



CHIN HIN GROUP BERHAD

201401021421 (1097507-W)



Delivering Excellence
ANNUAL REPORT
2020

CHIN HIN GROUP BERHAD

is a fully integrated building materials conglomerate.

We began our journey nearly 50 years ago as a very small building materials trader in Alor Setar. Over the years, our hard work, vision, commitment and customer focus have enabled us to become a highly respected leader in building materials and a billion ringgit public-listed company with a nation-wide presence.

CHIN HIN GROUP today has expanded its business to cover not only trading but also manufacturing and services across:

- Fire-Rated and Wooden Doors
- High Quality Door Locks
- Steel Door Frames
- Concrete Drymix
- Wire Mesh Products
- Ready-Mix Concrete
- Provision of Logistics
- Modular Building Solutions
- Pre-Cast Concrete Products
- Polymer Concrete Pipes
- Autoclaved Aerated Concrete ("AAC")
- Ultra-High Performance Concrete ("UHPC")
- Solar Energy Solutions
- Home and Living Solutions

OUR TAGLINE

“Malaysia’s Preferred Total Building Materials Solutions Partner”

captures the spirit of who we are and what we seek to be as a brand.

“ WE ARE DIFFERENT ”



We are building materials experts



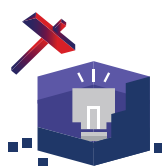
We are a high performance team culture



We are passionate about what we do



We are committed to the health, well being and growth of our people



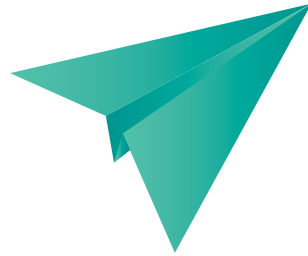
We constantly seek breakthrough innovation and ideas



We deliver fast and cost-effective solutions



We offer outstanding & memorable customer experience every time



OUR VISION

Chin Hin Group is the most preferred, trusted and admired total solutions provider & partner to the building materials and construction industry in Malaysia.



OUR MISSION

- We offer a total solutions platform for the construction and building materials industry
- We offer the latest technologies, innovations and smart solutions to our customers
- We offer one-stop solutions to meet all the needs of the construction and building materials industry
- We offer consistency, stability, affordability, reliability, accessibility and monetary rewards to our stakeholders and customers
- We are a magnet for outstanding talent as we offer a stimulating, professional, high growth, healthy, happy, innovative environment that rewards, recognises and celebrates our people
- We are a leader and role model to the entire industry in terms of talent, product quality, service, innovation, work environment, customer experience and business growth
- We work as one team and as one family both inside and outside. We consistently seek to exceed the expectations and satisfactions of our customers, suppliers, employees and investors

C O N T E N T S

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Notice of Annual General Meeting
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CORPORATE VALUES



- Do the right things
- Fulfilled balanced life
- Exceed expectation
- Influence & inspire others
- Treat everyone like family
- Be open & willing to share
- Embrace Change & Innovation

CORPORATE MILESTONE



1974

Started as a hardware shop
Chop Chin Hin



2008

- SPPCH ventured into the readymixed concrete and subsequently changed its name to PP Chin Hin Sdn Bhd ("PPCH")
- PPCH transformed into one-stop building materials distributor

FOUNDATION



2014

- Commenced operations of Starken AAC factory at Serendah, Selangor
- The largest AAC producer in Malaysia

EXPANSION



1995

- Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd ("SPPCH") being established
- SPPCH began operations as a cement transportation company



2011

- Achieved RM1.0 billion revenue
- Commenced factory construction of Starken AAC Sdn Bhd, G-Cast Concrete Sdn Bhd and Metex Steel Sdn Bhd



2015

Obtained SC approval for IPO

CORPORATE
MILESTONE
(CONT'D)



2016

Listed on Main Market of Bursa Malaysia Securities Berhad on 8th March 2016



2018

Organic Growth

- Metex Modular Sdn Bhd (70%)
- Midah Industries (North) Sdn Bhd (51%)

Mergers and Acquisitions

- Saujana Vision Sdn Bhd (70%)
- Kempurna Sdn Bhd



2020

Organic Growth

- Starken Paint Sdn Bhd

ACCELERATION



2017

Mergers and Acquisitions

- Midah Industries Sdn Bhd
- Epic Diversity Sdn Bhd
- MI Polymer Concrete Pipes Sdn Bhd
- Atlantic Blue Sdn Bhd (45%)

Organic Growth

- Starken AAC 2 Sdn Bhd
- Starken Drymix Solutions Sdn Bhd
- G-Cast UHPC Sdn Bhd



2019

Solarvest Holdings Berhad (Associate) making initial public offering at Ace Market of Bursa Malaysia

Organic Growth

- Midah Industries Sdn Bhd - expanded its product portfolios to include wooden door, high density fiberboard door, louvers, timber frame, handrail, architrave and skirting.

2021



Mergers and Acquisitions

Signature International Berhad (30.45%)



Organic Growth

- Green Integrated Base Stabiliser Sdn Bhd

BUSINESS OVERVIEW



MANUFACTURING

Concrete Solutions

Lightweight AAC, Ultra High Performance Concrete, Drymix, Infrastructural Pipes, Polymer Concrete & Ready-mixed Concrete

Fire-rated & Wooden Door Solutions

Fire-rated and Wooden Door, Ironmongery Accessories and Door Frames



DISTRIBUTION

Building Materials Trading & Logistic Solutions



RENEWABLE ENERGY

Solarvest
Renewable Energy
Investment Solutions



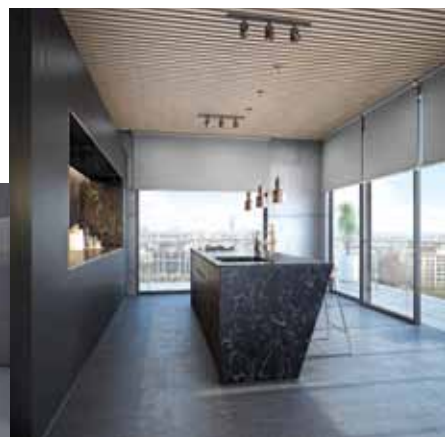
HOME AND LIVING SOLUTIONS

- Quality Kitchen Systems
- Façade Architectural Works



Civil Structural Solutions

Prefabricated Modular Building System ("PMBS") and Cut-to-Size Wire Mesh



CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK SERI CHIAU BENG TEIK, JP
Executive Chairman

