-	(909)
Transfer to non-current assets held for sale	24	-	-	-	(100)	(91)	(134)	-	(325)
Foreign exchange differences		-	-	(714)	(70)	(2,672)	(526)	(12)	(3,994)
Reclassifications		-	-	2,586	34	(206)	358	(2,772)	-
As at 31 December		14,020	-	209,623	3,165	127,227	76,816	11,922	442,773

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2019	Note	Freehold land RM'000	Long term leasehold 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		-	3,826	2,586	1,455	8,566	37,351	-	53,784
Effect of adoption of MFRS 16		-	(3,826)	-	-	-	-	-	(3,826)
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 differences		-	-	(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	-	203,217	1,377	108,508	33,957	11,922	373,001

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2018 (Restated)	Note	Freehold land RM'000	Long term leasehold land RM'000	Buildings (Restated) 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 (Restated) RM'000
Cost									
As at 1 January		4,368	16,150	61,913	1,670	24,381	41,908	2,495	152,885
Additions		-	-	1,322	1,074	21,198	16,739	730	41,063
Acquisition of subsidiaries	16	-	9,251	46,149	587	21,216	3,580	-	80,783
Disposal of subsidiaries		-	-	-	-	-	(871)	-	(871)
Disposals		-	-	-	(239)	-	(25)	-	(264)
Written off		-	-	-	-	-	(25)	-	(25)
Transfer to non-current assets held for sale	24	(2,968)	-	(35,402)	-	-	(1,697)	-	(40,067)
Foreign exchange differences		-	-	11	-	101	74	-	186
Transfer from investment properties	15	-	-	-	-	-	2,878	-	2,878
As at 31 December		1,400	25,401	73,993	3,092	66,896	62,561	3,225	236,568

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2018 (Restated)	Note	Freehold land RM'000	Long term leasehold land RM'000	Buildings (Restated) 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 (Restated) RM'000
Accumulated depreciation									
As at 1 January		-	3,235	16,291	970	1,983	35,055	-	57,534
Depreciation charge for the financial year		-	591	755	724	6,621	4,121	-	12,812
Disposal of subsidiaries		-	-	-	-	-	(379)	-	(379)
Disposals		-	-	-	(239)	-	(14)	-	(253)
Written off		-	-	-	-	-	(18)	-	(18)
Transfer to non-current assets held for sale	24	-	-	(14,453)	-	-	(1,414)	-	(15,867)
Foreign exchange differences		-	-	(7)	-	(38)	-	-	(45)
As at 31 December		-	3,826	2,586	1,455	8,566	37,351	-	53,784
Accumulated impairment losses									
As at 1 January/31 December		-	-	479	-	-	270	-	749
Carrying amount									
As at 31 December		1,400	21,575	70,928	1,637	58,330	24,940	3,225	182,035

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2019	**Long term leasehold land RM'000**	**Buildings RM'000**	**Office equipment, furniture and fittings RM'000**	**Motor vehicles RM'000**	**Total RM'000**
Cost					
As at 1 January	**12,942**	**237**	**8,675**	**451**	**22,305**
Effect of adoption of MFRS 16	**(12,942)**	**-**	**-**	**-**	**(12,942)**
Additions	**-**	**-**	**249**	**-**	**249**
Written off	**-**	**-**	**(13)**	**-**	**(13)**
As at 31 December	**-**	**237**	**8,911**	**451**	**9,599**
Accumulated depreciation					
As at 1 January	**3,088**	**76**	**5,255**	**298**	**8,717**
Effect of adoption of MFRS 16	**(3,088)**	**-**	**-**	**-**	**(3,088)**
Depreciation charge for the financial year	**-**	**5**	**570**	**76**	**651**
Written off	**-**	**-**	**(5)**	**-**	**(5)**
As at 31 December	**-**	**81**	**5,820**	**374**	**6,275**
Carrying amount					
As at 31 December	**-**	**156**	**3,091**	**77**	**3,324**
2018					
Cost					
As at 1 January	12,942	550	5,538	451	19,481
Additions	-	-	284	-	284
Written off	-	-	(25)	-	(25)
Transfer from investment properties (Note 15)	-	-	2,878	-	2,878
Transfer to non-current assets held for sale (Note 24)	-	(313)	-	-	(313)
As at 31 December	12,942	237	8,675	451	22,305

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Company **2018**	**Long term leasehold land** **RM'000**	**Buildings** **RM'000**	**Office equipment, furniture and fittings** **RM'000**	**Motor vehicles** **RM'000**	**Total** **RM'000**
Accumulated depreciation					
As at 1 January 2018	2,936	274	4,724	222	8,156
Depreciation charge for the financial year	152	12	550	76	790
Written off	-	-	(19)	-	(19)
Transfer to non-current assets held for sale (Note 24)	-	(210)	-	-	(210)
As at 31 December 2018	3,088	76	5,255	298	8,717
Carrying amount					
As at 31 December 2018	9,854	161	3,420	153	13,588

(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% - 10%
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%
- office renovation	10%

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) In the previous financial year, the Group and the Company had assessed and classified land use rights of the Group and of the Company as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group and the Company arising from the lease term. Consequently, the Group and the Company had classified the unamortised upfront payment for land use rights as finance leases in accordance with MFRS 117 Leases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) In the previous financial year, depreciation of long term leasehold land was calculated over the lease period up to 99 years.

(d) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Purchase of property, plant and equipment	**29,171**	41,063	**249**	284
Financed by other payables	**(3,059)**	-	**-**	-
Financed by finance lease/ term loans	**-**	(10,284)	**-**	-
Property, plant and equipment injected by non-controlling interest	**-**	(1,146)	**-**	-
Cash payments on purchase of property, plant and equipment	**26,112**	29,633	**249**	284

(e) The carrying amounts of property, plant and equipment of the Group under finance lease obligations at the end of the reporting period are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Motor vehicles	**-**	502
Plant and machinery	**-**	2,802
	-	3,304

(f) Certain freehold land and buildings of the Group have been pledged 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	
	2019 RM'000	**2018 RM'000**
Land and building	**36,878**	10,102
Construction work-in-progress	**10,312**	-
	47,190	10,102

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

14. LEASES

The Group as a lessee

Right-of-use assets

Carrying amount	Balance as at 1.1.2019 RM'000	Effects adoption of MFRS 16 (Note 39) RM'000	Additions* RM'000	Foreign exchange differences RM'000	Depreciation charge for financial year RM'000	Transfer to assets held for sale (Note 24) RM'000	Balance as at 31.12.2019 RM'000
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
	-	36,076	58,137	(163)	(5,684)	(497)	87,869

Lease liabilities

Carrying amount	Balance as at 1.1.2019 RM'000	Effects adoption of MFRS 16 (Note 39) RM'000	Additions* RM'000	Payments of lease liabilities RM'000	Payments of lease interest RM'000	Accretion of interest RM'000	Foreign exchange differences RM'000	Transfer to liabilities held for sale (Note 24) RM'000	Balance as at 31.12.2019 RM'000
Land	-	237	28,973	(29,206)	(6)	6	(4)	-	-
Buildings	-	11,024	17,807	(3,694)	(1,035)	1,035	(352)	(98)	24,687
Machineries	-	2,643	2,556	(637)	(150)	150	1	-	4,563
Office equipment	-	69	19	(34)	(3)	3	-	-	54
Motor vehicles	-	399	-	(89)	(17)	17	-	(310)	-
	-	14,372	49,355	(33,660)	(1,211)	1,211	(355)	(408)	29,304

* Additions include acquisition of subsidiaries during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

14. LEASES (continued)

The Company as a lessee

Right-of-use assets

Carrying amount	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 (Note 39) RM'000	Addition RM'000	Depreciation 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	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 (Note 39) RM'000	Addition RM'000	Payment of lease liabilities RM'000	Payment of lease interest RM'000	Accretion of interest RM'000	Balance as at 31.12.2019 RM'000
Office equipment	-	69	19	(33)	(4)	4	55

	Group 2019 RM'000	Company 2019 RM'000
Represented by:		
Current liabilities	8,843	24
Non-current liabilities	20,461	31
	29,304	55

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

14. LEASES (continued)

(a) 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:

Land	up to 99 years
Buildings	1 – 5 years
Machineries	1 – 5 years
Office equipment	5 years

(b) 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.

(c) The following are the amounts recognised in profit or loss:

	Group 2019 RM'000	Company 2019 RM'000
Depreciation charge of right-of-use assets (included in cost of sales and administrative expenses)	**5,684**	**185**
Interest expense on lease liabilities (included in finance costs)	**1,211**	**4**
Expense relating to short-term leases (included in administrative expenses)	**706**	**18**
Expense relating to leases of low-value assets (included in administrative expenses)	**59**	**3**
	7,660	**210**

(d) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM34,871,000 and RM37,000 respectively.

(e) Certain leasehold land of the Group and of the Company with carrying amounts of RM45,578,000 and RM9,702,000 have been pledged as securities to banks for loans and borrowings granted to the Group and the Company as disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

14. LEASES (continued)

(f) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and of the Company 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 2019					
Lease liabilities					
Floating rates	**5.58**	**8,843**	**19,494**	**967**	**29,304**
Company					
31 December 2019					
Lease liabilities					
Floating rates	**4.75**	**24**	**31**	**-**	**55**

(g) The table below summarises the 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 as follows:

	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 2019				
Lease liabilities	**11,057**	**20,301**	**986**	**32,344**
Company				
31 December 2019				
Lease liabilities	**33**	**25**	**-**	**58**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

15. INVESTMENT PROPERTIES

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
As at 1 January	**92,433**	95,863	**51,160**	53,484
Additions	**1,059**	4,316	**1,059**	4,316
Transfer to property, plant and equipment (Note 13)	**-**	(2,878)	**-**	(2,878)
Depreciation charge for the financial year	**(3,994)**	(4,868)	**(2,888)**	(3,762)
As at 31 December	**89,498**	92,433	**49,331**	51,160

The investment properties consist of the following:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Leasehold land	**15,878**	16,097	**4,179**	4,237
Buildings	**62,010**	64,036	**33,543**	34,623
Mechanical and electrical components	**8,201**	9,701	**8,200**	9,701
Renovation	**2,909**	2,599	**2,909**	2,599
Construction work-in-progress	**500**	-	**500**	-
Carrying amount	**89,498**	92,433	**49,331**	51,160
Fair value	**221,000**	221,000	**160,000**	160,000

(a) Investment properties 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 lease. 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% – 2%
Mechanical and electrical components	7%
Renovation	10%

Construction work-in-progress are not depreciated until such time when the assets are available for use.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

15. INVESTMENT PROPERTIES (continued)

(b) Certain land and buildings of the Group have been pledged 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		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Leasehold land	**11,699**	11,860	**-**	-
Buildings	**60,044**	62,041	**31,575**	32,628
	71,743	73,901	**31,575**	32,628

(c) The fair values of the investment properties are determined by the Directors based on market values for similar properties in the same vicinity obtained from property agencies and categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

(d) The following are recognised in the statements of profit or loss in respect of investment properties:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Leasing and rental income	**10,804**	10,173	**9,105**	8,916
Direct operating expenses incurred on income generating investment properties	**547**	545	**547**	545

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 RM'000	**2018 RM'000**
Unquoted shares, at cost	**1,045,486**	525,186
Less: Accumulated impairment losses	**(16,678)**	(46,328)
	1,028,808	478,858

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(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
		2019 %	2018 %	2019 %	2018 %	
+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 Telco Sdn. Bhd.	Malaysia	**-**	100.0	**-**	-	Dissolved
Perangsang Dinamik Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Investment holding
+Perangsang Oil and Gas Sdn. Bhd.	Malaysia	**100.0**	100.0	**-**	-	Investment holding
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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 (%) 2019 %	2018 %	% of ownership interest held by non-controlling interest 2019 %	2018 %	Principal activities
+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**	70.0	**30.0**	30.0	Under voluntary liquidation
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	**60.0**	60.0	**40.0**	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 2019 (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 (%) 2019 %	2018 %	% of ownership interest held by non-controlling interest 2019 %	2018 %	Principal activities
Held under Smartpipe Technology Sdn. Bhd.						
Ω+Darul Aman Water Solution Sdn. Bhd.	Malaysia	**60.0**	-	**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	**60.0**	60.0	**40.0**	40.0	Production, sale and distribution of mattresses, related bedding and sleep products

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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
		2019 %	2018 %	2019 %	2018 %	
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**	-	**-**	-	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**	-	**-**	-	Investment holdings, traders and commission agents and provision of services

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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 (%) 2019 %	2018 %	% of ownership interest held by non-controlling interest 2019 %	2018 %	Principal activities
Held under Toyoplas Manufacturing (Malaysia) Sdn. Bhd. (continued)						
#+PT Toyoplas Manufacturing Indonesia	Indonesia	**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**	-	**-**	-	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**	-	**-**	-	Tooling, manufacturing and plastic injection moulding

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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
		2019 %	2018 %	2019 %	2018 %	
Held under Toyoplas Holdings Pte. Ltd. (continued)						
#+Toyoplas Manufacturing (Vietnam) Co., Ltd.	Vietnam	**100.0**	-	**-**	-	Production and sales of precise plastic mould and electrical appliance and its accessories, telecommunication products and provide after sales service
Held under Toyoplas Manufacturing (HK) Co., Ltd.						
#+Toyoplas Manufacturing (Dongguan) Co., Ltd.	The People's Republic of China	**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**	-	**-**	-	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**	98.9	**-**	1.1	Investment holding and provision of management services

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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
		2019 %	2018 %	2019 %	2018 %	
Held under Century Bond Bhd.						
Pro Pulp Packages Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	Manufacture and sales of pulp moulded products
*CB Bags Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	In liquidation
Prestige Packages Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	Manufacturing and sale of multi-wall paper bags, woven laminated bags and pulp moulded products
Polyplus Packages (JB) Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	Manufacturing and sales of corrugated carton boxes
Polyplus Packages Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	Manufacturing and sales of corrugated carton boxes
Multiview Enterprises Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	Sales and marketing of industries packaging taps, materials and machinery and household care products
Cenbond Packages Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	Manufacturing and sale of plastic moulded products, packaging products and paper products
Eversynergy Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	Property holding

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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 (%) 2019 %	2018 %	% of ownership interest held by non-controlling interest 2019 %	2018 %	Principal activities
Held under Pro Pulp Packages Sdn. Bhd.						
Hongda Century Packaging & Printing Sdn. Bhd.	Malaysia	**60.0**	59.4	**40.0**	40.6	Offset printing for corrugated carton boxes and packaging
Held under CB Bags Sdn. Bhd.						
*+Prestige Packages (Perlis) Sdn. Bhd.	Malaysia	**100.0**	98.9	**-**	1.1	In liquidation
Held under Prestige Packages Sdn. Bhd.						
Centoz Industries Sdn. Bhd.	Malaysia	**80.0**	79.2	**20.0**	20.8	Manufacture and sale of paper products
Brandpak Industries Sdn. Bhd.	Malaysia	**100.0**	98.9	**-**	1.1	Manufacture and marketing of stretch films, plastic bags and liners
+PT Prestige Packages Indonesia	Indonesia	**100.0**	98.9	**-**	1.1	Manufacture and sale of cement paper bags
+Esteem Packaging Pte. Ltd.	Singapore	**80.0**	79.2	**20.0**	20.8	Trading in paper and plastic packaging products
Held under Polyplus Packages (JB) Sdn. Bhd.						
#+Taspack Industrial Sdn. Bhd.	Malaysia	**85.0**	-	**15.0**	-	Processing and supplying of instruction manual books, boxes and all other packing materials

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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 (%) 2019 %	2018 %	% of ownership interest held by non-controlling interest 2019 %	2018 %	Principal activities
Held under Multiview Enterprises Sdn. Bhd.						
Multiview Packaging Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	Manufacture and trading in industrial packaging tapes and related products
*+Prior Packaging Industries Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	In liquidation
+Multiview (S) Pte. Ltd.	Singapore	**100.0**	98.9	-	1.1	Sales and marketing of household care products and packaging materials
*+Ready Chemicals (M) Sdn. Bhd.	Malaysia	**80.0**	79.2	**20.0**	20.8	In liquidation
Macro Chemicals Sdn. Bhd.	Malaysia	**100.0**	98.9	-	1.1	Contract 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 and audited financial statements have not been prepared
^ 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 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The Group reviews the investments in subsidiaries for impairment when there is an indication of impairment. 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, 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.