DATUK CHENG LAI HOCK
Independent Non-Executive Director

CHIAU HAW CHOON
Group Managing Director

MOHD YUSRI BIN MD YUSOF
Independent Non-Executive Director

LEE HAI PENG
*Executive Director cum
Chief Financial Officer*

SHELLY CHIAU YEE WERN
*Alternate Director to
Datuk Seri Chiau Beng Teik, JP*

YEOH CHIN HOE
Senior Independent Non-Executive Director

AUDIT COMMITTEE

Chairman

Yeoh Chin Hoe

Members

Datuk Cheng Lai Hock
Mohd Yusri Bin Md Yusof

REMUNERATION COMMITTEE

Chairman

Chiau Haw Choon

Members

Datuk Cheng Lai Hock
Yeoh Chin Hoe

NOMINATION COMMITTEE

Chairman

Mohd Yusri Bin Md Yusof

Members

Datuk Cheng Lai Hock
Yeoh Chin Hoe

RISK MANAGEMENT COMMITTEE

Chairman

Datuk Cheng Lai Hock

Members

Yeoh Chin Hoe
Lee Hai Peng
Mohd Yusri Bin Md Yusof

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482/SSM PC
No.201908002253)

Thien Lee Mee
(LS0009760/SSM PC
No.201908002254)

REGISTERED OFFICE

Level 5, Block B
Dataran PHB
Saujana Resort
Section U2
40150, Shah Alam, Selangor
Tel : (603) 7890 0638
Fax : (603) 7890 1032

HEAD OFFICE

A-1-9, Pusat Perdagangan Kuchai
No. 2, Jalan 1/127
Off Jalan Kuchai Lama
58200 Kuala Lumpur
Tel : (603) 7981 7878
Fax : (603) 7981 7575
Email : info@chinhingroup.com
Website : www.chinhingroup.com

AUDITORS

Messrs UHY (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (603) 2279 3088
Fax : (603) 2279 3099

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
(Syariah Compliant Stocks)

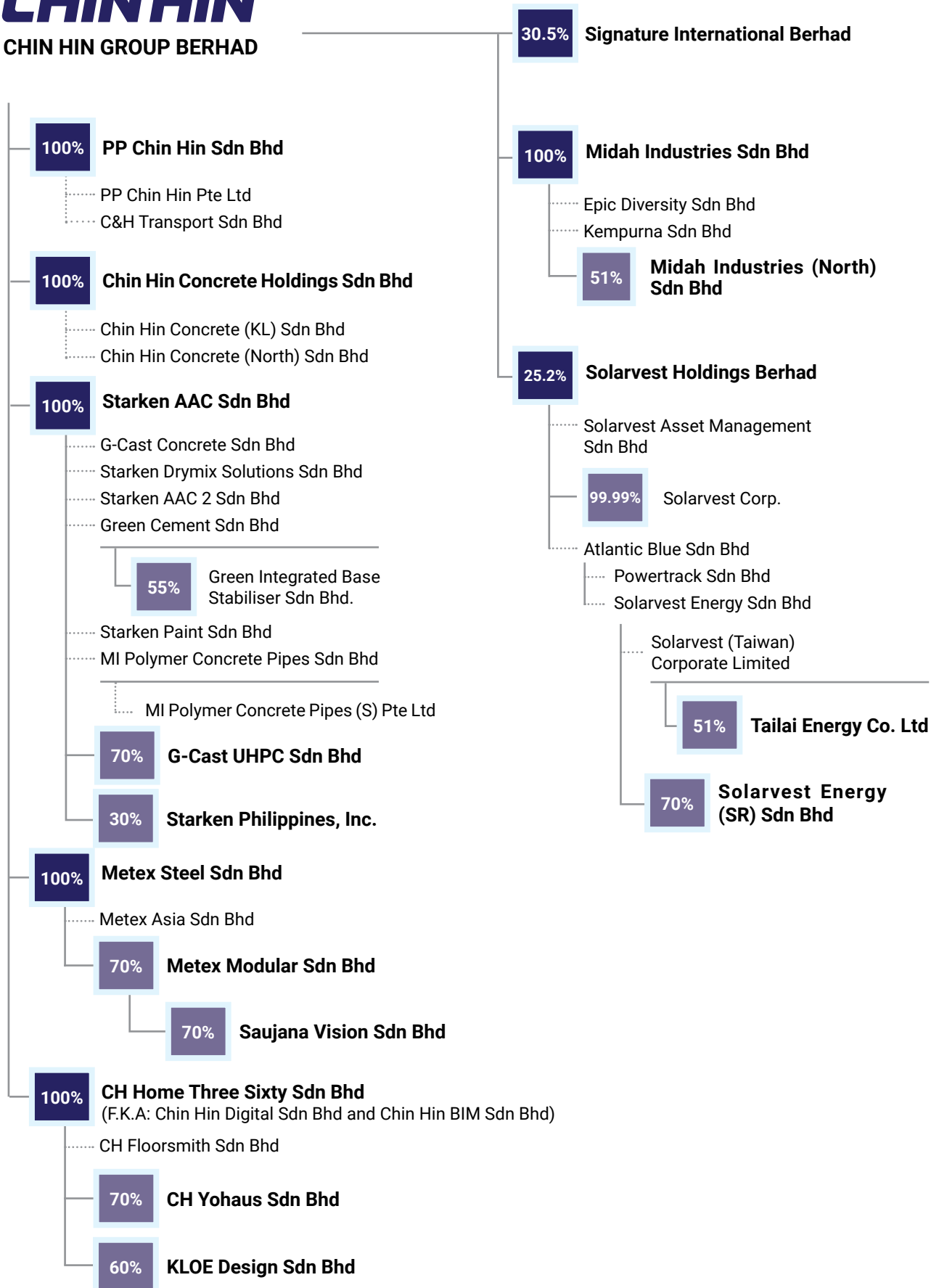
STOCK NAME/CODE

CHINHIN/5273

CORPORATE STRUCTURE



CHIN HIN GROUP BERHAD



DIRECTORS' PROFILE

Datuk Seri Chiau Beng Teik, JP was appointed to our Board on 23 January 2015 as Deputy Group Executive Chairman and redesignated as Executive Chairman on 1 October 2020. He is responsible for the overall strategy and business direction of our Group where he reviews all major investments and major capital expenditure as well as financing proposals of the Group and recommends it to the Board. He is not actively involved in the daily operational matters of our Group. He finished his primary education at SJK(C) Pei Min, Padang Setar in Alor Setar, Kedah in December 1974. As our founder, he has forty-five (45) years of working and managing experiences in Chin Hin.

Datuk Seri Chiau started working at his father's hardware shop at the young age of 13 in January 1975. After many years of experience gained from working with his father, he took over the business and ventured into the business of trading building materials and cement transportation under the name of Chop Chin Hin in March 1994. In February 1995, he started a cement distributor trading company named Syarikat Perniagaan dan Pengangkutan Chin Hin Sdn Bhd which is now known as PP Chin Hin Sdn Bhd. Over the years, he has played an instrumental role in the growth of our Group, expanding our business from a single office in Alor Setar, Kedah to a group of companies with an expansive network of branch offices and factories throughout Peninsular Malaysia. He currently serves as Director for a number of subsidiaries within our Group and also has directorships in various other businesses.

Datuk Seri Chiau is the father of Chiau Haw Choon, the Group Managing Director and a major shareholder of the Company and spouse of Datin Seri Wong Mee Leng, a major shareholder of the Company. He also sits on the Board of Directors of Chin Hin Group Property Berhad. He has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 30 April 2021 and has not committed any offences within the past five (5) years other than traffic offences, if any.

EXECUTIVE CHAIRMAN

Datuk Seri Chiau Beng Teik, JP

Nationality

Malaysian

Gender

Male

Age

60



DIRECTORS' PROFILE (CONT'D)

Mr Chiau Haw Choon was appointed to our Board on 23 January 2015. He reports to our Executive Chairman as well as the Board. As our Group Managing Director, his responsibilities are ensuring Board decisions and directions are implemented, providing strong leadership, communicating the vision, management, philosophy and business strategies to our employees, keeping our Board fully informed of all important aspects of our Group's operations and ensuring sufficient information is disseminated to our Board, as well as ensuring the day-to-day business of our Group are effectively managed. He is in charge of the day-to-day operational matters and decisions of the Group. Working closely with all the Business Unit Heads, he oversees our Group's overall execution and implementation of the strategies and corporate policies of our businesses and operations, and is also responsible for the execution and implementation of short term and long term business plans, strategic planning and continuing growth of our Group. He is also responsible for our Group's corporate social responsibility activities. He graduated from Deakin University, Australia with a Bachelor's Degree in Finance and Marketing in April 2009.

Upon graduation in 2009, he joined our Group as Group Managing Director to assist Datuk Seri Chiau Beng Teik, JP in transforming our Group from a family owned business to a professionally-run corporation.

His vision is to grow our Group into a major player in the building materials industry and under his leadership together with the help of a team of professionals recruited by him, he diversified our Group's building materials distribution business by moving upstream into manufacturing of building materials products. He was instrumental in our successful transformation from merely distribution of building materials into an integrated building materials provider. He contributed to the rapid growth of our Group's annual revenue, which in 2011 exceeded a billion Ringgit Malaysia, making us one of the major building materials traders in Malaysia. Whilst expanding the business, he also played an instrumental role in the establishment of proper procedures, systems and controls for all the business units to ensure proper corporate governance as the business grows.

In 2017, he was named as the EY Entrepreneur of the year for Malaysia. He was picked from among the 16 top nominees vying for the title, he also created history by being the youngest winner in the 16 years since the award has been running in Malaysia. He represented Malaysia to compete for the coveted EY World Entrepreneur of the Year ("WEOY") award at the annual WEOY event in Monte Carlo for 2018.

Mr Chiau is presently the Chairman of Remuneration Committee of the Company.

He is the son of Datuk Seri Chiau Beng Teik, JP, the Executive Chairman and a major shareholder of the Company, and Datin Seri Wong Mee Leng, a major shareholder of the Company. He sits on the Board of Directors of Chin Hin Group Property Berhad, Solarvest Holdings Berhad and Signature International Berhad. He has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 30 April 2021 and has not committed any offences within the past five (5) years other than traffic offences, if any.

GROUP MANAGING DIRECTOR

Chiau Haw Choon

Nationality

Malaysian

Gender

Male

Age

37



DIRECTORS'
PROFILE
(CONT'D)

Mr Lee Hai Peng was appointed to our Board on 23 January 2015. He is a member of Risk Management Committee. He is responsible for our Group's overall financial and accounting functions, which include treasury, corporate finance, credit risk, cash flow management and financial planning functions. He obtained his professional qualification from Chartered Institute of Management Accountants (UK) in August 1994. He is a registered Chartered Accountant with the Malaysian Institute of Accountants and has over twenty six (26) years of working experiences in the field of audit, marketing, corporate finance and accounting.

In June 1991, he began his career at BDO Binder as an Audit Assistant where he was involved in various audit assignments for public listed companies in Malaysia. He left in November 1992 to join Messrs Gee & Co. as its Branch Manager, responsible for its audit, secretarial and tax matters. In December 1994, he joined Trontex (M) Sdn Bhd as an Executive Director, where he was responsible for the overall finance and accounting functions, marketing and business operations of the company. Subsequently, he joined our Group in September 2008 as our Group Accountant. He was promoted and become our Group Financial Controller in April 2009.

Mr Lee does not hold directorships in any public companies, he has no relation with any director and/ or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

EXECUTIVE DIRECTOR CUM
CHIEF FINANCIAL OFFICER

Lee Hai Peng

Nationality

Malaysian

Gender

Male

Age

55



DIRECTORS' PROFILE (CONT'D)

Datuk Cheng Lai Hock was appointed to our Board on 23 January 2015. He is the Chairman of Risk Management Committee and a member of Audit Committee, Remuneration Committee and Nomination Committee of the Company.

Datuk Cheng obtained a Bachelor's degree in Administrative Studies from the University of Dundee, United Kingdom in September 1982. He also obtained his Master's in Business Administration majoring in Accounting from Universiti Utara Malaysia in September 2003. He is a fellow member of the Malaysia Association of Company Secretaries since July 1992, Associate Member of the Association of International Accountants since December 1999 and Associate Member of the Chartered Tax Institute of Malaysia since April 2002. He is also the President of Kedah Chinese Assembly Hall and Deputy President of the Federation of Chinese Associations Malaysia. He has over thirty six (36) years of experiences as company secretary and more than twenty (20) years of experience as a tax consultant.