In the previous financial year, impairment losses were made when the carrying amount of the investments in subsidiaries exceed their recoverable amount. Impairment losses on investments in subsidiaries amounting to RM3,504,848 had been recognised in respect of a subsidiary due to declining business operations. The recoverable amounts of the subsidiary was based on its fair value less cost to sell.

(d) Incorporation/Acquisition of subsidiaries

<u>Current financial year</u>

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Incorporation/acquisition of subsidiaries (continued)

Current financial year (continued)

(i) Acquisition of 100% equity interest in Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas") (continued)

i. The fair value of the identifiable assets and liabilities of Toyoplas as at the date of acquisition are as follows:

	RM'000
Property, plant and equipment (Note 13)	193,378
Intangible assets (Note 18)	21,633
Trade and other receivables	128,587
Inventories	47,181
Cash and cash equivalents	28,319
Other assets	12,986
Loans and borrowings (Note 25)	(43,296)
Post-employment benefits (Note 27)	(9,493)
Deferred taxation (Note 26)	(18,006)
Trade and other payables	(101,501)
Other liabilities	(7,739)
Total fair value of identifiable net assets	252,049

The Group has recognised intangible assets and goodwill of RM20.7 million and RM59.2 million respectively on provisional basis. These may subject to changes as the Group is in the process of finalising the identification of fair value arising from technical know-how of foreign operations of Toyoplas Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Incorporation/Acquisition of subsidiaries (continued)

Current 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 (Note 19)	59,201
Total purchase consideration at fair value	311,250
Cash paid	230,325
Contingent consideration (Note 20)	80,925
Total purchase consideration at fair value	311,250

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)
Net cash flow of the Group on acquisition	282,931

iv. Impact of acquisition in statement of profit or loss of the Group:

	RM'000
Revenue	193,642
Profit net of tax	31,828

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 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Incorporation/acquisition of subsidiaries (continued)

Current 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 Taspack Industrial Sdn. Bhd. ("Taspack")

On 26 November 2019, the Group acquired 85% equity interest, representing 297,500 ordinary shares in Taspack for a total cash consideration of RM21,250,000.

i. The fair values of the identifiable assets acquired and liabilities assumed acquired and the effects on cash flows as at acquisition date are as follows:

	RM'000
Property, plant and equipment (Note 13)	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 (Note 25)	(2,638)
Deferred taxation (Note 26)	(3,127)
Other liabilities	(2,615)
Total fair value of identified net assets	27,167

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Incorporation/acquisition of subsidiaries (continued)

Current 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)
Purchase consideration at fair value	21,250

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 subsidiaries acquired	(1,617)
Net cash outflow of the Group on acquisition	19,633

iv. Impact of acquisition in statement of profit or loss of the Group:

	RM'000
Revenue	1,957
Profit after tax	110

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.

(iv) Summary of effects of acquisition of CPI (Penang) Sdn. Bhd. ("CPI")

In previous financial year, the Group had acquired 100% equity interest in CPI for a total consideration of RM250,00,000. The Group had recognised goodwill of RM127,675,000 on provisional basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Incorporation/acquisition of subsidiaries (continued)

Current financial year (continued)

(iv) Summary of effects of acquisition of CPI (Penang) Sdn. Bhd. (“CPI”) (continued)

The accounting of business combination of CPI was based on the provisional fair values of its identifiable assets, liabilities and contingent liabilities. In accordance with MFRS 3 *Business Combinations*, the Group has to carry out a Purchase Price Allocation ("PPA") exercise within twelve (12) months from the date of acquisition.

During the financial year ended 31 December 2019, the Group has completed the PPA exercise to determine the fair values of the net assets of CPI in accordance with requirements of MFRS 3.

The details are as follows:

	RM’000
Provisional goodwill	127,675
Final goodwill	86,343
Reduction in goodwill	(41,332)

The adjusted fair values of CPI's identifiable assets, liabilities and contingent liabilities have been reflected in the statements of financial position as at 31 December 2018.

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 2018			
Statement of financial position			
Non-current assets			
Property, plant and equipment	157,596	24,439	182,035
Intangible assets	207,264	29,945	237,209
Goodwill	170,794	(41,332)	129,462
Non-current liability			
Deferred tax liabilities	69,342	13,052	82,394

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Incorporation/acquisition of subsidiaries (continued)

Previous financial year

(i) Incorporation of King Koil Manufacturing West, LLC ("KKMW")

Kyco Industries, Inc. ("Kyco"), an indirect 60%-owned subsidiary of the Company, had on 22 January 2018 formed a wholly-owned subsidiary named KKMW under the Delaware Limited Liability Company Act of the State of Delaware, the United States of America ("US"). Subsequently, a Members' Agreement was signed on 29 January 2018 with a US-based partner on a 60:40 equity basis on a total initial capital contribution of USD3.3 million (equivalent to RM13.0 million). Kyco had subscribed 60% equity interest, representing 1,980,000 ordinary shares in KKMW for a total cash consideration of USD1,980,000 (equivalent to RM8,194,230) funded via internally generated funds.

(ii) Acquisition of 100% equity interest in CPI (Penang) Sdn. Bhd. ("CPI")

On 14 February 2018, the Company and Perangsang Dinamik Sdn. Bhd. ("PDSB"), had entered into a conditional share sale agreement with HK Resources Sdn. Bhd. ("HKR"), TCS Resources Sdn. Bhd. ("TCSR") and Mr. Lim Lai Chin, the Chief Executive Officer of CPI as the primary obligor for the Profit Guarantee and TCSR, whereby the Company agreed to acquire 10,000,000 ordinary shares in CPI, representing 100% of the issued share capital of CPI for a total purchase consideration of RM250,000,000 ("SSA"), upon completion of the terms and conditions contained in the SSA ("Acquisition").

The purchase consideration was to be settled in the following manner:

i. a sum of RM200,000,000 upon the delivery and/or procurement of the transaction documents; and

ii. a sum of RM50,000,000 ("retention sum") upon satisfaction of profit guarantee.

Profit guarantee was stipulated in the SSA as follows:

i. CPI shall achieve an amount of audited profit after tax for financial year ended 31 December 2018 of not lesser than RM25,000,000; and

ii. CPI shall achieve an amount of audited profit after tax for financial year ended 31 December 2019 of not lesser than RM26,000,000.

The Company nominated its wholly-owned subsidiary, PDSB to be the purchaser and transferee of the Sale Shares in respect of the Acquisition.

On 16 March 2018, the SSA had become unconditional. The acquisition of CPI was completed on 27 March 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Incorporation/acquisition of subsidiaries (continued)

Previous financial year (continued)

(ii) Acquisition of 100% equity interest in CPI (Penang) Sdn. Bhd. ("CPI") (continued)

Following the completion of the Acquisition, CPI had become an indirect subsidiary of the Company. Accordingly, PCM Manufacturing Sdn. Bhd., a 60%-owned subsidiary of CPI, had also become an indirect subsidiary of the Company.

i. The fair value of the identifiable assets and liabilities of CPI as at the date of acquisition were as follows:

	RM'000
Property, plant and equipment	56,344
Trade and other receivables	37,708
Inventories	19,949
Cash and cash equivalents	46,925
Current tax assets	520
Trade and other payables	(35,787)
Contract liabilities (Note 29)	(2,263)
Deferred tax liabilities	(3,811)
	119,585

ii. The consideration transferred for the acquisition of CPI was as follows:

	RM'000
Total fair value of identifiable net assets	119,585
Goodwill arising from acquisition	127,675
Total purchase consideration at fair value	247,260
Cash paid	200,000
Contingent consideration (undiscounted) at fair value through profit or loss	50,000
	250,000
Less: Effect of discounting	(2,740)
Total purchase consideration at fair value	247,260

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Incorporation/acquisition of subsidiaries (continued)

Previous financial year (continued)

(ii) Acquisition of 100% equity interest in CPI (Penang) Sdn. Bhd. ("CPI") (continued)

iii. The effect of the acquisition of CPI on cash flows of the Group was as follows:

	RM'000
Total purchase consideration at fair value	247,260
Retention sum guaranteed by bank guarantee	(47,260)
Consideration settled in cash	200,000
Less: Cash and cash equivalents of the subsidiary acquired	(46,925)
Net cash outflow on acquisition	153,075

iv. Impact of acquisition in statement of profit or loss of the Group:

	RM'000
Revenue	127,332
Profit net of tax	23,852

If the combination had taken place at the beginning of the financial year, CPI's contribution to the Group's revenue and profit net of tax would have been RM169,337,539 and RM26,815,857 respectively.

(iii) Internal restructuring of Hongda Century Packing & Printing Sdn. Bhd. ("Hongda")

On 15 March 2018, Century Bond Bhd. ("CBB"), an indirect 98.9%-owned subsidiary of the Company had undertaken an internal restructuring exercise for its wholly-owned subsidiary, Multiview Enterprise Sdn. Bhd. ("Multiview"). Multiview had transferred its 100% ownership in Hongda to other wholly-owned subsidiary of CBB, Pro Pulp Packages Sdn. Bhd. ("Pro Pulp"). On the same day, Hongda had entered into an agreement with a third party for jointly developing Hongda's business.

On 20 December 2018, the Board of Directors of Hongda passed a resolution to increase ordinary shares of Hongda to RM2,866,110 by way of cash consideration, which amounted to RM1,719,666 by Pro Pulp, and capital injection of property, plant and equipment by non-controlling interest amounted to RM1,146,444. Pursuant to that, effective ownership interest of the Group had decreased from 98.9% to 59.4%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Incorporation/acquisition of subsidiaries (continued)

Previous financial year (continued)

(iv) Additional subscription equity interest in Centoz Industries Sdn. Bhd. ("Centoz")

On 12 July 2018, Prestige Packages Sdn. Bhd. ("Prestige"), an indirect 98.9%-owned subsidiary of the Company, had acquired additional 25% equity interest in Centoz, representing 125,000 ordinary shares for a total cash consideration of RM125,000. Pursuant to that, effective ownership interest of the Group had increased to 79.2%.

(v) Incorporation of Perangsang Capital Sdn. Bhd.

On 10 October 2018, the Company subscribed two (2) ordinary shares in Perangsang Capital Sdn. Bhd. representing 100% equity interest for a total cash consideration of RM2.00.

(e) Dissolution/Disposal of subsidiaries

Current financial year

(i) Dissolution of Perangsang Telco Sdn. Bhd. ("PTSB")

PTSB, a 100%-owned subsidiary of the Company was dissolved on 28 November 2019. Accordingly, the cost of investment and accumulated impairment losses on investment amounting to RM24,649,000 have been reversed.

Previous financial year

(i) Dissolution of Hydrovest Sdn. Bhd. ("Hydrovest")

Hydrovest, a 60%-owned subsidiary of the Company was dissolved on 12 July 2018.

(ii) Dissolution of Selangor Tiles Sdn. Bhd. ("Selangor Tiles")

Selangor Tiles, a 86%-owned subsidiary of the Company was dissolved on 14 August 2018. There is no financial impact to the Group arising from the dissolution.

(iii) Disposal of 100% of equity stake in Cengreen Global Sdn. Bhd. ("Cengreen")

On 24 August 2018, Prestige Packages Sdn. Bhd. ("Prestige Packages"), a wholly-owned subsidiary of Century Bond Bhd. ("CBB"), which in turn is an indirect 98.9%-owned subsidiary of the Company via Perangsang Packaging Sdn. Bhd., had entered into a Share Sale Agreement with Global Highmarks Sdn. Bhd. ("Global Highmarks") to dispose of its entire 100% equity interest in Cengreen to Global Highmarks for a cash consideration of RM1.0 million ("Disposal").

The Disposal was completed on 29 October 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Dissolution/Disposal of subsidiaries (continued)

Previous financial year (continued)

(iv) Effects of dissolution/disposal of subsidiaries

The dissolution of Hydrovest and disposal of Cengreen had the following effects on the financial position and financial performance of the Group and of the Company for the year ended 31 December 2018:

Group	**Hydrovest RM'000**	**Cengreen RM'000**	**Total RM'000**
Property, plant and equipment	-	492	492
Trade and other receivables	4,310	1,050	5,360
Current tax assets	-	52	52
Cash and bank balances	896	21	917
Trade and other payables	-	(2,171)	(2,171)
Loans and borrowings (Note 25(v))	-	(205)	(205)
	5,206	(761)	4,445
Net assets/(liabilities)	5,206	(761)	4,445
Less: Non-controlling interests	(1,486)	-	(1,486)
Less: Settlement of inter-company balances	(4,655)	-	(4,655)
Less: Disposal consideration	-	(1,000)	(1,000)
Gain on dissolution/disposal	(935)	(1,761)	(2,696)
Cash flows arising from dissolution/disposal:			
Disposal consideration	-	1,000	1,000
Cash and cash equivalent of subsidiaries dissolved/disposed	-	(21)	(21)
Net cash inflow arising from dissolution/disposal	-	979	979

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Dissolution/Disposal of subsidiaries (continued)

Previous financial year (continued)

(iv) Effects of dissolution/disposal of subsidiaries (continued)

Company	Hydrovest RM'000
Cost of investment	3,238
Less: Accumulated impairment loss	(990)
Carrying amount	2,248
Settlement of inter-company balances	(1,697)
Net cash inflow arising from dissolution	(537)
Loss on dissolution	14

(f) Accretion of interests in subsidiaries during the financial year ended 31 December 2019

Pursuant to extraordinary general meeting on 20 June 2019, Century Bond Bhd. ("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%.

(g) Subscription of additional new ordinary shares in Perangsang Capital Sdn. Bhd.

On 13 February 2019, the Company had 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.

(h) During the financial year, the Company 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 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(i) Summarised financial information on subsidiaries with significant non-controlling interests

(i) Summarised statements of financial position

	Kaiserkorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Non-current assets	**150,986**	140,331	**3,670**	3,432	**154,656**	143,763
Current assets	**53,031**	49,485	**76,382**	66,363	**129,413**	115,848
Total assets	**204,017**	189,816	**80,052**	69,795	**284,069**	259,611
Non-current liabilities	**55,095**	46,039	**-**	5	**55,095**	46,044
Current liabilities	**18,554**	12,209	**39,090**	31,292	**57,644**	43,501
Total liabilities	**73,649**	58,248	**39,090**	31,297	**112,739**	89,545
Net assets	**130,368**	131,568	**40,962**	38,498	**171,330**	170,066
Equity attributable to owners of the parent	**78,221**	78,941	**20,891**	19,634	**99,112**	98,575

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(i) 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	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue	**111,402**	70,670	**117,410**	111,068	**228,812**	181,738
Profit for the financial year	**664**	11,770	**6,003**	7,084	**6,667**	18,854
Profit attributable to owners of the parent	**3,568**	14,119	**6,003**	7,084	**9,571**	21,203

(iii) Summarised statements of cash flows

	Kaiserkorp Group		Aqua-Flo Sdn. Bhd.		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Net cash flows from operating activities	**6,449**	8,034	**4,741**	2,752	**11,190**	10,786
Net cash flows (used in)/from investing activities	**(2,153)**	(6,798)	**(193)**	13	**(2,346)**	(6,785)
Net cash flows used in financing activities	**(4,412)**	(1,813)	**(1,380)**	(2,368)	**(5,792)**	(4,181)
Net (decrease)/increase in cash and cash equivalents	**(116)**	(577)	**3,168**	397	**3,052**	(180)
Cash and cash equivalents at 1 January	**22,125**	19,165	**9,436**	9,039	**31,561**	28,204
Effect of foreign exchange	**(365)**	3,537	**-**	-	**(365)**	3,537
Cash and cash equivalents at 31 December	**21,644**	22,125	**12,604**	9,436	**34,248**	31,561

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(i) Summarised financial information on subsidiaries with significant non-controlling interests (continued)

(iv) Summarised financial information of Kaiserkorp Corporation Sdn. Bhd. ("Kaiserkorp 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.

	Kaiserkorp Group RM'000	Aqua-Flo RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
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 attributable to NCI	**266**	**2,941**	**(866)**	**2,341**
Dividend paid to NCI	**-**	**1,735**	**468**	**2,203**
As at 31 December 2018				
NCI percentage of ownership interest and voting interest	40%	49%	-	
Carrying amount of NCI	52,627	18,864	36,939	108,430
Profit attributable to NCI	4,708	3,471	613	8,792
Dividend paid to NCI	-	1,530	397	1,927

17. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Unquoted shares, at cost	**183,299**	298,625	**131,809**	131,809
Share of post-acquisition reserves	**139,882**	631,266	**-**	-
	323,181	929,891	**131,809**	131,809

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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 (%) 2019	2018	Principal activities
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 2019 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

(c) In the previous financial year, the Group's wholly owned subsidiary, Perangsang Telco Sdn. Bhd., had disposed of its entire 34.35% interest in Ceres Telecom Sdn. Bhd. to a third party for a cash consideration of RM100,000 resulting in the Group recording a loss from disposal of RM2,131,757.

(d) The summarised financial information of the material associates which are accounted for using the equity method are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

(d) 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 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**

Summarised statements of financial position

As at 31 December 2018	SPLASH Holdings RM'000	SPRINT Holdings RM'000	NGC Energy RM'000	PWM RM'000	Total RM'000
Non-current assets	-	1,431,684	276,158	1,014	1,708,856
Current assets	5,990,611	366,850	151,784	18,337	6,527,582
Total assets	5,990,611	1,798,534	427,942	19,351	8,236,438
Non-current liabilities	-	782,859	26,509	-	809,368
Current liabilities	3,356,345	816,490	181,894	3,819	4,358,548
Total liabilities	3,356,345	1,599,349	208,403	3,819	5,167,916
Net assets attributable to owner of associates	2,634,266	199,185	219,539	15,532	3,068,522

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

17. INVESTMENTS IN ASSOCIATES (continued)

(d) 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 2018	**SPLASH Holdings RM'000**	**SPRINT Holdings RM'000**	**NGC Energy RM'000**	**PWM RM'000**	**Total RM'000**
Revenue	360,648	221,095	734,698	3,121	1,319,562
(Loss)/Profit for the financial year	(693,096)	(7,199)	30,340	2,420	(667,535)

Reconciliation of net assets to carrying amount of Group's interest in associates

Year ended 31 December 2018	**SPLASH Holdings RM'000**	**SPRINT Holdings RM'000**	**NGC Energy RM'000**	**PWM RM'000**	**Total RM'000**
Group's share of net assets	790,280	39,837	87,816	6,213	924,146
Goodwill	-	3,356	2,389	-	5,745
Carrying amount of Group's interest in associates	790,280	43,193	90,205	6,213	929,891
Group's share of result in associates	(207,929)	(1,440)	12,136	(342)	(197,575)
Dividends received from associates	42,000	-	-	-	42,000

(e) 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 2019, incorporating the three (3) months period ended 31 March 2019 based on the latest audited financial statements and the management financial statements for the nine (9) months period ended 31 December 2019.

(f) Share capital reduction in SPLASH Holdings

During the 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.

18. INTANGIBLE ASSETS

Group 2019	Trade-marks RM'000	Website and software development RM'000	Brand name RM'000	Customer relationships RM'000	Technical know-how RM'000	Construction in-progress RM'000	Total RM'000
Cost							
As at 1 January	325	1,263	196,627	12,253	29,945	-	240,413
Additions	97	16	-	-	-	618	731
Acquisition of subsidiaries (Note 16)	-	926	-	-	20,707	-	21,633
Foreign exchange differences	1	24	(2,186)	-	-	(7)	(2,168)
As at 31 December	423	2,229	194,441	12,253	50,652	611	260,609
Accumulated amortisation							
As at 1 January	221	929	-	2,054	-	-	3,204
Amortisation charge for the financial year	59	208	-	1,027	4,380	-	5,674
Foreign exchange differences	(6)	(25)	-	-	-	-	(31)
As at 31 December	274	1,112	-	3,081	4,380	-	8,847
Carrying amounts							
As at 31 December	149	1,117	194,441	9,172	46,272	611	251,762

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

18. INTANGIBLE ASSETS (continued)

Group 2018	Trade-marks RM'000	Website and software development RM'000	Brand name RM'000	Customer relation-ships RM'000	Technical know-how (Restated) RM'000	Total RM'000
Cost						
As at 1 January	325	969	192,994	12,253	-	206,541
Addition	-	306	-	-	-	306
Acquisition of subsidiaries (Note 16)	-	-	-	-	29,945	29,945
Foreign exchange differences	-	(12)	3,633	-	-	3,621
As at 31 December	325	1,263	196,627	12,253	29,945	240,413
Accumulated amortisation						
As at 1 January	163	628	-	1,027	-	1,818
Amortisation charge for the financial year	51	262	-	1,027	-	1,340
Foreign exchange differences	7	39	-	-	-	46
As at 31 December	221	929	-	2,054	-	3,204
Carrying amounts						
As at 31 December	104	334	196,627	10,199	29,945	237,209

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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) 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.

(c) Cost of website and software development expenditure are capitalised and amortised over the estimated useful life of five (5) years.

(d) 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.

(e) The customer relationships are recognised separable 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.

(f) The technical know-how are recognised separable from goodwill on acquisition of subsidiaries are capitalised and amortised over the estimated useful life of fifteen (15) years.

(g) Construction in-progress represent website under installation are not amortised until such time when the assets are available for use.

19. GOODWILL

	Group	
	2019	**2018 (Restated)**
	RM'000	**RM'000**
Cost		
As at 1 January	**132,053**	45,351
Foreign exchange differences	**(215)**	359
Acquisition of subsidiaries (Note 16)	**59,201**	86,343
Transfer to asset held for disposal (Note 24)	**(723)**	-
As at 31 December	**190,316**	132,053
Accumulated impairment		
As at 1 January/31 December	**(2,591)**	(2,591)
Carrying amount		
As at 31 December	**187,725**	129,462

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

19. GOODWILL (continued)

(a) 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.

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.

(b) 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:

2019	**Goodwill RM'000**	**Brand name RM'000**	**Total RM'000**
Licensing	**19,195**	**194,441**	**213,636**
Manufacturing	**168,404**	**-**	**168,404**
Infrastructure	**126**	**-**	**126**
	187,725	**194,441**	**382,166**
2018 Restated			
Licensing	19,410	196,627	216,037
Manufacturing	109,203	-	109,203
Infrastructure	849	-	849
	129,462	196,627	326,089

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

19. GOODWILL (continued)

(c) For the purpose of impairment testing, the recoverable amount of a CGU is determined based on its value-in-use. The value-in-use is determined 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:

	Licensing %	Manufacturing %	Infrastructure %
Discount rates	10.5	11.0	5.3
Revenue growth rate	14.9	10.1	70.9

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of the remaining goodwill and brand name assessed as at 31 December 2019 as their recoverable amounts were in excess of their carrying amounts.

Sensitivity to changes in assumptions

Changes in the discount rate and revenue growth rates would reduce the recoverable amount of goodwill and brand name of the licensing CGU to its carrying amount as follows:

	2019 %	2018 %
Licensing		
Increase in discount rate	**1.5**	1.6
Decrease in revenue growth rate	**1.3**	0.9

A reasonably possible change in the assumptions above would not cause any impairment loss on goodwill allocated to manufacturing and infrastructure CGUs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

20. LONG TERM RECEIVABLES

	Group	
	2019	**2018**
	RM'000	**RM'000**
Non-trade receivables	**33,351**	43,350
Less: Impairment losses - other receivables	**(6,061)**	(7,799)
Total non-trade receivables	**27,290**	35,551
Prepayments	**81,946**	-
	109,236	35,551
Presented in statements of financial position as:		
Current	**10,000**	10,000
Non-current	**99,236**	25,551
	109,236	35,551

(a) Total non-current receivables are classified as financial assets measured at amortised cost.

(b) Long term receivables are denominated in RM.

(c) Included in the non-trade receivables are:

(i) An amount of RM3,350,000 (2018: RM3,350,000) receivable from Leo Hospitality Sdn. Bhd. arising from lease income and business commission receivables which is charged a fixed profit rate of 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 Templer Sdn. Bhd. and is repayable over four (4) annual instalments commencing 2019.

(d) Included in prepayments is an amount of 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.

(e) Non-trade receivables of the Group, which amounted to RM27,290,000 (2018: RM35,551,00) has been pledged to financial institutions for banking facilities granted to the Group as disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

20. LONG TERM RECEIVABLES (continued)

(f) The Group recognises lifetime expected credit losses ("ECL") for non-trade receivables as explained in Note 22 to the financial statements. The reconciliation of movement of impairment loss for non-trade receivables at the end of each of the reporting period are as follows:

	Group	
	2019 RM'000	2018 RM'000
At 1 January	**7,799**	9,457
Reversal of impairment losses	**(1,738)**	(1,658)
At 31 December	**6,061**	7,799

21. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
At cost:		
Raw materials	**88,969**	57,839
Work-in-progress	**14,171**	5,484
Finished goods	**38,547**	19,086
At net realisable value:		
Raw materials	**5**	-
	141,692	82,409

(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 RM468,532,000 (2018: RM293,596,000).

(c) During the financial year, inventories written down amounted to RM789,000 (2018: RM11,000), which is recognised as other expenses in the statements of profit or loss of the Group.

22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current				
Other receivable				
Amount due from a subsidiary	**-**	-	**-**	10,262
Total non-current other receivable	**-**	-	**-**	10,262

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Current				
Trade receivables				
Third parties	**309,096**	144,835	**271**	345
Related companies	**17,417**	91,131	**-**	-
	326,513	235,966	**271**	345
Less: Impairment losses	**(9,158)**	(7,103)	**(136)**	(136)
Trade receivables, net	**317,355**	228,863	**135**	209
Other receivables				
Sundry receivables	**28,565**	22,755	**3,016**	999
Amounts due from subsidiaries	**-**	-	**4,358**	180,004
Amounts due from related companies	**7,355**	20,827	**1,985**	2,142
Amount due from an associate	**-**	4,000	**-**	-
	35,920	47,582	**9,359**	183,145
Less: Impairment losses				
- third parties	**(161)**	(161)	**(102)**	(102)
- subsidiaries	**-**	-	**(497)**	(5,049)
	(161)	(161)	**(599)**	(5,151)
Other receivables, net	**35,759**	47,421	**8,760**	177,994
Total current receivables	**353,114**	276,284	**8,895**	178,203
Other current assets				
Goods and service tax ("GST") receivables	**2,001**	3,661	**328**	351
Prepayments	**13,852**	13,183	**376**	1,177
	15,853	16,844	**704**	1,528
Total current trade and other receivables	**368,967**	293,128	**9,599**	179,731

(a) Total current receivables are classified as financial assets measured at amortised cost.

(b) Trade receivables are unsecured and interest-free with normal trade credit terms ranges from 30 to 365 days (2018: 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(c) Trade amounts due from related companies are unsecured, interest-free except for an amount of RM18,792,000 (2018: RM77,802,000) bears a fixed profit rate of 10% (2018: 10%) per annum with trade credit terms of 30 days (2018: 30 days). Sensitivity analysis at the end of reporting period is not presented as fixed rate instrument is not affected by change in interest rate.

(d) Non-trade amounts due from subsidiaries (current and non-current) represent advances and payment on behalf, which are unsecured, interest-free. In the previous financial year, non-trade amounts due from subsidiaries, which amounted to RM151,831,000 bear a floating profit rate of 6.10% per annum and payable within next twelve (12) months. Sensitivity analysis for floating profit rate at the end of reporting period is not presented as changes in floating profit rate would not materially affect profit or loss.

During the financial year, the Company subscribed into new ordinary shares and RCPS issued by the subsidiaries via capitalisation of amounts due from subsidiaries as disclosed in Note 16 to the financial statements.

(e) Non-trade amounts due from related companies represent advances and payment on behalf, which are unsecured, interest-free and payable within next twelve (12) months.

(f) In the previous financial year, non-trade amount due from an associate represents advances, which was unsecured, bears a fixed profit rate of 4.50% per annum and payable within next twelve (12) months. Sensitivity analysis at the end of reporting period was not presented as fixed rate instrument was not affected by change in interest rate.

(g) Currency exposure profile of total receivables are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Ringgit Malaysia	**197,722**	203,075	**8,895**	178,203
United States Dollar	**141,296**	64,615	**-**	-
Singapore Dollar	**5,767**	4,933	**-**	-
Euro	**-**	2,905	**-**	-
Thailand Baht	**690**	545	**-**	-
Brunei Darussalam Dollar	**97**	67	**-**	-
Chinese Renminbi	**7,542**	144	**-**	-
	353,114	276,284	**8,895**	178,203

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(h) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the United States Dollar ("USD"), 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	
	2019	**2018**
	RM'000	**RM'000**
Profit/(Loss) net of tax and zakat		
USD/RM		
- strengthen by 10%	**10,738**	(4,911)
- weaken by 10%	**(10,738)**	4,911
SGD/RM		
- strengthen by 10%	**438**	(375)
- weaken by 10%	**(438)**	375
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.