Datuk Cheng began his career as an Administrative Executive in P. Hand Chemical Sdn Bhd in November 1982. Thereafter, he started his own secretarial firm in October 1984. In November 2000, he was granted a tax agent license by the Ministry of Finance, and he commenced the provision of tax advisory services since then. He is a committee member of the Kedah State Government's Chinese Affairs Committee since September 2008.

Datuk Cheng does not hold directorships in any public companies. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Datuk Cheng Lai Hock

Nationality

Malaysian

Gender

Male

Age

62



D I R E C T O R S '
P R O F I L E
(C O N T ' D)

Mr Yeoh Chin Hoe was appointed to our Board on 23 January 2015. He is the Chairman of our Audit Committee and a member of Remuneration Committee, Nomination Committee and Risk Management Committee of the Company. He graduated with a Diploma in Business Management from Aberdeen College of Commerce (Scotland) in June 1973. Thereafter, he began his accountancy and audit training with Spicer & Pegler Chartered Accountants in London, United Kingdom from July 1974 to December 1978. He is a Fellow of the Association of Chartered Certified Accountants since December 1984, a member of Malaysian Institute of Accountants since September 1989, a member of the Malaysian Institute of Certified Public Accountants since June 1999 and a Fellow of The Institute of Chartered Secretaries and Administrators since September 1999. He later obtained a Master's Degree in Business Administration (General Management) from University Putra Malaysia in July 1997. He is also a Chartered Audit Committee Director of the Malaysian Institute of Internal Auditors since August 2010.

Mr Yeoh joined Harrisons Trading (Peninsular) Sdn Bhd in 1980 and was appointed as Finance Director in 1990 and subsequently Managing Director in 1997 until he retired in 2006. He then set up a business management consulting firm called BPI Corptall Consulting Sdn Bhd in 2006 as a consultant specialising in business process improvement and general business management service.

Mr Yeoh sits on the Board of Directors of Hextar Global Berhad. He is also an independent non executive director and audit committee chairman of Complete Logistic Services Berhad. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR

Yeoh Chin Hoe

Nationality

Malaysian

Gender

Male

Age

70



DIRECTORS' PROFILE (CONT'D)

Encik Mohd Yusri Bin Md Yusof was appointed to our Board on 1 October 2020. He is the Chairman of our Nomination Committee, a member of Audit Committee and Risk Management Committee of the Company. He graduated with Public Administration of Bachelor of Arts from the Michigan State University, USA in 1993 and later obtained a Master of Science in Business Leadership from the Newcastle Business School, University of Northumbria in 2011.

Prior to 28 February 2020, Encik Yusri was the Managing Director of a public-listed entity, i.e Green Ocean Corporation Berhad where he served since 5 December 2017.

Encik Yusri started his career in 1993 in the banking and financial services industry with stints in The Pacific Bank Berhad and EON Bank Group Berhad. In 2001, he joined UEM Group Berhad as Deputy Senior Manager Group Internal Audit and subsequently rose through the ranks to assume the roles of Chief Audit Executive in 2004 and Head of Improvement & Assurance Services Division in 2008. In 2010, he was appointed as the Head of Corporate Performance. He was the Managing Director of PROPEL Berhad, a post he assumed on 1 March 2011.

Encik Yusri was subsequently appointed as the Managing Director of Cement Industries of Malaysia Berhad (CIMA) on 1 August 2012 and as the Chairman of The Cement & Concrete Association of Malaysia in October 2015. He held both posts until October 2017.

Throughout his career, he has gained in-depth exposures in operations, corporate governance, risk management, internal control, quality and innovation practices, strategic planning and performance management. The experience was gained primarily in the banking, investment holding, and commodity, building materials, asset & infrastructure management, development and construction sectors.

Encik Yusri does not hold directorships in any public companies, he has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mohd Yusri Bin Md Yusof

Nationality

Malaysian

Gender

Male

Age

51



DIRECTORS'
PROFILE
(CONT'D)

Ms Shelly Chiau Yee Wern was appointed as the alternate director to Datuk Seri Chiau Beng Teik, JP to the Board on 2 July 2018. She graduated with a Bachelor's Degree, Business Administration in Entrepreneurship from Les Roches International School of Hotel Management Bluche, Switzerland in December 2013.

She began her career with Alora Hotel in Penang and Grand Alora Hotel in Alor Setar, Kedah as Hotel General Manager in January 2014. In January 2016, she joined Aera Property Group Sdn Bhd as Sales & Marketing Manager. She is responsible for strategy planning in marketing and sales for a development project name Aera Residence in Petaling Jaya. She resigned from Aera Property Group Sdn Bhd in May 2018. In June 2018, she was appointed as the Chief Operating Officer at BKG Development Sdn Bhd, a wholly-owned subsidiary of Chin Hin Group Property Berhad.

Ms Shelly Chiau is the daughter of Datuk Seri Chiau Beng Teik, JP the Executive Chairman and a major shareholder of the Company, and Datin Seri Wong Mee Leng, a major shareholder of the Company. She is the sister of Mr Chiau Haw Choon, the Group Managing Director and a major shareholder of the Company.

Ms Shelly Chiau sits on the Board of Chin Hin Group Property Berhad as alternate director to Datuk Seri Chiau Beng Teik, JP. She has no conflict of interest with the Company other than those disclosed in the Company's circular to shareholders dated 30 April 2021 and has not committed any offences within the past five (5) years other than traffic offences, if any.