(i) 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 all 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 increased in credit risk based on past due information, i.e. overdue amounts. 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 2019 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(j) 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 2019	Current RM'000	1 - 90 days past due RM'000	More than 90 days past due RM'000	Total RM'000
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**
2018				
Gross carrying amounts - trade receivables	77,573	103,336	55,057	235,966
ECL allowances	-	-	(7,103)	(7,103)
	77,573	103,336	47,954	228,863
Company **2019**				
Gross carrying amount - trade receivables	**34**	**3**	**234**	**271**
ECL allowances	**-**	**-**	**(136)**	**(136)**
	34	**3**	**98**	**135**
2018				
Gross carrying amounts - trade receivables	50	159	136	345
ECL allowances	-	-	(136)	(136)
	50	159	-	209

22. TRADE AND OTHER RECEIVABLES (continued)

(k) 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	Credit impaired RM'000	Total allowance RM'000	Lifetime ECL allowance* RM'000	Credit impaired RM'000	Total allowance RM'000
Trade receivables						
As at 1 January 2019	**-**	**7,103**	**7,103**	**-**	**136**	**136**
Charge for the financial year	**165**	**2,173**	**2,338**	**-**	**-**	**-**
Reversal	**(8)**	**(131)**	**(139)**	**-**	**-**	**-**
Written off	**-**	**(299)**	**(299)**	**-**	**-**	**-**
Foreign exchange differences	**13**	**142**	**155**	**-**	**-**	**-**
As at 31 December 2019	**170**	**8,988**	**9,158**	**-**	**136**	**136**
As at 1 January 2018	-	6,656	6,656	-	136	136
Charge for the financial year	-	447	447	-	-	-
As at 31 December 2018	-	7,103	7,103	-	136	136
Other receivables						
As at 1 January 2019	**-**	**161**	**161**	**-**	**102**	**102**
Charge for the financial year	**-**	**-**	**-**	**-**	**-**	**-**
As at 31 December 2019	**-**	**161**	**161**	**-**	**102**	**102**
As at 1 January 2018	-	161	161	-	102	102
Charge for the financial year	-	-	-	-	-	-
As at 31 December 2018	-	161	161	-	102	102

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

22. TRADE AND OTHER RECEIVABLES (continued)

(k) The reconciliation of movements of impairment losses for trade and other receivables at the end of each reporting period are as follows: (continued)

	Company		
	Lifetime ECL allowance* RM'000	**Credit impaired RM'000**	**Total allowance RM'000**
Amounts due from subsidiaries			
As at 1 January 2019	**-**	**5,049**	**5,049**
Written off	**-**	**(4,552)**	**(4,552)**
As at 31 December 2019	**-**	**497**	**497**
As at 1 January 2018	-	3,750	3,750
Charge for the financial year	-	1,299	1,299
As at 31 December 2018	-	5,049	5,049

** The effect of expected credit loss is insignificant*

(l) No expected credit losses is recognised arising from other financial assets as the amount is negligible.

(m) As at the end of each reporting period, trade receivables of the Group and of the Company are not secured by any collaterals and are not subject to significant risk of concentration. The Group did not renegotiate the terms of any trade receivables at the end of each reporting periods.

(n) As at the end of each reporting period, the Group do 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 65.72% (2018: 99.41%) of total receivables.

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Cash on hand and at banks	**123,234**	75,557	**1,448**	1,552
Sinking fund trust account	**-**	823	-	-
Deposits with licensed banks and financial institutions	**78,991**	65,886	**42,473**	28,872
Total cash and bank balances	**202,225**	142,266	**43,921**	30,424
Short term funds	**69,576**	24,182	**62,750**	6,500
	271,801	166,448	**106,671**	36,924

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

(a) Total cash and bank balances are classified as financial assets measured at amortised cost.

(b) In the previous financial year, the Sinking Fund Trust Account is maintained in accordance with the provisions of the Trust Deed entered between a subsidiary and the trustee.

(c) Certain deposits placed with licensed banks and financial institutions of the Group and of the Company amounting to RM77,615,166 (2018: RM31,725,362) and RM42,473,236 (2018: RM26,172,099) 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 268 days and 364 days (2018: 340 days and 281 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**	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
Fixed rate	**3.56**	3.74	**3.80**	1.79

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 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.

(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**	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) net of tax and zakat				
- increased by 2% (2018: 2%)	**1,058**	(368)	**954**	(99)
- decreased by 2% (2018: 2%)	**(1,058)**	368	**(954)**	99

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

(h) Currency exposure profile of cash and bank and short term funds are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Ringgit Malaysia	**178,619**	119,162	**106,671**	36,924
United States Dollar	**68,977**	35,463	**-**	-
Indonesia Rupiah	**10,552**	-	**-**	-
Singapore Dollar	**3,696**	6,101	**-**	-
Euro	**3,607**	5,637	**-**	-
Chinese Renminbi	**6,243**	-	**-**	-
Japanese Yen	**-**	46	**-**	-
Australia Dollar	**20**	21	**-**	-
Hong Kong Dollar	**77**	9	**-**	-
Thailand Baht	**10**	9	**-**	-
	271,801	166,448	**106,671**	36,924

(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	
	2019 RM'000	2018 RM'000
Profit /(Loss) net of tax and zakat		
USD/RM		
- strengthen by 10%	**5,242**	(2,695)
- weaken by 10%	**(5,242)**	2,695
IDR/RM		
- strengthen by 10%	**802**	-
- weaken by 10%	**(802)**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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	
	2019	**2018**
	RM'000	**RM'000**
Profit /(Loss) net of tax and zakat		
SGD/RM		
- strengthen by 10%	**281**	(464)
- weaken by 10%	**(281)**	464
EUR/RM		
- strengthen by 10%	**274**	(428)
- weaken by 10%	**(274)**	428
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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
As reported in statements of financial position	**271,801**	166,448	**106,671**	36,924
Deposits with licensed banks with maturity period of more than three (3) months	**(394)**	(381)	**-**	-
Deposits pledged with licensed banks	**(51,645)**	(31,725)	**(42,473)**	(26,172)
Short term funds	**(69,576)**	(24,182)	**(62,750)**	(6,500)
Sinking fund trust account	**-**	(823)	**-**	-
Cash and cash equivalent include in disposal group classified as held for sale (Note 24)	**9,628**	-	**-**	-
	159,814	109,337	**1,448**	4,252

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

23. CASH AND BANK BALANCES AND SHORT TERM FUNDS (continued)

(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.

24. NON-CURRENT ASSETS HELD FOR SALE

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(a)	**-**	24,200	**-**	103
Disposal group	(b)	**13,057**	-	**2,915**	-

(a) Property, plant and equipment

In the previous financial year, non-current assets held for sale were in relation to disposal of property, plant and equipment as disclosed in Note 13 to the financial statements.

The property, plant and equipment classified as held for sale at the end of the reporting period as follows:

Group 2018	Cost RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land	2,968	-	2,968
Building	35,402	(14,453)	20,949
Office equipment, furniture and fittings	1,697	(1,414)	283
	40,067	(15,867)	24,200
Company			
2018			
Building	313	(210)	103

The disposals were completed during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

24. NON-CURRENT ASSETS HELD FOR SALE (continued)

(b) Disposal group classified as held for sale

On 28 November 2019, the Group has committed to a plan to dispose its entire interest in a subsidiary, KPS-HCM Sdn. Bhd., and has commenced efforts to dispose the subsidiary. The sale is expected to be completed within 12 months from the end of the reporting period. The assets and liabilities of disposal group classified as held for sale as at the end of the reporting period represents the assets and liabilities of the subsidiary as follows:

Group	**2019 RM'000**
Assets of disposal group classified as held for sale	
Property, plant and equipment (Note 13)	**84**
Right-of-use assets (Note 14)	**497**
Goodwill (Note 19)	**723**
Club membership	**50**
Receivables	**81,169**
Current tax assets	**38**
Cash and bank balances (Note 23)	**9,628**
	92,189
Liabilities of disposal group classified as held for sale	
Loans and borrowings (Note 25)	**56,040**
Lease liabilities (Note 14)	**408**
Payables	**22,684**
	79,132
Company	
Unquoted shares	**2,915**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

25. LOANS AND BORROWINGS

		Group		Company	
	Maturity	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Secured:					
Revolving credits	2020	**-**	27,000	**-**	27,000
Obligations under finance leases	2020	**-**	2,186	**-**	-
Ijarah Term Financing-i	2020	**-**	51,500	**-**	-
Sukuk Murabahah Islamic Medium Term Notes	2020-2026	**300,000**	-	**-**	-
Term loan I	2020	**-**	31,759	**-**	-
Term loan II	2021-2023	**20,000**	100,000	**20,000**	100,000
Term loan III	2020	**-**	10,073		10,073
Term loan IV	2020	**-**	178,571	**-**	-
Term loan VI	2021-2025	**3,170**	4,561	**-**	-
Term loan VII	2021-2025	**1,031**	-	**-**	-
Term loan VIII	2021-2025	**150,000**	-	**-**	-
Term loan IX	2022-2024	**13,731**	-	**-**	-
Term loan X	2021-2027	**17,982**	-	**-**	-
		505,914	405,650	**20,000**	137,073
Current					
Secured:					
Revolving credits	on demand	**46,571**	75,000	**30,000**	65,000
Bankers' acceptance	on demand	**5,354**	-	**-**	-
Obligations under finance leases	2020	**-**	542	**-**	-
Ijarah Term Financing-i	2020	**-**	25,750	**-**	-
Term loan I	2020	**-**	16,750	**-**	-
Term loan II	2020	**10,000**	-	**10,000**	-
Term loan IV	2020	**-**	21,429	**-**	-
Term loan V	2020	**-**	50,102	**-**	-
Term loan VI	2020	**1,801**	1,671	**-**	-
Term loan VII	2020	**588**	-	**-**	-
Term loan IX	2020	**4,305**	-	**-**	-
Term loan X	2020	**3,458**	-	**-**	-
Trust receipt	2020	**14,924**	14,242	**-**	-
Factoring	2020	**13,724**	-	**-**	-
Clean import loan	2020	**5,654**	-	**-**	-
		106,379	205,486	**40,000**	65,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

25. LOANS AND BORROWINGS (continued)

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total				
Revolving credits	**46,571**	102,000	**30,000**	92,000
Bankers' acceptance	**5,354**	-	**-**	-
Obligations under finance leases	**-**	2,728	**-**	-
Ijarah Term Financing-i	**-**	77,250	**-**	-
Sukuk Murabahah Islamic Medium Term Notes	**300,000**	-	**-**	-
Term loan I	**-**	48,509	**-**	-
Term loan II	**30,000**	100,000	**30,000**	100,000
Term loan III	**-**	10,073	**-**	10,073
Term loan IV	**-**	200,000	**-**	-
Term loan V	**-**	50,102	**-**	-
Term loan VI	**4,971**	6,232	**-**	-
Term loan VII	**1,619**	-	**-**	-
Term loan VIII	**150,000**	-	**-**	-
Term loan IX	**18,036**	-	**-**	-
Term loan X	**21,440**	-	**-**	-
Trust receipt	**14,924**	14,242	**-**	-
Factoring	**13,724**	-	**-**	-
Clean loan import	**5,654**	-	**-**	-
	612,293	611,136	**60,000**	202,073

(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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within one (1) year	**106,379**	205,486	**40,000**	65,000
More than one (1) year and less than two (2) years	**34,750**	126,979	**-**	53,398
More than two (2) years and less than five (5) years	**289,907**	214,388	**20,000**	83,675
More than five (5) years	**181,257**	64,283	**-**	-
	612,293	611,136	**60,000**	202,073

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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	
	2019	**2018**	**2019**	**2018**
	%	**%**	**%**	**%**
Fixed rate				
Obligations under finance leases	**-**	4.97	**-**	-
Floating rate				
Revolving credits	**4.96**	6.30	**4.10**	5.79
Bankers' acceptance	**4.56**	-	**-**	-
Ijarah Term Financing-i	**-**	6.30	**-**	-
Sukuk Murabahah Islamic Medium Term Notes	**5.13**	-	**-**	-
Term loan I	**-**	6.25	**-**	-
Term loan II	**4.75**	5.15	**4.75**	5.15
Term loan III	**-**	5.15	**-**	5.15
Term loan IV	**-**	5.80	**-**	-
Term loan V	**-**	7.98	**-**	-
Term loan VI	**6.92**	3.33	**-**	-
Term loan VII	**2.84**	-	**-**	-
Term loan VIII	**5.26**	-	**-**	-
Term loan IX	**5.23**	-	**-**	-
Term loan X	**5.01**	-	**-**	-
Trust receipt	**4.56**	4.22	**-**	-
Factoring	**5.14**	-	**-**	-
Clean import loan	**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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Effect of 100 basis point changes to profit/(loss) net of tax and zakat				
Floating rate instruments	**(4,653)**	4,624	**(456)**	1,536

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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) Ijarah Term Financing-i Facility

In 2016, Perangsang Packaging Sdn. Bhd. ("PPSB"), a wholly-owned subsidiary of the Company secured an Ijarah Term Financing-i Facility of RM103.0 million to part finance the acquisition cost of Century Bond Bhd. ("CBB"). The tenure of the Ijarah Term Financing-i Facility is five (5) years.

The Ijarah Term Financing-i Facility was secured via the following:

(i) First legal charge over the ordinary shares of CBB;

(ii) 3rd party second charge over a property held under PN 9955, Lot 1702 Section, Town and District of Kuala Lumpur together with a building erected thereon namely Quality Hotel City Centre;

(iii) Assignment of all dividend income and other income and receivables of capital or revenue in nature received by PPSB from CBB;

(iv) An irrevocable unconditional letter of undertaking from the Company that proceeds from the disposal of its investment in an associate of up to RM50.0 million shall be remitted into a sinking fund account to be utilised to reduce the facility in an inverse order of maturity; and

(v) Corporate guarantee by the Company.

Ijarah Term Financing-i Facility was fully settled during the financial year.

(g) Sukuk Murabahah Islamic Medium Term Notes

During the financial year, Perangsang Capital Sdn. Bhd. ("PCSB"), a wholly-owned subsidiary of the Company has secured a Sukuk Murabahah Islamic Medium Term Notes of RM300.0 million to be advanced to the Company, which is 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 is ranging 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.

(h) Term loan I Facility of RM67.0 million

In 2016, PPSB had secured a term loan facility of RM67.0 million to part finance the acquisition cost of CBB.

The tenure of the term loan facility was five (5) years and matures on 8 November 2021.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

25. LOANS AND BORROWINGS (continued)

(h) Term loan I Facility of RM67.0 million (continued)

The term loan facility was secured via the following:

(i) First legal charge over the ordinary shares of CBB;

(ii) 3rd party second charge over a property held under PN 9955, Lot 1702 Section, Town and District of Kuala Lumpur together with a building erected thereon namely Quality Hotel City Centre;

(iii) Assignment of all dividend income and other income and receivables of capital or revenue in nature received by PPSB from CBB;

(iv) An irrevocable unconditional letter of undertaking from the Company that proceeds from the disposal of its investment in an associate of up to RM50.0 million shall be remitted into a sinking fund account to be utilised to reduce the facility in an inverse order of maturity; and

(v) Corporate guarantee by the Company.

Term loan I was fully settled during the financial year.

(i) Term loan II 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 20 to the financial statements.

(j) Term loan III facility of RM13.0 million

In 2018, the Company had utilised part of the Tawarruq Facility of RM13.0 million for refurbishment cost of Plaza Perangsang.

The tenure of the Tawarruq Facility was five (5) years and matures on 28 March 2023.

The Tawarruq Facility was secured via 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.

Term loan III was fully settled during the financial year.

25. LOANS AND BORROWINGS (continued)

(k) Term loan IV facility of RM200.0 million

In 2018, Perangsang Dinamik Sdn. Bhd. ("PDSB"), a wholly-owned subsidiary of the Company had secured a Murabahah Tawarruq Term Financing-i of RM200.0 million to part finance the acquisition cost of CPI (Penang) Sdn. Bhd. ("CPI").

The tenure of the term loan facility was eight (8) years and matures on 27 March 2026.