ALTERNATE DIRECTOR TO
DATUK SERI CHIAU BENG TEIK, JP

Shelly Chiau Yee Wern

Nationality

Malaysian

Gender

Female

Aged

31



KEY SENIOR MANAGEMENT PROFILE

NG WAI LUEN

Chief Executive Officer & Director

- Starken AAC Sdn Bhd
- G-Cast Concrete Sdn Bhd
- MI Polymer Concrete Pipes Sdn Bhd
- MI Polymer Concrete Pipes (S) Pte Ltd
- Starken Drymix Solutions Sdn Bhd
- G-Cast UHPC Sdn Bhd
- Green Cement Sdn Bhd
- Starken AAC 2 Sdn Bhd
- Starken Paint Sdn Bhd
- Green Integrated Base Stabiliser Sdn Bhd

Director

- Starken Philippines, Inc

Chief Executive Officer

- Midah Industries Sdn Bhd
- Epic Diversity Sdn Bhd
- Kempurna Sdn Bhd

CHIAU HAW CHOON

Group Managing Director

- Chin Hin Group Berhad

CHUA SHIOU MENG

Chief Executive Officer

- Chin Hin Concrete Holdings Sdn Bhd
- Chin Hin Concrete (KL) Sdn Bhd
- Chin Hin Concrete (North) Sdn Bhd

LEE HAI PENG

Executive Director cum Chief Financial Officer

- Chin Hin Group Berhad

LOK BOON CHENG

Chief Executive Officer

- Metex Steel Group of Companies

Director

- Metex Modular Sdn Bhd
- Saujana Vision Sdn Bhd

TAN CHEAK JOO

Chief Executive Officer & Director

- PP Chin Hin Sdn Bhd

Director

- Midah Industries Sdn Bhd
- Midah Industries (North) Sdn Bhd
- Epic Diversity Sdn Bhd
- Kempurna Sdn Bhd



KEY SENIOR MANAGEMENT PROFILE (CONT'D)

TAN CHEAK JOO

- Malaysian, Male, Aged 51
- Chief Executive Officer & Director - PP Chin Hin Sdn Bhd
- Director - Midah Industries Sdn Bhd
 - Midah Industries (North) Sdn Bhd
 - Epic Diversity Sdn Bhd
 - Kempurna Sdn Bhd

Mr Tan Cheak Joo is the Chief Executive Officer of PP Chin Hin Sdn Bhd. He was appointed as Director of Midah Industries Sdn Bhd and Epic Diversity Sdn Bhd in 2017. Then, he was appointed as Director of Midah Industries (North) Sdn Bhd in 2018 and Kempurna Sdn Bhd in 2019. He completed his secondary school at Sekolah Menengah Jenis Kebangsaan Seg Hwa, Johor in December 1988 and has since then acquired over twenty (20) years of working experience in the trading and manufacturing of building materials.

In April 1991, he started working as the Personal Assistant of the Managing Director at a textile manufacturer, Li Ann Textile in Batu Pahat, Johor. He then left to join Gainvest Builders (M) Sdn Bhd, a building contractor company that was involved in the construction of high rise buildings and infrastructure projects in May 1995 as a Site Supervisor.

In June 1996, he joined United Straits Amalgamated Sdn Bhd as a Sales Executive selling building materials. In June 1997, he joined NCK Wire Manufacturer Sdn Bhd as

a Sales Executive selling British Reinforcement Concrete wire mesh and other steel wire products. In April 2000, he joined F.S. Steel Sdn Bhd, a company involved in the manufacturing of steel products and trading and distribution of building materials as its Sales Director. He then joined PP Chin Hin Sdn Bhd in August 2004 where he was involved in growing and expanding our business operations, which included the setting up of our branches in Kuala Lumpur, Mentakab, Kuala Terengganu, Melaka, Johor and Ipoh.

He has been one of the Executive Committee Member of the Building Materials Distributors Association of Malaysia since December 2013.

Mr Tan Cheak Joo does not hold directorships in any public companies, he has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

LOK BOON CHENG

- Malaysian, Male, Aged 57
- Chief Executive Officer - Metex Steel Group of Companies
- Director - Metex Modular Sdn Bhd
 - Saujana Vision Sdn Bhd

Mr Lok Boon Cheng is the Chief Executive Officer of Metex Steel Group of Companies and the Director of Metex Modular Sdn Bhd and Saujana Vision Sdn Bhd.

He manages the manufacturing & sales of the wire mesh and modular operations for our Group. He graduated from University of Malaya with a Bachelor's Degree in Civil Engineering in April 1988. He is a registered Professional Engineer from Board of Engineers Malaysia.

He has more than thirty (30) years of working experience in the business of precast concrete and manufacturing steel products for the construction industry. Upon graduation, he was employed by Engineering & Environmental Consultants as a graduate engineer. He then left and joined Hume Industries Bhd in October 1988 as Product/Marketing Engineer until April 1991 before moving to join Southern Steel Berhad in May 1991 as a Technical Engineer. Over the years with Southern Steel Berhad, he was promoted a number of times to different positions, such as Technical Service Manager

(April 1993); Operations Manager (April 1995); Senior Manager (April 1999); General Manager (January 2003) and finally as Senior General Manager in June 2008. During his tenure as Senior General Manager, he was responsible for managing the overall businesses for the company, which includes the manufacturing of mesh reinforcement, cut and bend reinforcement bars and also the sales and marketing of steel billets and steel bars. He was also a director and board member of Steel Industries Sabah Sdn Bhd. He left Southern Steel Berhad in June 2012 and subsequently joined our Group to spearhead the setting up of Metex Steel Sdn Bhd.

Mr Lok Boon Cheng does not hold directorships in any public companies, he has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

NG WAI LUEN

- Malaysian, Male, Aged 52

- Chief Executive Officer & Director
 - Starken AAC Sdn Bhd
 - G-Cast Concrete Sdn Bhd
 - MI Polymer Concrete Pipes Sdn Bhd
 - MI Polymer Concrete Pipes (S) Pte Ltd
 - Starken Drymix Solutions Sdn Bhd
 - G-Cast UHPC Sdn Bhd
 - Green Cement Sdn Bhd
 - Starken AAC 2 Sdn Bhd
 - Starken Paint Sdn Bhd
 - Green Integrated Base Stabiliser Sdn Bhd
- Director
 - Starken Philippines, Inc
- Chief Executive Officer
 - Midah Industries Sdn Bhd
 - Epic Diversity Sdn Bhd
 - Kempurna Sdn Bhd

Mr Ng Wai Luen is the Chief Executive Officer and Director of Starken Group and Midah Group of Companies.

He manages the manufacturing and sales activities of lightweight concrete products and precast concrete products of our Group. He obtained a Bachelor of Business Degree in Accounting from Royal Melbourne Institute of Technology University, Australia in November 1992. He also obtained his Certified Public Accountants ("CPA") of Australia with distinctions and Malaysian CPA in December 1994 and June 1995, respectively. He has since then become a member of CPA of Australia and CPA of Malaysia as well as a Chartered Accountant of Malaysia Institute of Accountants. He has over twenty two (22) years of working experience in the field of auditing, finance and general management.

He started his career at KPMG Malaysia in 1992 and joined OKA Corporation Berhad as its Finance Manager. In December 2002, he was promoted as its General Manager and Chief Financial Officer, responsible for its restructuring and development prior to its listing on the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad) in June 2003. He was also involved in the setting up of new factories. He subsequently joined our Group as the Head of Starken AAC Sdn Bhd in December 2010.

Mr Ng Wai Luen is also the Director and Audit Committee Chairman of Perak Transit Berhad, a company listed on the Main Board of Bursa Malaysia. He has no relation with any director and/or major shareholder of the Company, no conflict of interest with the Company and has not committed any offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT PROFILE (CONT'D)

CHUA SHIOU MENG

- Chief Executive Officer
- Malaysian, Male, Aged 49
- Chin Hin Concrete Holdings Sdn Bhd
- Chin Hin Concrete (KL) Sdn Bhd
- Chin Hin Concrete (North) Sdn Bhd

Mr Chua Shiou Meng is the Chief Executive Officer of Chin Hin Concrete Group of Companies.

He completed his education of Business Administration in INTI College Subang and has more than twenty-four (24) years of working experience in the Concrete industry. He started off his career as a Sales Executive with TOKO Business Machine Sdn Bhd in 1995 and a few years later moved to CI Readymix Sdn Bhd which started his career into the Concrete industry.

In 2000 he moved to the Sales Manager Position in Hanson Building Materials Malaysia Sdn Bhd where he was responsible for managing the Sales Associates.

In April 2007, he joined Tasek Concrete Sdn Bhd ("TCSB") as Sales Manager and he remained there for twelve (12) years. During his time in TCSB, he was promoted numerous times and each new role widened

his scope and responsibilities; from Regional Sales Manager – Central & Eastern Region to General Manager (National Sales & Marketing) and finally to Senior General Manager of TCSB Group. He was responsible for the development and implementation of business strategies, developing sales teams, delivering continuous improvement, providing direction and operational leadership and achieving corporate targets.

He joined Chin Hin Concrete Holdings Sdn Bhd in 2019 and he is a Council Member of National Ready Mixed Concrete Association Malaysia.

Mr Chua Shiou Meng does not hold directorships in any public listed companies, he has no relationship with any director and/or major shareholder of the company, no conflict of interest with the company and has not committed any offences within the past five (5) years other than traffic offences if any.



DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Chin Hin Group Berhad (“Chin Hin” or “the Company” or “the Group”), it is my pleasure and privilege to present the Annual Report and Audited Financial Statement for the financial year ended 31 December 2020 (“FY2020”).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

CHIN HIN GROUP BERHAD ("Chin Hin" / "Group") is a fully integrated building materials manufacturer and distributor conglomerate. We began our journey approximately fifty (50) years ago with humble beginning as a building materials trader in Alor Setar. Over the years, our hard work, vision, commitment and customer focus have enabled us to become a highly respected leader in building materials and a billion Ringgit public-listed company with nation-wide presence. Chin Hin today has expanded its business to cover not only trading but also manufacturing and services across:

- Fire-Rated and Wooden Doors
- High Quality Door Locks
- Steel Door Frames
- Concrete Drymix
- Wire Mesh Products
- Ready-Mix Concrete
- Provision of Logistics
- Modular Building Solutions
- Pre-Cast Concrete Products
- Polymer Concrete Pipes
- Autoclaved Aerated Concrete ("AAC")
- Ultra-High-Performance Concrete ("UHPC")
- Solar Energy Solutions
- Home and living Solutions

For the financial year ended 31 December ("FY") 2020, the Group continued to focus on its core businesses to consolidate its presence as a one of the preferred and trusted market leaders in the building material industry. In Coronavirus Disease 2019 ("Covid-19") pandemic year of 2020, the Group has faced huge challenges in maintaining its sales and to stay afloat in the economic meltdown. It caused a broadest collapse of the global economy. According to the World Bank's report, world economy is projected to contract by 5.2 percent in 2020, the worst recession in 80 years.

Chin Hin has focused on closing down and scaling down number of unprofitable plants to reduce operation losses in view of the soft market demand for construction materials as a result of properties overhang and the economic crisis due to the Covid-19 pandemic and Movement Control Order ("MCO"). The Company also concentrated its full attention on the cost cutting measure to lower down its operation cost and to stay competitive in the market. Chin Hin has also embarked on the de-gearing plan and has begun to trim its Group's gearing level via the disposal of non-core assets such as shop offices and vacant sites in order to pare down its borrowings and to strengthen the Group's financial position with the enhancement of the Group's current ratio and liquidity position.

Chin Hin has on 28 December 2020 entered into a sales and purchase agreement ("SPA") with Datuk Seri Chiau Beng Teik, JP ("Datuk Seri"), Chiau Haw Choon and Divine Inventions Sdn Bhd to acquire 176,608,435 ordinary shares in Chin Hin Group Property Berhad ("CHGP"), representing 51.5% equity interest in CHGP and 37,561,700 warrants in CHGP, for total cash consideration of RM88.86 million ("Proposed Acquisition"). The Proposed Acquisition represents a strategic opportunity for the Group to expand into the property development segment, which is complementary to the Group's existing business in building materials. Upon completion of the Proposed Acquisition, the Group will hold 51.5% of CHGP, which will result in such equity interest being consolidated by the Group. This is expected to increase the profitability and strengthen the financial position of Chin Hin.

Besides, Chin Hin has on 8 March 2021 entered into conditional share sale agreement with Tenyin Holding Sdn Bhd and Dato' Chooi Yoey Sun to acquire 80,000,000 ordinary shares in Signature International Berhad ("Signature Group"), representing approximately 30.45% (inclusive 6,252,847 shares retained as treasury shares) equity interest in Signature, for total cash consideration of RM93.60 million ("Acquisition"). The Acquisition represents an opportunity for the Group to expand its product range from upstream of building materials into downstream of quality kitchen, home and living solutions. Signature Group's products are not only supplied to property development projects but also directly to consumers through its various retail outlets, which will enable the Group to tap into the business-to-consumer (B2C) segment. Synergistic benefits are expected to arise from the acquisition as both the Group and Signature Group are operating in and servicing the same industry, i.e., the construction and property development industry. In addition, Signature Group also has overseas presence in countries such as Thailand, Indonesia, Vietnam, Cambodia, Brunei, Philippines, Maldives, Pakistan, United Arab Emirates, Sri Lanka, India and Singapore. The Group may be able to leverage on such overseas network for future expansion abroad.