The Murabahah Tawarruq Term Financing-i was secured via the following:

(i) First legal charge over the shares of CPI;

(ii) First party debenture by way of fixed and floating charge over all PDSB's present and future assets;

(iii) First party deed of assignment and charge over dividend income from CPI;

(iv) First party deed of assignment and charge over Designated Accounts to be opened and maintained by PDSB;

(v) Deed of assignment and charge other relevant arrangement over a differential amount between retention sum and profit guarantee;

(vi) Irrevocable and unconditional letter of undertaking from the Company to honour any shortfall of PDSB's financing obligations;

(vii) Negative pledge by CPI in favour of the financier; and

(viii) Corporate guarantee by the Company.

Term loan IV was fully settled during the financial year.

(l) Term loan V facility of RM120.0 million

In 2018, KPS-HCM Sdn. Bhd. ("KPS-HCM"), 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 KPS-HCM, Central Spectrum (M) Sdn. Bhd. and the financier to remit the contract proceeds directly to KPS-HCM'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.

In the current financial year, term loan V has been reclassified to liabilities of disposal group classified as held for sale as disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

25. LOANS AND BORROWINGS (continued)

(m) Term loan VI facility of RM7.3 million

In 2018, King Koil Manufacturing West, LLC 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.

(n) Term loan VII facility of RM11.4 million

Taspack Industrial Sdn. Bhd., a newly acquired 85% 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.

(o) Term loan VIII facility of RM150.0 million

During the financial year, 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 VIII 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

25. LOANS AND BORROWINGS (continued)

(p) Term loan IX facility of RM18.0 million

During the financial year, 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.

The term loan IX 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.

(q) Term loan X facility of RM21.4 million

During the financial year, CPI (Penang) Sdn. Bhd. ("CPI"), a wholly-owned subsidiary of PDSB 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 X 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);

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

25. LOANS AND BORROWINGS (continued)

(q) Term loan X facility of RM21.4 million (continued)

The term loan X facility is secured via the following (continued):

(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.

(r) Currency exposure profile of loans and borrowings are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Ringgit Malaysia	**603,967**	604,904	**60,000**	202,073
United States Dollar	**7,205**	6,232	**-**	-
Singapore Dollar	**1,121**	-	**-**	-
	612,293	611,136	**60,000**	202,073

(s) 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	
	2019 RM'000	**2018 RM'000**
Profit/(Loss) net of tax and zakat		
USD/RM		
- strengthen by 10%	**(548)**	474
- weaken by 10%	**548**	(474)

The exposures to the other currency is not significant, hence the effect of the change in the exchange rate is not presented.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

25. LOANS AND BORROWINGS (continued)

(t) Fair value of loans and borrowings that were not carried at fair value and whose carrying amounts were not reasonable approximation of fair value.

	Group	
	Carrying amount RM'000	**Fair value RM'000**
As at 31 December 2018		
Obligations under finance leases	2,728	2,714

Fair value of the obligation under finance leases were estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

The carrying amounts of loans and borrowings, except for fixed rate obligations under finance leases were reasonable approximation of fair value, either due to their short-term nature or that they were floating rate instruments that were re-priced to market interest rates on or near the end of the reporting period.

Fair value of the loans and borrowings of the Group and of the Company were categorised as Level 2 in the fair value hierarchy. There was no transfer between levels in the hierarchy during the financial year.

(u) The table below summarises the maturity profile of the Group's and the Company's loans and borrowings at the reporting date based on contractual undiscounted repayment obligations:

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**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

25. LOANS AND BORROWINGS (continued)

(u) The table below summarises the maturity profile of the Group's and the Company's loans and borrowings at the reporting date based on contractual undiscounted repayment obligations: (continued)

Group 2018	**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	81,423	28,562	-	109,985
Obligations under finance leases	676	2,430	-	3,106
Ijarah Term Financing-i	30,617	56,367	-	86,984
Term loans	114,459	292,878	68,011	475,348
Trust receipt	14,843	-	-	14,843
	242,018	380,237	68,011	690,266
Company				
2019				
Revolving credits	**30,104**	**-**	**-**	**30,104**
Term loans	**11,425**	**21,425**	**-**	**32,850**
	41,529	**21,425**	**-**	**62,954**
2018				
Revolving credits	70,323	28,562	-	98,885
Term loans	5,669	120,051	-	125,720
	75,992	148,613	-	224,605

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

25. LOANS AND BORROWINGS (continued)

(v) Reconciliation of liabilities arising from financing activities

Group	**Short term borrowings# RM'000**	**Ijarah term financing-i RM'000**	**Term loans RM'000**	**Obligation under finance leases RM'000**	**Sukuk Murabahah Islamic Medium Term Notes RM'000**	**Total RM'000**
As at 1 January 2018	39,000	103,000	165,400	258	-	307,658
Cash flows:						
- Drawdowns	257,988	-	274,914	-	-	532,902
- Repayments	(180,746)	(25,750)	(32,582)	(272)	-	(239,350)
Non-cash flows:						
- acquisition of property, plant and equipment (Note 13)	-	-	7,337	2,947	-	10,284
- disposal of a subsidiary (Note 16)	-	-	-	(205)	-	(205)
- foreign exchange differences	-	-	(153)	-	-	(153)
As at 31 December 2018/ 1 January 2019	**116,242**	**77,250**	**414,916**	**2,728**	**-**	**611,136**
Cash flows:						
- drawdowns	**152,519**	**-**	**249,745**	**-**	**300,000**	**702,264**
- repayments	**(212,371)**	**(77,250)**	**(402,766)**	**-**	**-**	**(692,387)**
- repayments of profit rate/interest	**(3,634)**	**-**	**(12,224)**	**-**	**(14,606)**	**(30,464)**
Non-cash flows:						
- transfer to asset held for disposal (Note 24)	**-**	**-**	**(56,040)**	**-**	**-**	**(56,040)**
- effects of adoption MFRS 16 (Note 39)	**-**	**-**	**-**	**(2,728)**	**-**	**(2,728)**
- foreign exchange differences	**(117)**	**-**	**(66)**	**-**	**-**	**(183)**
- acquisition of subsidiaries (Note 16)	**29,954**	**-**	**15,980**	**-**	**-**	**45,934**
- unwinding of profit rate/interest	**3,634**	**-**	**16,521**	**-**	**14,606**	**34,761**
As at 31 December 2019	**86,227**	**-**	**226,066**	**-**	**300,000**	**612,293**

#Short term borrowings comprise revolving credit, bankers' acceptance, trust receipt, factoring and clean loan import.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

25. LOANS AND BORROWINGS (continued)

(v) Reconciliation of liabilities arising from financing activities (continued)

Company	Revolving credit RM'000	Term loans RM'000	Total RM'000
As at 1 January 2018	39,000	100,000	139,000
Cash flows:			
- Drawdowns	222,000	10,073	232,073
- Repayments	(169,000)	-	(169,000)
As at 31 December 2018/1 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	**30,000**	**30,000**	**60,000**

26. DEFERRED TAX

(a) The deferred tax assets/(liabilities) are made up of the following:

	Group	
	2019 RM'000	2018 (Restated) RM'000
As at 1 January	**(82,041)**	(62,414)
Recognised in profit or loss (Note 10)	**(3,491)**	(1,283)
Acquisition of subsidiaries (Note 16)	**(21,133)**	(16,863)
Foreign exchange differences	**844**	(1,481)
As at 31 December	**(105,821)**	(82,041)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**989**	353
Deferred tax liabilities	**(106,810)**	(82,394)
	(105,821)	(82,041)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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 2018	(59,149)	(4,056)	(913)	1,227	(62,891)
Recognised in profit or loss	314	(1,685)	913	(701)	(1,159)
Acquisition of a subsidiary	(7,187)	(9,676)	-	-	(16,863)
Foreign exchange differences	(1,481)	-	-	-	(1,481)
As at 31 December 2018/1 January 2019	**(67,503)**	**(15,417)**	**-**	**526**	**(82,394)**
Recognised in profit or loss	**1,328**	**(4,640)**	**322**	**-**	**(2,990)**
Acquisition of subsidiaries	**(4,970)**	**(19,160)**	**2,071**	**-**	**(22,059)**
Foreign exchange differences	**468**	**51**	**114**	**-**	**633**
As at 31 December 2019	**(70,677)**	**(39,166)**	**2,507**	**526**	**(106,810)**

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 2018	789	146	769	(1,227)	477
Recognised in profit or loss	(342)	-	(483)	701	(124)
As at 31 December 2018	447	146	286	(526)	353

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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 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**
As at 31 December 2019	**1,594**	**146**	**(225)**	**(526)**	**989**

(c) The temporary differences for which no deferred tax assets has been recognised in the statements of financial position are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unutilised tax losses				
- Expired by 31 December 2025	**58,295**	58,295	**55,080**	55,080
- Expired by 31 December 2026	**18,527**	-	**11,796**	-
Unabsorbed capital allowances	**9,402**	6,831	**6,857**	6,004
Other deductible temporary differences	**(6,129)**	(6,500)	**(6,796)**	(6,150)
	80,095	58,626	**66,937**	54,934

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 RM19,223,000 (2018: RM14,070,000) and RM16,065,000 (2018: RM13,184,000) 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 2019 (continued)

27. POST-EMPLOYMENT BENEFITS

Pursuant to acquisition of Toyoplas, an indirect subsidiary of the Company is required to provide certain post-employment benefits to its employees when their employment is terminated or when they retire in accordance with local regulation of a subsidiary. These benefits are primarily based on years of service and employees' compensation at termination or retirement.

	Group	
	2019	**2018**
	RM'000	**RM'000**
Net defined benefit liabilities	**10,454**	-

(a) Movement in net defined benefit liability

The following table shows a reconciliation from the opening balance to closing balance for the net defined benefit liability:

	2019
	RM'000
Balance as at 1 January	**-**
Acquisition of a subsidiary (Note 16)	**9,493**
Included in profit or losses	
Current service cost	**638**
Interest on obligation	**288**
	926
Included in other comprehensive income	
Re-measurement loss/(gain)	
- Actuarial losses/(gains) arising from:	
- Financial assumptions	**153**
- Experience adjustment	**(119)**
	34
Others	
Benefits paid by the plan	**(52)**
Foreign exchange rate effect	**53**
	1
Balance as at 31 December	**10,454**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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 8.0% (2018: Nil) and future salary growth of 7.0% (2018: Nil). As at 31 December 2019, the weighted-average duration of the defined benefit obligation is 15.91 years (2018: Nil).

(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.

	2019 RM'000
Discount rate	
- increase by 1%	**(1,220)**
- decrease by 1%	**1,434**
Future salary growth	
- increase by 1%	**1,476**
- decrease by 1%	**(1,274)**

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Non-current				
Other payable	**80,925**	51,424	**-**	51,424
Amount due to a subsidiary	**-**	-	**300,000**	-
Total other payables	**80,925**	51,424	**300,000**	51,424
Current				
Trade payables	**169,593**	107,619	**922**	914
Other payables				
Accruals	**32,033**	17,544	**6,629**	4,040
Sundry payables	**90,175**	30,089	**58,322**	5,698
Amount due to immediate holding company	**-**	203	**-**	-
Amounts due to related companies	**251**	9,583	**35**	9,583
Amounts due to subsidiaries	**-**	-	**37,688**	6,664
	122,459	57,419	**102,674**	25,985
	292,052	165,038	**103,596**	26,899
GST payables	**-**	652	**-**	-
Total payable	**292,052**	165,690	**103,596**	26,899
Total trade and other payables excluding GST payables	**372,977**	216,462	**403,596**	78,323

(a) Total trade and other payables, excluding GST 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 (2018: 30 to 90 days). These amounts are non-interest bearing.

(c) In the current financial year, other payable under non-current liabilities 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% (2018: Nil) and payable within next twenty-four (24) months.

(d) In the previous financial year, other payable under non-current liabilities of the Group and of the Company represented contingent consideration payable to vendor of CPI as disclosed in Note 16 to the financial statements, which bears fixed interest of 4%. The amount including interest accrued payable has been reclassified to sundry payables in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

28. TRADE AND OTHER PAYABLES (continued)

(e) Sundry payables are non-interest bearing and normally settled on an average term of 30 to 90 days (2018: 30 to 90 days).

(f) 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 5.13% (2018: Nil) per annum and payable within the next sixty (60) months amounting to RM300,000,000.

(g) Currency exposure profile of total payables are as follows:

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Ringgit Malaysia	**168,924**	137,688	**103,596**	26,899
United States Dollar	**94,834**	21,388	**-**	-
Singapore Dollar	**1,498**	602	**-**	-
Euro	**1,230**	5,568	**-**	-
Chinese Renminbi	**19,349**	432	**-**	-
Hong Kong Dollar	**-**	12	**-**	-
Great Britain Pound	**58**	-	**-**	-
Japanese Yen	**2,646**	-	**-**	-
Indonesian Rupiah	**3,513**	-	**-**	-
	292,052	165,690	**103,596**	26,899

(h) 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	
	2019 RM'000	**2018 RM'000**
Profit/(Loss) net of tax and zakat		
USD/RM		
- strengthen by 10%	**(7,207)**	1,626
- weaken by 10%	**7,207**	(1,626)
CNY/RM		
- strengthen by 10%	**(1,471)**	33
- weaken by 10%	**1,471**	(33)

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 2019 (continued)

28. TRADE AND OTHER PAYABLES (continued)

(i) 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	
	2019	**2018**
	RM'000	**RM'000**
Effect of 100 basis point changes to profit net of tax and zakat		
Floating rate instruments	**(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.

(j) The remaining maturities of the trade and other payables as at the end of each of reporting period are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within one (1) year	**292,052**	165,690	**103,596**	26,899
More than one (1) year and less than two (2) years	**80,925**	51,424	**-**	51,424
More than two (2) years and less than five (5) years	**-**	-	**185,000**	-
More than five (5) years	**-**	-	**115,000**	-
	372,977	217,114	**403,596**	78,323

(k) 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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Within one (1) year	**292,628**	165,690	**104,172**	26,899
More than one (1) year and less than two (2) years	**87,339**	54,000	**-**	54,000
More than two (2) years and less than five (5) years	**-**	-	**250,623**	-
More than five (5) years	**-**	-	**140,322**	-
	379,967	219,690	**495,117**	80,899

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

29. CONTRACT LIABILITIES

	Group	
	2019	**2018**
	RM'000	**RM'000**
Current		
Unsatisfied performance obligations in respect of:		
Advance billings	**10,545**	12,855

(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	
	2019	**2018**
	RM'000	**RM'000**
As at 1 January	**12,855**	3,876
Acquisition of a subsidiary (Note 16)	**-**	2,263
Revenue recognised during the year	**(40,536)**	(27,555)
Invoiced during the financial year	**38,275**	34,188
Foreign exchange difference	**(49)**	83
As at 31 December	**10,545**	12,855

(c) Revenue of RM10,545,000 (2018: RM12,855,000) 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			
	2019		**2018**	
	Number of shares '000	**Amount RM'000**	**Number of shares '000**	**Amount RM'000**
Issued and fully paid:				
As at 1 January	**537,385**	**537,927**	499,004	538,092
Issuance of bonus shares	**-**	**-**	38,381	-
Expenses incurred for issuance of bonus shares	**-**	**-**	-	(165)
As at 31 December	**537,385**	**537,927**	537,385	537,927

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

30. SHARE CAPITAL (continued)

(a) In the previous financial year, the number of issued and paid up ordinary shares of the Company was increased from 499,004,119 to 537,385,383 ordinary shares by way of issuance of bonus issue of 38,381,264 new ordinary shares on the basis of one (1) new ordinary share for every thirteen (13) existing ordinary shares held in the Company.

(b) 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.

31. RESERVES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Non-distributable				
Foreign currency translation reserves	**(3,688)**	1,141	**-**	-
Capital reserve	**1,243**	-	**-**	-
Distributable				
Retained earnings	**422,281**	595,140	**340,785**	84,265
	419,836	596,281	**340,785**	84,265

(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.

(c) Retained earnings

The entire retained earnings of the Company as at 31 December 2019 and 31 December 2018 may be distributed as dividend under the single-tier system.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

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.

(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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Construction revenue from related companies	**48,079**	72,194	**-**	-
Sales of products to subsidiaries of non-controlling interest	**15,659**	18,847	**-**	-
Sales of products to related companies	**14,176**	48,901	**-**	-
Rental income from ultimate holdings corporation	**282**	282	**282**	282
Rental expense charged by related parties	**18**	18	**18**	18

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

32. RELATED PARTY DISCLOSURES (continued)

(c) Compensation of key management personnel

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total Directors' remuneration (Note 9)	**5,013**	2,299	**2,793**	1,211
Other key management personnel:				
Salaries, wages and bonus	**7,351**	7,188	**2,095**	3,068
Fees and allowances	**216**	216	**216**	216
Contributions to defined contribution plan	**642**	585	**338**	398
Other employee benefits	**187**	154	**47**	81
	8,396	8,143	**2,696**	3,763
	13,409	10,442	**5,489**	4,974

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) (2018: 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 Group's and the Company's future minimum rentals receivable under non-cancellable operating leases at the end of each reporting date are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Not later than one (1) year	**9,566**	6,887	**7,046**	5,279
Later than one (1) year but not later than five (5) years	**15,139**	10,244	**8,556**	1,142
	24,705	17,131	**15,602**	6,421

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

33. COMMITMENTS (continued)

(b) Operating lease commitments - as lessee

The Group entered into non-cancellable commercial arrangements with its third parties on rental of office space and showroom. These leases have remaining terms of between one (1) to two (2) years. All leases include a clause to enable upward revision of the rental charge on an annual basis on prevailing market conditions.

The Group's future minimum rentals payable under non-cancellable operating leases at the end of each reporting date are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Not later than one (1) year	**-**	2,929
Later than one (1) year but not later than five (5) years	**-**	1,220
	-	4,149

(c) Capital commitments

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Capital expenditure in respect of purchase of property, plant and equipment:				
Approved but not contracted for	**14,924**	30,719	**2,400**	19,800
Approved and contracted for	**35,232**	32,242	**2,000**	-
	50,156	62,961	**4,400**	19,800

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

34. GUARANTEES AND CONTINGENT LIABILITIES

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured				
(i) Provision of corporate guarantee for an associate:				
For financing/refinancing of the credit facilities for the purchase consideration of business and identifiable assets	**-**	8,815	**-**	-
Working capital and issuance of bank guarantees	**36,000**	43,872	**36,000**	-
(ii) Provision of corporate guarantee for subsidiaries:				
For financing of the loans and borrowings	**-**	-	**523,458**	376,491
Unsecured				
(i) Proportionate corporate guarantee to a related party	**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 2019 and 31 December 2018.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Trade and other payables	**372,977**	217,114	**403,596**	78,323
Loans and borrowings	**612,293**	611,136	**60,000**	202,073
Cash and bank balances and short term funds	**(271,801)**	(166,448)	**(106,671)**	(36,924)
	713,469	661,802	**356,925**	243,472
Total capital, equity attributable to the owners of the parent	**957,763**	1,134,208	**878,712**	622,192
Capital and net debt	**1,671,232**	1,796,010	**1,235,637**	865,664
Gearing ratio	**43%**	37%	**29%**	28%

(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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

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 17% (2018: 34%) and 67% (2018: 32%) of the Group's and the Company's loans and borrowings as disclosed in Note 25 to 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 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.

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 20, Note 22, Note 23 and Note 25 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

35. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(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 introduced its foreign exchange policy to minimise the adverse exchange rate fluctuations. Currency exposure with maturities of less than twelve (12) months, to hedge against fluctuation in the foreign currency exchange rate. The Group uses foreign currency forward contracts for this purpose only.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

36. SEGMENT INFORMATION (continued)

2019	Manufacturing RM'000	Trading RM'000	Licensing RM'000	Infra-structure RM'000	Investment holding RM'000	Oil and gas RM'000	Property investment RM'000	Adjustment and elimination RM'000	Note	Consolidated RM'000
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
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
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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

36. SEGMENT INFORMATION (continued)

2019	Manufacturing RM'000	Trading RM'000	Licensing RM'000	Infra-structure 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	-	-	-	-	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
2018										
Revenue										
External revenue	357,548	111,068	30,335	73,093	-	-	10,269	-		582,313
Inter-segment	-	-	-	19,314	82,589	-	-	(101,903)	A	-
	357,548	111,068	30,335	92,407	82,589	-	10,269	(101,903)		582,213

** Others comprise property investment and telecommunication.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

36. SEGMENT INFORMATION (continued)

2018	Manufacturing RM'000	Trading RM'000	Licensing RM'000	Infra-structure 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	1,085	422	196	4,479	11,047	-	4,211	(10,019)		11,421
Depreciation and amortisation	10,443	108	655	312	4,551	-	2,715	236		19,020
Finance costs	472	6	689	2,264	40,110	-	-	(10,019)		33,522
Share of results of associates	-	-	-	(208,401)	-	12,136	(1,310)	-		(197,575)
Segment profit/(loss)	42,793	9,395	20,084	5,068	54,873	-	3,015	(314,867)		(179,639)
Assets										
Investments in associates	-	-	-	-	929,891	-	-	-		929,891
Additions to:										
Property, plant and equipment	37,485	277	239	2,247	815	-	-	-		41,063
Investment properties	-	-	-	-	4,316	-	-	-		4,316
Intangible assets	-	-	306	-	-	-	-	-		306
Segment assets	386,307	69,796	168,879	95,436	1,450,792	-	79,029	(93,116)	B	2,157,123
Liabilities										
Segment liabilities	80,284	30,440	4,970	33,968	268,841	-	6,319	489,663	C	914,485

** Others comprise property investment and telecommunication.*

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (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	
	2019	**2018**
	RM'000	**RM'000**
Investments in associates	**323,181**	929,891
Deferred tax assets	**989**	353
Current tax assets	**8,059**	6,853
Inter-segment assets	**(2,124,284)**	(1,030,213)
	(1,792,055)	(93,116)

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	
	2019	**2018**
	RM'000	**RM'000**
Deferred tax liabilities	**106,810**	82,394
Current tax liabilities	**7,594**	4,038
Loans and borrowings	**612,293**	611,136
Inter-segment liabilities	**(297,863)**	(207,905)
	428,834	489,663

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

37. SIGNIFICANT AND SUBSEQUENT EVENTS

(a) Disposal of property of Brisdale International Hotel Sdn. Bhd. ("BIH")

On 5 July 2018, BIH entered into a Sale and Purchase Agreement with Lerttral (Malaysia) Sdn. Bhd. ("Lerttral") for the disposal of BIH's property to Lerttral for a purchase consideration of RM26.0 million. The disposal was completed on 7 August 2019.

(b) Disposal of 100% equity interest held by Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") in Syarikat Pengeluar Air Sungai Selangor Sdn. Bhd. ("SPLASH") to Pengurusan Air Selangor Sdn. Bhd. ("Air Selangor")

On 3 August 2018, SPLASH Holdings being the Group's 30% associated company held through Viable Chip (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, received a Letter of Offer from Air Selangor in respect of Air Selangor's proposed purchase of 100% equity interest held by SPLASH Holdings in SPLASH ("the Offer") for a total purchase consideration of RM2.55 billion. Subsequently, on 9 August 2018, SPLASH Holdings had accepted the Offer.

On 28 September 2018, SPLASH Holdings had entered into a conditional share purchase agreement with Air Selangor for the proposed disposal of its entire 50,000,000 ordinary shares and 350,000,000 Redeemable Unsecured Loan Stocks in SPLASH to Air Selangor for a total cash disposal consideration of RM2.55 billion.

On 15 April 2019, SPLASH Holdings and Air Selangor had mutually agreed to extend the Cut Off Date to fulfil the conditions precedent in the SPA from 15 April 2019 to 30 April 2019. The disposal was conditional upon and subject to the fulfilment or waiver of conditions precedent within a period of three (3) months from the date of the execution of the SPA, or such other date as may be mutually agreed in writing by Air Selangor and SPLASH Holdings.

The conditions precedent in the SPA had been fulfilled on 22 April 2019 and the Offer became unconditional. SPLASH Holdings had on 24 April 2019 received the upfront sum of RM1.90 billion from Air Selangor. As such, the Offer was completed on even date. Accordingly, SPLASH had ceased to be a subsidiary of SPLASH Holdings with effect from 24 April 2019.

(c) Issuance of RM300.0 million in nominal value of Sukuk Murabahah pursuant to an Unrated Sukuk Murabahah Programme of up to RM500.0 million in nominal value under the Shariah Principle of Murabahah

The Company had on 30 January 2019 via Perangsang Capital Sdn. Bhd. made an inaugural issuance of RM300.0 million in nominal value Sukuk Murabahah under the Sukuk Murabahah Programme.

The proceeds from the Sukuk Murabahah Programme was used to fully settle Term Loan I facility and partially settled Term Loan IV facility as disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

37. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

(d) Selective Capital Reduction ("SCR") and repayment exercise undertaken by Century Bond Bhd. ("CBB"), a 98.98%, indirect subsidiary of the Company

On 16 April 2019, Perangsang Packaging Sdn. Bhd. ("PPSB"), a wholly-owned subsidiary of the Company, served a letter to the Board of CBB, setting out PPSB's intention for CBB to undertake the SCR and repayment exercise under Section 116 of the Companies Act 2016.

The SCR was conditional and subject to the following being obtained:

(i) the consent from the Securities Commission Malaysia for the circular and the independent advice letter to be issued to the shareholders of CBB;

(ii) the approval of the Entitled Shareholders via a special resolution at an extraordinary general meeting ("EGM") to be convened which was required to be approved by at least a majority in number of the Entitled Shareholders and 75% in value of all CBB Shares held by the Entitled Shareholders that are cast either in person or by proxy at the EGM, and the value of the votes cast against the SCR must not be more than 10% of the votes attaching to all CBB Shares held by the Entitled Shareholders;

(iii) the grant of an order by the High Court of Malaya approving the reduction of the share capital of CBB pursuant to Section 116 of the Act ("Order");

(iv) the consent from relevant creditors/lenders of CBB, if required; and

(v) the approvals/consents of any other regulatory authorities and/or third parties, if required.

The SCR was approved by CBB shareholders at an extraordinary general meeting held on 20 June 2019. Subsequently, on 22 August 2019 the High Court of Malaya approved the Order.

Following the lodgement of the sealed Order on 20 September 2019 and the settlement of the SCR Offer Price to the Entitled Shareholders of CBB on 27 September 2019, CBB is now a wholly-owned subsidiary of PPSB, which in turn is a wholly-owned subsidiary of the Company.

(e) Acquisition of 100% equity interest in Toyoplas Manufacturing (Malaysia) Sdn. Bhd. ("Toyoplas")

On 17 May 2019, the Group's wholly owned subsidiary, Perangsang Dinamik Sdn. Bhd., had entered into conditional Share Sale Agreement with Toyoplas Consolidated Limited, Lim Lai An and Lim Hui Bian for the acquisition of 100% equity interest in Toyoplas for a cash consideration of RM311.25 million ("Acquisition").

The details of the Acquisition have been disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

37. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

(f) Proposed Offer to Purchase all the securities held by Sistem Penyuraian Trafik KL Barat Holdings Sdn. Bhd. ("SPRINT Holdings"), a 20% associated company of the Company, in Sistem Penyuraian Trafik KL Barat Sdn. Bhd. ("SPRINT") by Minister of Finance (Incorporated) ("MOF Inc") ("Proposed Acquisition")

SPRINT Holdings had on 21 June 2019, received a Letter of Offer dated on even date from MOF Inc in respect of MOF Inc's offer to acquire all the securities (including all ordinary shares, preference shares and loan stocks) of SPRINT ("SPRINT Offer"). SPRINT is a wholly-owned subsidiary of SPRINT Holdings.

The Board of Directors of the Company had on 2 July 2019 deliberated on the SPRINT Offer and had resolved to vote in favour of accepting the SPRINT Offer.

The Letter of Offer stipulates, inter alia that upon acceptance of the SPRINT Offer and subject to (i) satisfactory due diligence findings, (ii) the execution of a definitive agreement in respect of the offer, (iii) the approval of the Cabinet of Malaysia, and (iv) SPRINT Holdings adherence to the terms of the offer, each party will each use all reasonable endeavours to negotiate and finalise the terms of the definitive agreement in respect of the offer including detailed procedures for Completion, which will incorporate all the principal terms and conditions set forth in the offer, by 30 August 2019 or any other day and time that SPRINT Holdings and either MOF Inc or Special Purpose Vehicle ("SPV") may mutually agree in writing ("Cut-Off Date"). From the date of acceptance of the SPRINT Offer until the Cut-Off Date, SPRINT Holdings shall deal with MOF Inc and/or SPV exclusively on the Proposed Acquisition.

On 29 August 2019, MOF Inc and SPRINT Holdings mutually agreed to extend the Cut-Off Date to negotiate and finalise the terms of the definitive agreement from 30 August 2019 to 31 October 2019 in respect of the SPRINT Offer.

MOF Inc and SPRINT Holdings further agreed to the following in respect of the SPRINT Offer: -

i. the Cut-Off Date to negotiate and finalise the terms of the definitive agreements shall be extended from 31 December 2019 to 29 February 2020;

ii. the long stop date to satisfy the Conditions Precedent shall be extended to a date which shall be mutually agreed between MOF Inc and SPRINT Holdings; and

iii. the date of Completion shall be extended from 31 December 2019 to a date which shall be no later than 31 March 2020.

There has been no further update or extension on the Cut-Off Date as at the date of authorisation of the financial statements.

(g) Acquisition of 85% shareholding in Taspack Industrial Sdn. Bhd. ("Taspack") via Polyplus Packages (JB) Sdn. Bhd. ("Polyplus JB"), wholly-owned subsidiary of Century Bond Bhd ("CBB")

On 11 October 2019, CBB via its wholly-owned subsidiary, Polyplus JB entered into a conditional Sale and Purchase of Shares Agreement with Lim Kian Tiong, Teo Kim Yam and Soo Yin Seong for the acquisition of 85% equity stake in Taspack for a total consideration of RM21.25 million. Taspack is an end-to-end production of offset carton boxes and is also involved in the manufacturing of instruction manuals.

The details of the acquisition have been disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

37. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

(h) Joint Venture Agreement ("JVA") between Smartpipe Technology Sdn. Bhd. ("Smartpipe") and Menteri Besar Kedah Incorporated ("MBI Kedah")

On 6 November 2019, Smartpipe signed a JVA with MBI Kedah to undertake non-revenue water ("NRW") and other water-related projects to remedy the NRW situation in Kedah.

A special purpose vehicle company, Darul Aman Water Solutions Sdn. Bhd. ("DAWS") was incorporated to mobilise NRW and water-related projects in Kedah, restoring the sustainability of water supply for the state. As at the date of the authorisation of the financial statements, DAWS is 51% held by MBI Kedah and 49% held by Smartpipe.