The Group will continue to strengthen on its supply chain system and core competencies to remain as one of the market leaders. We will also continue to invest in brand building and promotional activities to remain competitive, to strengthen and expand our distribution network in Malaysia as well as other regions for our current products base and source for new business opportunities that are in synergy with the Group's current product range and activities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

STATEMENTS OF COMPREHENSIVE INCOME

	FY2020 RM'000	FY2019 RM'000	Variance	
			RM'000	%
Revenue	968,761	1,056,458	(87,697)	(8.30)
Gross profit	74,094	100,077	(25,983)	(25.96)
Gross profit margin (%)	7.65%	9.47%	(1.82%)	(19.22)
Profit before tax ("PBT")	25,108	22,923	2,185	9.53
Profit after tax ("PAT")	16,905	15,302	1,603	10.48
PAT margin (%)	1.74%	1.45%	0.29%	20.00

Revenue Breakdown

	FY2020 RM'000	FY2019 RM'000	Variance	
			RM'000	%
Investment holding and management services	11,736	17,841	(6,105)	(34.22)
Distribution of building materials and provision of logistics	546,059	587,639	(41,580)	(7.08)
Ready-mixed concrete	59,224	64,174	(4,950)	(7.71)
Manufacturing of fire-rated and wooden door	33,197	43,294	(10,097)	(23.32)
Manufacturing of AAC and precast concrete products	287,477	332,636	(45,159)	(13.58)
Manufacturing of wire mesh	115,568	136,717	(21,149)	(15.47)
Modular building solutions	353	6,637	(6,284)	(94.68)
Sub-total	1,053,614	1,188,938	(135,324)	(11.38)
Adjustment and eliminations	(84,853)	(132,480)	47,627	35.95
Total	968,761	1,056,458	(87,697)	(8.30)

The Group reported a revenue of RM968.76 million in FY2020, a decrease of RM87.70 million or 8.30% as compared to RM1,056.46 million in the preceding FY2019. The decrease in revenue in FY2020 was due to the Covid-19 outbreak which led our businesses and construction activities halted as a result of the implementation of MCO 1.0 imposed by the Government to curb the spread of the pandemic.

Among all the segment, the modular building solutions suffering the sharpest drop in revenue as this segment was not able to secure any new project after the completion of the initial six (6) blocks of integrated workers complex in Mukim Pengerang, Daerah Kota Tinggi, Johor in the second quarter of FY2019. The second highest drop in revenue was the investment holding and management services sector due to nil dividend income from subsidiaries. Whereas, the third highest drop in revenue was the manufacturing of fire-rated and wooden door segment as this division was facing shortage of foreign labour which has affected their production resultant from the government's move to freeze the intake of foreign workers.

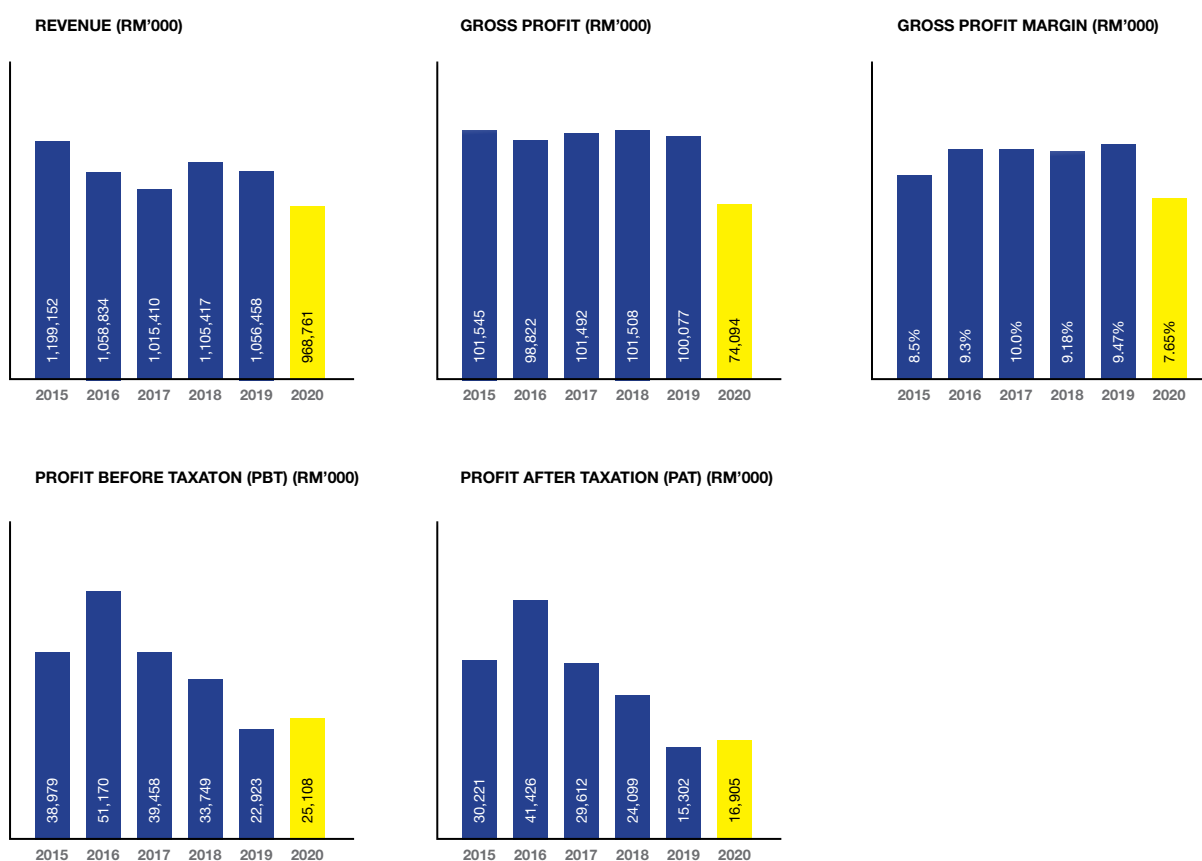
MANAGEMENT DISCUSSION
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REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

Revenue Breakdown (Cont'd)

The sluggish property market arising from the properties overhang and lack of growth substance to spur the momentum of construction activities have affected the performance of the ready-mixed concrete, manufacturing of wire mesh sector, manufacturing of AAC products and the distribution of building materials and logistics services besides the country lockdown (fully or partial) impact due to Covid-19 pandemic.