(i) Incorporation of Infinity Packaging Solutions Sdn. Bhd.

On 7 January 2020, Polyplus Packages (JB) Sdn. Bhd., a wholly-owned subsidiary of Century Bond Bhd. had incorporated a new subsidiary known as Infinity Packaging Solutions Sdn. Bhd. with a paid-up share capital of RM100 comprising 100 ordinary shares.

(j) 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 2 ordinary shares.

(k) Acquisition of PT. Infinity Packaging Solutions

In 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 Packaging Solutions for a total cash consideration of RM1.30 million.

(l) Extension of Time for Smartpipe Technology Sdn. Bhd. contracts

On 6 March 2020, Smartpipe Technology Sdn. Bhd. an indirect 60% owned subsidiary of the Company has received an Extension of Time for Package 12 Daerah Hulu Langat and Kuala Lumpur ("Contract") from Pengurusan Air Selangor Sdn. Bhd., a wholly-owned subsidiary of Kumpulan Darul Ehsan Berhad. The Contract is expected to contribute positively to the earnings and net assets of Group for the financial year ending 31 December 2020 onwards until the completion of the Contract.

(m) Ongoing pandemic of 2019 Novel Coronavirus ("Covid-19") disease since the beginning of 2020

The World Health Organisation declared Covid-19 a pandemic on 11 March 2020, drastically impacting many economies around the world. This was followed by the Government of Malaysia issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order ("MCO") effective from 18 March 2020 to 31 March 2020 arising from Covid-19. The MCO was subsequently extended on:

(a) 25 March 2020 for two (2) weeks until 14 April 2020;
(b) 10 April 2020 for another two (2) weeks until 28 April 2020; and
(c) 23 April 2020 for another two (2) weeks until 12 May 2020.

37. SIGNIFICANT AND SUBSEQUENT EVENTS (continued)

(m) Ongoing pandemic of 2019 Novel Coronavirus ("Covid-19") disease since the beginning of 2020 (continued)

Since these developments occurred subsequent to the end of the reporting period, the Covid-19 pandemic is treated as a non-adjusting event in accordance with MFRS 110 *Events after the Reporting Period*. Consequently, the financial statements for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

The Group has business presence in Malaysia, the People's Republic of China ("PRC") and Indonesia, as well extended value chains in Hong Kong, Vietnam, the US and the Eurozone. Inevitably, as a matter of course, the disruption of supply chains in the operating environment is expected to take a toll on the business of the Group in general, more so on its manufacturing entities. Subsidiaries of the Group have actively responded and adhered to various regulations and requirements relating to pandemic prevention and control by the respective governments in which they conduct business; for instance, the lockdown in PRC specifically at Shanghai, Nanning and Dongguan during the month of February 2020 and the MCO in Malaysia. This is expected to affect operations and production capacity, and impact the business performance of the subsidiaries.

The degree of impact to the Group will depend on the extent and duration of the prevention and control measures exercised in the respective countries. This said, the Group will continue to monitor the situation and plan timely responses and measures so as to effectively manage the impact.

To this end, the Group had mobilised its Business Continuity Plan - Crisis Management Team ("BCP-CMT"), tasked to lead all preparations and implementations of key action plans and guidelines in handling the crisis as a result of the Covid-19 pandemic. Taking cognisance that business of the Group is spread out across many geographical areas and the Group has many factories in different countries, the objective of the BCP-CMT is to lead the Group's business continuity plan in response to the pandemic. It covers an array of procedures, measures and controls in handling the situation before and after the crisis.

The Group is in the process of assessing the financial reporting impact of the Covid-19 pandemic since ongoing developments remain uncertain and cannot be reasonably predicted as at the date of authorisation of the financial statements.

The Group anticipates that the potential financial reporting impact of Covid-19 would be recognised in the financial statements of the Group during the financial year ending 31 December 2020.

38. MATERIAL LITIGATION

Issuance of Writ of Summons and Statement of Claim by Perangsang Hotel & Properties Sdn. Bhd. ("PHP") against Leo Hospitality Sdn. Bhd. ("LEO")

PHP, a wholly-owned subsidiary of Cash Band (M) Berhad, which in turn is a wholly-owned subsidiary of the Company, had on 8 August 2018 via its solicitors Messrs Shearn Delamore & Co. filed and served the Writ of Summons and Statement of Claim both dated 6 August 2018 against LEO for a claim arising out of the Lease Agreement which was entered into between PHP and LEO on 27 December 2016 ("Lease Agreement").

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

38. MATERIAL LITIGATION (continued)

Issuance of Writ of Summons and Statement of Claim by Perangsang Hotel & Properties Sdn. Bhd. ("PHP") against Leo Hospitality Sdn. Bhd. ("LEO") (continued)

PHP's claims as set out under the Statement of Claim were as follows:

(i) RM3,820,489.64 being the outstanding Lease Fee and Sales Commission Fee together with interest thereon at the rate of 4.5% per annum from 20 March 2018, or from such other date as the Court deems fit, to the date of full payment;

(ii) RM4,531,966.56 being the outstanding monthly instalments together with interest at the rate of 4.5% per annum from 20 March 2018, or from such other date as the Court deems fit, to the date of full payment;

(iii) RM81,252.17 being the outstanding utilities from Tenaga Nasional Berhad, Syarikat Bekalan Air Selangor Sdn. Bhd. and Telekom Malaysia Berhad together with interest thereon at the rate of 5% per annum from the date of filing the Writ of Summons, or from such other date as the Court deems fit, to the date of full payment;

(iv) RM1,269.32 being the outstanding payment to City-Link Express Sdn. Bhd. together with interest thereon at the rate of 5% per annum from the date of filing the Writ of Summons, or from such other date as the Court deems fit, to the date of full payment;

(v) a declaration that the Plaintiff is entitled to forfeit the Deposit of RM450,000 that has been paid to the Plaintiff;

(vi) general damages, together with interest thereon at the rate of 5% per annum from the date of filing the Writ of Summons, or from such other date as the Court deems fit, to the date of full payment;

(vii) costs; and

(viii) such further or other relief as the Court may deem fit.

LEO was served with the Writ of Summons and Statement of Claims on 8 August 2018. Upon receipt of the Writ of Summons and Statement of Claims, as required under the law, LEO has fourteen (14) days to enter its appearance and to file its defence should LEO intend to defence the Civil Suit. Nonetheless, upon expiry of fourteen (14) days period, LEO failed to file its appearance and defence.

PHP had then on 7 September 2018 applied for Judgement in Default to be entered against LEO as consequent of LEO's failure to file its appearance and defence, seeking a declaratory relief for the claims as prayed in PHP's Writ of Summons and Statement of Claims. PHP's application for the Judgement in Default was fixed for hearing on 4 January 2019.

On 4 January 2019, after hearing oral submissions, the Shah Alam High Court had allowed PHP's application to enter Judgement in Default of Defence ("the Order") as prayed for in the Statement of Claim together with costs of RM1,000 to be paid to PHP.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

38. MATERIAL LITIGATION (continued)

Issuance of Writ of Summons and Statement of Claim by Perangsang Hotel & Properties Sdn. Bhd. ("PHP") against Leo Hospitality Sdn. Bhd. ("LEO") (continued)

PHP has in fact, in its attempt to execute the Order, issued and delivered a Statutory Demand Notice upon LEO on 7 February 2019. The Statutory Demand Notice was made pursuant to Section 465(1)(e), 466(1)(a) and 466(2) of the Companies Act 2016. The Statutory Demand Notice requires LEO to comply with the Order within 21 days upon receipt of the Statutory Demand Notice. Nonetheless, upon expiry of the 21 days period, LEO failed to comply with the Statutory Demand Notice.

Due to LEO's failure to comply with the Statutory Demand Notice, PHP has then filed a Petition for a winding-up against LEO on 11 March 2019. An Affidavit verifying the Petition was filed on 19 March 2019. The Petition was fixed for hearing on 15 May 2019 by the Court. PHP has complied with the necessary requirements prior to the hearing of the Petition. Subsequently, the Court had granted the following Order inter alia:

(i) that LEO to be wound up pursuant to Section 465(1)(e) of the Companies Act 2016;

(ii) that the Official Receiver be appointed as Interim Liquidator of LEO pursuant to Section 476(1) of the Companies Act 2016; and

(iii) that the costs of RM5,000 be awarded to PHP.

39. 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 of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 as described in the following section.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

(a) New MFRSs adopted during the financial year (continued)

MFRS 16 *Leases*

MFRS 16 supersedes MFRS 117 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease,* SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.* MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the financial statements.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors would continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 does not have a material impact for leases for which the Group is the lessor.

The Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as of 1 January 2019. The incremental borrowing rates of the Group and of the Company applied to the lease liabilities on 1 January 2019 ranged from 4.55% to 7.60% and 4.75% respectively.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

(a) New MFRSs adopted during the financial year (continued)

MFRS 16 *Leases* (continued)

In applying MFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

(i) applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
(ii) relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 January 2019;
(iii) accounting for operating leases with a remaining lease term of less than twelve (12) months as at 1 January 2019 and do not contain a purchase option as short-term leases;
(iv) excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
(v) using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

On transition to MFRS 16, the Group and the Company recognised right-of-use assets and lease liabilities. The impact on transition is summarised below:

	Note	As at 31.12.2018 RM'000	Impact RM'000	As at 1.1.2019 RM'000
Group				
Property, plant and equipment		157,596	(24,876)	132,720
Right-of-use assets	(i)	-	36,076	36,076
Lease liabilities	(ii)	-	14,372	14,372
Borrowing		611,136	(2,728)	608,408
Retained earnings		595,140	(439)	594,701
Company				
Property, plant and equipment		13,588	(9,854)	3,734
Right-of-use assets	(i)	-	9,919	9,919
Lease liabilities	(ii)	-	69	69
Retained earnings		84,266	(4)	84,262

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

39. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

(a) New MFRSs adopted during the financial year (continued)

MFRS 16 *Leases* (continued)

(i) The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial statements as at 31 December 2018.

(ii) Lease liabilities are measured as follows:

	Group RM'000	Company RM'000
Operating lease commitments as at 31 December 2018 as disclosed in the financial statements of the Group and of the Company under MFRS 117	4,149	-
Discounted using incremental borrowing rate as at 1 January 2019	3,896	-
Finance lease liabilities recognised as at 1 January 2019	2,330	-
Recognition exemption for leases of low-value assets	(53)	-
Recognition exemption for leases with less than12 months of lease term at transition	(200)	-
Contract reassessed pursuant to MFRS 16	8,399	69
Lease liabilities recognised at 1 January 2019	**14,372**	**69**

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS *7 Interest Rate Benchmark Reform*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2022
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards, Amendments and Interpretation since the effects would only be observable for future financial years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (continued)

40. 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 are in the process of implementing the requirements of this final agenda decision and the impact upon adoption is expected to be recognised during the financial year ending 31 December 2020.

ANALYSIS OF SHAREHOLDINGS

AS AT 20 APRIL 2020

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	% Shares Held
Less than 100	764	9.02	29,561	0.01
100 to 1,000	2,055	24.27	1,174,573	0.22
1,001, to 10,000	3,417	40.36	15,274,310	2.84
10,001 to 100,000	1,970	23.27	57,661,986	10.73
100,001 to less than 5%	259	3.06	122,546,461	22.80
5% and above	2	0.02	340,698,492	63.40
TOTAL	**8,467**	**100.00**	**537,385,383**	**100.00**

C. LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No.	Names	Shareholdings	%
1.	DARUL EHSAN INVESTMENT GROUP BERHAD Shares held in CDS accounts 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: a) Own Account – 54,276 + 29,620,762 = 29,675,038	29,675,038	5.52

ANALYSIS OF SHAREHOLDINGS
AS AT 20 APRIL 2020

D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Names	Shareholdings	%
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 CHIEW ENG@ NG CHIEW MING (MY3087)	10,549,000	1.96
4.	TABUNG WARISAN NEGERI SELANGOR	8,384,615	1.56
5.	LIM CHEE MENG	5,411,215	1.01
6.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOORAZMAN @ NOOR HIZAM BIN MOHD NURDIN (CEB)	4,488,000	0.84
7.	CK GOH HOLDINGS SDN BHD	3,783,400	0.70
8.	OLIVE LIM SWEE LIAN	3,100,000	0.58
9.	GOH CHYE KEAT	2,959,876	0.55
10.	KENANGA NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR RA WHA HYUN (009)	2,650,000	0.49
11.	LIM SI PIN	2,153,846	0.40
12.	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS)	2,077,723	0.39
13.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SIU CHUNG	1,912,000	0.36
14.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TING YI EN	1,878,800	0.35
15.	LIM LAI AN	1,822,000	0.34
16.	HELLY LYKE TABALUJAN	1,600,000	0.30
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TRUSTEE BERHAD FOR PACIFIC PEARL FUND (UT-PM-PPF)(419471)	1,500,000	0.28
18.	DARUL EHSAN INVESTMENT GROUP BERHAD	1,461,916	0.27
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGU KEE LENG	1,409,646	0.27
20.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHAI HOCK (MY0972)	1,391,000	0.26
21.	TAN CHEE WEE	1,134,000	0.21
22.	JUMA'AH BINTI MOKTAR	1,118,615	0.21
23.	MAL MONTE SDN BHD	1,087,692	0.20

ANALYSIS OF SHAREHOLDINGS
AS AT 20 APRIL 2020

D. LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONTINUED)

No.	Names	Shareholdings	%
24.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR VELAYUTHAM A/L VADIVELO (E-TMI/JTS)	1,055,400	0.20
25.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT CHIN KAN SIN	1,001,769	0.19
26.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE BOON KEAT	1,000,023	0.19
27.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR PACIFIC INCOME FUND	1,000,000	0.19
28.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR YOONG CHAN THOON	1,000,000	0.19
29.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI CHIN FOO (E-TMI)	1,000,000	0.19
30.	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOOR AZMAN @ NOOR HIZAM BIN MOHD NURDIN (8037673)	960,615	0.18

E. LIST OF DIRECTORS AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

No.	Names	Shareholdings	%
	DIRECTORS		
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 RITA BENOY BUSHON Share held in CDS account as follows: a) Own account – 50,000	50,000	0.01
6.	PUAN NORLIZA BINTI KAMARUDDIN	0	0.00
7.	ENCIK KOAY LI ONN (LEON)	0	0.00
8.	YBHG DATO' NOORAZMAN BIN ABD AZIZ	0	0.00
9.	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 2019 is 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

Other than as disclosed in Note 25 of the Financial Statements, the Company did not raise any other proceeds from any corporate proposal during the financial year ended 31 December 2019.

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 the financial year ended 31 December 2019 are as follows:

	Company (RM)	Group (RM)
Audit Fees	170,000	641,000
Non-Audit Fees	5,000	145,000
Total	**175,000**	**786,000**

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 2019 ("FY2019") by KPS Group pursuant to the shareholders' mandate obtained from the shareholders of KPS at the 42nd AGM of the Company held on 23 May 2019 are as follows:

No.	Company within KPS Group	Transacting Related Parties	Nature of Transactions	Estimated value for Proposed Shareholders' Mandate (from this 43rd AGM to the next AGM)# (RM'000)	Estimated value as disclosed in the Circular to Shareholders dated 24 April 2019 (RM'000)	Actual Value transacted (from the date of last AGM held on 23 May 2019 to the LPD)^ (RM'000)	Interested Related Parties: Name	Interested Related Parties: Nature of relationship
(a)	Aqua-Flo@	Air Selangor and/or any of its subsidiary, associated or affiliated companies	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	46,436	*Interested Major Shareholders* • MBI • DEIG	DEIG is a major shareholder of KPS with direct shareholding of 57.88%. MBI is a holding company of DEIG and KDEB.
							Interested Persons Connected	
							• KDEB	KDEB is a wholly-owned subsidiary of MBI.
							• Air Selangor	Air Selangor is a wholly-owned subsidiary of KDEB.
							• PKNS	PKNS is a substantial shareholder of KPS with direct shareholding of 5.52% and a person connected to DEIG and KDEB
							• TWNS	TWNS is a shareholder of KPS with direct shareholding of 1.56% and a person connected to DEIG and KDEB.
(b)	Smartpipe*	Air Selangor	Laying of new pipes to replace existing pipes in Selangor and Federal Territories of Kuala Lumpur and Putrajaya by Smartpipe to Air Selangor.	13,000	18,000	4,503	• MMSB	MMSB is a wholly-owned subsidiary of MBI and a person connected to DEIG and KDEB.
							• KHSB	KHSB is a wholly-owned subsidiary of MMSB, which in turn owns 76.67% in CSSB and a person connected to DEIG and KDEB.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

No.	Company within KPS Group	Transacting Related Parties	Nature of Transactions	Estimated value for Proposed Shareholders' Mandate (from this 43rd AGM to the next AGM)# (RM'000)	Estimated value as disclosed in the Circular to Shareholders dated 24 April 2019 (RM'000)	Actual Value transacted (from the date of last AGM held on 23 May 2019 to the LPD)^ (RM'000)	Interested Related Parties	
							Name	Nature of relationship
(c)	KPS-HCM+	CSSB	Performing infrastructure works for the development of Phase 3C, Lot 74079, Pulau Indah Industrial Park, Pulau Indah, Mukim Klang, Daerah Klang, Selangor Darul Ehsan by KPS-HCM to CSSB	3,000	50,000	34,336	*Interested Directors* • YB Dato' Nor Azmie bin Diron • Encik Soffan Affendi bin Aminudin	YB Dato' Nor Azmie bin Diron sits on the board of MBI, DEIG, CSSB, KHSB, PKNS, Air Selangor and KDEB. He is the Chairman and a Non-Independent Non-Executive Director of KPS. Encik Soffan Affendi bin Aminudin sits on the board of MBI, CSSB, KHSB and KDEB. He is also the Acting Chief Executive Officer of MBI and a Non-Independent Non-Executive Director of KPS.
(d)	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	24,000	24,000	19,043	*Interested Major Shareholder* • 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 in the above transaction from the date on which the existing mandate was obtained (i.e. from the date of last AGM held on 23 May 2019) up to the LPD in respect of the Proposed Shareholders' Mandate did not exceed the Estimated Value by 10% or more.*

* *Smartpipe is an indirect 60%-owned subsidiary of KPS. The balance 40% of the equity interest in Smartpipe is owned by Smartpipe Holdings Sdn Bhd, an unrelated entity to KPS Group.*

\+ *KPS-HCM is a 51%-owned subsidiary of KPS. The balance 49% of the equity interest in KPS-HCM is owned by HCM Engineering Sdn Bhd, an unrelated entity to KPS Group.*

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 280 to 282 of this Annual Report.

6. Directors' Training

Trainings attended by the Directors during FY2019 is set out in pages 111 to 114 of this Annual Report.

LIST OF GROUP PROPERTIES

1. KUMPULAN PERANGSANG SELANGOR BERHAD

Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2019 (RM'000)
Shah Alam, Selangor	KPS	KPS	108,360 sq. ft	Leasehold 99/2086	Office	32	05 July 2000	51,509
Tanjong Tuan, Port Dickson	KPS	KPS	1,099 sq. ft	Leasehold 99/2081	Apartment	34	14 March 2003	156
Wisma SAP Bandar Baru Selayang Mukim Batu	KPS	KPS	9,957 sq. ft	Leasehold 99/2091	Land and 3 storey shop office building	28	03 November 2010	6,162

2. AQUA-FLO SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2019 (RM'000)
Sungai Buluh Daerah Kuala Selangor	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	3,000 sq. ft	Leasehold 98/2091	Warehouse Store	27	31 December 2000	240
Damansara Intan Petaling Jaya	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	1,130 sq. ft	Freehold	Office	19	31 December 2000	173
			1,249 sq. ft	Freehold	Office	16	20 September 2003	185
Bandar Sultan Suleiman Pelabuhan Klang	Aqua-Flo Sdn Bhd	Aqua-Flo Sdn Bhd	14,400 sq. ft	Leasehold 99/2110	Warehouse Store	4	26 May 2015	2,721

3. CASH BAND (M) BERHAD GROUP

Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2019 (RM'000)
PERANGSANG HOTEL AND PROPERTIES SDN BHD								
1702 Section 46 Bandar Kuala Lumpur	PHP	PHP	34,714 sq. ft	Leasehold 99/2072	Hotel	45	19 December 2012	40,167

LIST OF GROUP PROPERTIES

4. CENTURY BOND BHD

Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2019 (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	22	02 January 1985	4,706
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	20	05 July 2000	3,419
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	25	14 March 2003	1,987
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	26	03 November 2010	1,742
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	25	1997	2,274
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	11	31 October 2004	725
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	25	28 February 2007	320
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	3	11 July 2005	369
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 1st storey of the Building	6	01 October 2012	2,672
Lot 154439, Mukim of Plentong, District of Johor Bahru, Johor	Taspack Industrial Sdn Bhd	Taspack Industrial Sdn Bhd	3,821 sq. ft	Freehold	A double storey semi-detached house	5	31 December 2018	648
PTD 176445, Mukim of Plentong, District of Johor Bahru, Johor	Taspack Industrial Sdn Bhd	Taspack 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	12	31 December 2018	6,772

LIST OF GROUP PROPERTIES

5. CPI (PENANG) SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2019 (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	21	15 October 1999	 2,097 9,603 9,162
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	27	14 May 2016	6,692 3,309
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	1	04 July 2019	28,779

6. TOYOPLAS MANUFACTURING (MALAYSIA) SDN BHD

Location	Registered Owner	Beneficiary Owner	Land Area	Tenure/ Lease Expiry	Existing Use	Approximately Age of building (Years)	Date of Revaluation/ Acquisition	Net Book Value as at 31/12/2019 (RM'000)
8 Burn Road, #17-08 Trivex Singapore 369977	Toyoplas Holdings Pte Ltd	Toyoplas Holdings Pte Ltd Selangor	82 sq. m	Leasehold 60/2068	Office	12	18 August 2018	1,619
HS(D) 16074 PTD NO 5364 Mukim of Kesang, Ledang, Johor Leasehold Expiring 24/03/2051	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	26	01 January 2014	3,016
HS (D) 323463 PTD153630 Mukim Plentong	Toyoplas Manufacturing (Malaysia) Sdn Bhd	Toyoplas Manufacturing (Malaysia) Sdn Bhd	41,807 sq. ft	Freehold	Land, 2 storey office building and double storey factory	16	06 September 2005	2,533
HS (D) 323464 PTD153630 Mukim Plentong PTD153630 Mukim Plentong	Toyoplas Manufacturing (Malaysia) Sdn Bhd	Toyoplas Manufacturing (Malaysia) Sdn Bhd	42,496 sq. ft	Freehold	Land, 2 storey office building and double storey factory	16	06 September 2005	2,539
HS (D) 323465 PTD153630 Mukim Plentong	Toyoplas Manufacturing (Malaysia) Sdn Bhd	Toyoplas Manufacturing (Malaysia) Sdn Bhd	43,185 sq. ft	Freehold	Land, 2 storey office building and double storey factory	16	06 September 2005	2,545
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	4	28 August 2015	25,819
Jalan Trembesi, Blok F5 No 9, Delta Silicon Industrial Complex, Kelurahan Cibatu, Kecamatan Cikarang Selatan, Bekasi, Jawa Barat	PT Toyoplas Manufacturing Indonesia	PT Toyoplas Manufacturing Indonesia	Land area: 54,990 sq. m Build up area: 53,841 sq. m	Leasehold 2024	Land, 3 storey office building and double storey factory	15	Year 2005	37,227

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
16th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444	16th & 17th 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
17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444	17th 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 5th 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 5th Floor, Menara TJB No. 9, Jalan Syed Mohd. Mufti 80000 Johor Bahru, Johor Tel : +607-2242823 Fax : +607-2230229	PLO 96,97,98 & 99 Jalan Cyber 5 Senai Industrial Estate Phase III 81400 Senai, Johor Tel : +607-598 1185 Fax : +607-598 1195

KAISERKORP CORPORATION SDN BHD
(Company No. 199401006515)

REGISTERED ADDRESS	BUSINESS ADDRESS
D117, Block D, First Floor Kelana Square 17 Jalan SS 7/26 Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Tel : +603-78063338, +603-78063268 Fax : +603-78062928	16th 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
17th Floor Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444	827, 8th 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
17th Floor, Plaza Perangsang Persiaran Perbandaran 40000 Shah Alam Selangor Darul Ehsan Tel : +603-5524 8400 Fax : +603-5524 8444	17th 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 : +603-77295912 Fax : +603-77295904	93-1, 93-3 Jalan Kampong Pandan 55100 Kuala Lumpur Tel : +603-92822246 Fax : +603-92820321

NOTICE OF 43RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY THIRD ("43RD") 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, 30 JUNE 2020 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 2019 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To re-elect the following Directors who retire pursuant to Clause 78 of the Company's Constitution and who being eligible offer themselves for re-election:-

    a. YBhg Dato' Noorazman bin Abd Aziz **(Ordinary Resolution 1)**

    b. YB Dato' Nor Azmie bin Diron **(Ordinary Resolution 2)**

    c. Encik Soffan Affendi bin Aminudin **(Ordinary Resolution 3)**

3. To re-elect YBhg Dato' Ikmal Hijaz bin Hashim who retires by rotation pursuant to Clause 76(3) of the Company's Constitution and who being eligible offers himself for re-election. **(Ordinary Resolution 4)**

4. Puan Rita Benoy Bushon will retire by rotation as a Director pursuant to Clause 76(3) of the Company's Constitution at the conclusion of this 43rd AGM. **(Please refer to Explanatory Note 4)**

5. To approve the payment of Directors' remuneration to the Directors up to an amount of RM2,014,866.00 from the 30 June 2020 43rd AGM until the next AGM of the Company. **(Ordinary Resolution 5)**

6. 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:-

7. 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 29 May 2020 ("Related Parties") provided that such transactions and/or arrangements are:-

NOTICE OF 43RD 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:

8. To transact any other business for which due notice has been given in accordance with the Constitution of the Company and the CA 2016.

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

29 May 2020

NOTICE OF 43RD ANNUAL GENERAL MEETING

Explanatory Notes on Ordinary and Special Businesses

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 31 December 2019

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 - Re-election of Directors pursuant to Clause 78 of the Company's Constitution

Clause 78 of the Company's Constitution provides amongst others, that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an additional Director to the existing Board, and that any Director so appointed shall hold office until the next following AGM and shall then be eligible for re-election.

Accordingly, YBhg Dato' Noorazman bin Abd Aziz who was appointed as an Independent Director of KPS on 1 January 2020 as well as YB Dato' Nor Azmie bin Diron and Encik Soffan Affendi bin Aminudin who were both appointed as Non-Independent Non-Executive Directors on 17 January 2020, shall hold office until the conclusion of the 43rd AGM and shall then be eligible for re-election pursuant to Clause 78 of the Company's Constitution.

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 43rd AGM, two (2) out of six (6) 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 Clauses 78 and 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 – Retirement of Director

Puan Rita Benoy Bushon who will be retiring as a Director at the conclusion of the forthcoming AGM pursuant to Clause 76(3) of the Company's Constitution, had vide a letter dated 14 May 2020 indicated that she does not wish to seek re-election as Director at this forthcoming AGM. Hence, she will retire and cease to be a Director of KPS at the conclusion of the 43rd AGM.

5. Item 5 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 43rd AGM on the Directors' remuneration under Ordinary Resolution 5 on payment of Directors' remuneration in respect of the period from the 43rd AGM to the next AGM of the Company ("Relevant Period").

The total amount of Directors' remuneration payable to the Directors is estimated to be up to RM2,014,866.00 for the Relevant Period which will take effect from 30 June 2020 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 30 June 2020.

6. Item 6 of the Agenda – Re-appointment of Auditors

The Board Audit Committee ("BAC") at its meeting held on 26 March 2020 undertook an annual assessment of the suitability, objectivity and independence of the external auditors, BDO PLT, 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 PLT 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 PLT to the Company for financial year ended 31 December 2019 did not in any way impair their objectivity and independence as external auditors of the Company.

NOTICE OF 43RD ANNUAL GENERAL MEETING

The Board at its meeting held on 30 March 2020 approved the BAC's recommendation for the shareholders' approval to be sought at the 43rd AGM on the re-appointment of BDO PLT as external auditors of the Company for the financial year ending 31 December 2020 under Resolution 6.

BDO has converted its legal entity status from a conventional partnership pursuant to the Partnership Act 1961 to a limited liability partnership pursuant to Section 29 of the Limited Liability Partnerships Act 2012 and is now known as BDO PLT.

7. Item 7 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 29 May 2020.

Notes:-

1. ***IMPORTANT NOTICE***

   *The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 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 43rd 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 43rd 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 43rd 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 43rd 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 23 June 2020. Only a member whose name appears on this Record of Depositors shall be entitled to attend this 43rd 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 43rd 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.*
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 43rd 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.*

NOTICE OF 43RD ANNUAL GENERAL 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, 28 June 2020, Sunday.*
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 election as a Director at the 43rd AGM of the Company.

PROXY FORM

KUMPULAN PERANGSANG SELANGOR BERHAD

(197501002218) (Incorporated in Malaysia)

No. of Ordinary Shares Held	

Proxy Form for the **43rd** 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 43rd AGM of the Company to be conducted entirely through live streaming from **KPS Corporate Office, 17th Floor, Plaza Perangsang, Persiaran Perbandaran, 40000 Shah Alam, Selangor Darul Ehsan** on **Tuesday, 30 June 2020** at **10.00 a.m**. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

Resolution	Agenda	For	Against
	To re-elect the following Directors who retire pursuant to Clause 78 of the Company's Constitution and who being eligible offer themselves for re-election:-		
Ordinary Resolution 1	a. YBhg Dato' Noorazman bin Abd Aziz		
Ordinary Resolution 2	b. YB Dato' Nor Azmie bin Diron		
Ordinary Resolution 3	c. Encik Soffan Affendi bin Aminudin		
Ordinary Resolution 4	To re-elect YBhg Dato' Ikmal Hijaz bin Hashim who retires by rotation pursuant to Clause 76(3) of the Company's Constitution and who being eligible offers himself for re-election.		
Ordinary Resolution 5	To approve the payment of Directors' remuneration to the Directors up to an amount of RM2,014,866.00 from the 30 June 2020 43rd 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 2020

Notes:-

1. ***IMPORTANT NOTICE***

   The Broadcast Venue is ***strictly for the purpose of complying with Section 327(2) of the Companies Act 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 43rd 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 43rd 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.*

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3. *A member who is entitled to attend and vote at this 43rd 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.*
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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 43rd 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.*

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   - *(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

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