Gross profit and gross margin

The Group's gross profit has decreased by RM25.98 million or 25.96% to RM74.09 million in FY2020 (FY2019: RM100.08 million). The gross profit margin for the current year was recorded at 7.65%, decrease or 1.82 basis point as compared to the preceding year of 9.47%. The decline in gross profit margin was primarily due to impact of the MCO 1.0 imposed whereby all our manufacturing plants had to incur fixed overheads such as labour cost, rental and depreciation although the plants were totally shut down.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

Other income

Other income has increased by RM6.21 million or 72.07% from RM8.61 million in the preceding year to RM14.82 million in the current year primarily due to the to the followings:

- Gain on disposal of the properties belongs to PP Chin Hin Sdn Bhd to Midas Signature Sdn Bhd (related party) and third parties totalling RM1.54 million;
- Gain on disposal of Ace Logistic Sdn Bhd of RM3.86 million;
- Collection of overdue interest paid by the delinquent debtors of RM2.58 million by our distribution of building materials segment; and

set-off with the decline in solar income due to lower solar radiation and nil rental income recorded in FY2020 as a result of the disposal of Metex Steel Sdn Bhd ("Metex Steel")'s Prai factory in FY2019.

Fair value adjustment on investment properties

There was a fair value adjustment on investment properties of RM0.05 million in FY2020 which was resultant from the valuation deficit on the two units of apartment located at Grace Residence, Jelutong, Penang.

Gain on disposal of investment in associate

The gain on disposal of investment in associate of RM27.79 million derived solely from the disposal of 25,000,000 units shares in Solarvest Holdings Berhad ("Solarvest"). Our shareholding in Solarvest has depleted from 33.61% to 27.21% after the disposal. The rationale of the disposal is for Chin Hin to unlock and realize its investment in Solarvest. The proceeds from the said disposal were solely utilised to reduce Chin Hin group's bank borrowings and to strengthen its balance sheet.

Impairment on goodwill

There was an impairment on goodwill totalling RM4.38 million being provided for goodwill arising from the investment in Midah Industries Sdn Bhd, Epic Diversity Sdn Bhd and Saujana Vision Sdn Bhd in FY2020.

Expenses

The Group's distribution expenses have surged by RM0.82 million year-on-year ("YoY") due to the inventory written off in the distribution of building materials segment. The increase in the administration expenses of RM1.24 million were contributed by:

- the higher headcounts in the Information and Technology department resultant from the digitalisation programmes undertaken by the Group especially in PP Chin Hin Sdn Bhd;
- the new hired E-Commerce team in CH Home Three Sixty Sdn Bhd; and
- retrenchment benefit and mutual separation scheme payment to staffs as a results of ready-mix concrete plants closure in the northern region and downsizing of loss-making companies.

Other expenses have increased by RM0.20 million or 4.48% YoY mainly due to the higher bad debts written off in the distribution of building materials sector.

Net loss on impairment of financial instruments has surged up by RM2.01 million or 33.27% YoY mainly due to the higher provision for impairment of receivables and expected credit loss in the ready-mixed concrete and the distribution of building materials sectors.

MANAGEMENT DISCUSSION
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REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

The Group's finance cost in FY2020 has decreased by RM6.62 million or 26.80% YoY principally due to the pared down its term loan, bankers' acceptance, revolving credit, overdraft and trust receipts by RM12.80 million, RM78.07 million, RM7.77 million, RM0.85 million and RM0.23 million respectively.

Share of results of associates

Share of profit from associate company has decreased by RM3.11 million or 41.57% YoY primarily due to the reduction in our shareholding in Solarvest from the initial 45% to 33.61% after Solarvest's Initial Public Offering in 26 November 2019 and subsequently reduced to 27.21%, pursuant to our disposal of 25,000,000 units of the said shares and finally to 25.15% after the private placement of 32,000,000 units taken placed on 30 November 2020, as mentioned above.

Profit

Given the abovementioned analysis, the Group reported a higher PBT of RM25.11 million as compared to RM22.92 million reported in FY2019.

The effective tax rate of 32.67% in FY2020 was marginally lower than the preceding year's of 33.24%. This was mainly due to the higher losses sustained by G-Cast UHPC Sdn Bhd ("G-Cast UHPC") which has pulled down the denominator and hence distorted the calculation. There was a real property gain tax ("RPGT") of RM1.97 million being accrued in FY2020 as opposed to RM1.58 million in FY2019. The RPGT was derived from the disposal of investment properties and real property company as mentioned in the "Other income" above.

Order book

The Group's order book presently stands at RM339.05 million, which will keep the Group busy for the next twelve (12) months. In view of the order books on hand and the continue efforts to secure sales volume, the Group expects the level of sales and profitability in the FY2021 will be optimistic.

STATEMENTS OF FINANCIAL POSITION

	31 December 2020 RM'000	31 December 2019 RM'000	Variance	
			RM'000	%
Non-current assets	520,831	564,922	(44,091)	(7.80)
Current assets	550,751	605,714	(54,963)	(9.07)
Total assets	1,071,582	1,170,636	(99,054)	(8.46)
Total equity	445,288	422,121	23,167	5.49
Non-current liabilities	83,818	93,039	(9,221)	(9.91)
Current liabilities	542,476	655,476	(113,000)	(17.24)
Total liabilities	626,294	748,515	(122,221)	(16.33)
Net assets per shares attributable to ordinary owner of the company	0.80	0.77	0.03	3.90

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Total assets

As at 31 December 2020, total assets of the Group had decreased by RM99.05 million to close the financial year at RM1,071.58 million, with the analysis belows:

- the biggest chunk of decrease was resulted from the depreciation charged on property, plant & equipment ("PPE") of RM28.26 million and the right-of-use ("ROU") of assets of RM6.05 million pursuant to the adoption of MFRS 16: Leases;
- reduction of PPE in Ace Logistic Sdn Bhd of RM22.01 million resulted from the disposal of the said company during the year;
- written off of RM0.40 million PPE beyond repair resultant from the closure of ready-mixed concrete plants located in the northern region;
- discontinuation of tenancy agreement for northern ready-mixed concrete plant's site and the manufacturing plant for Midah Industries (North) Sdn Bhd totalling RM0.31 million;
- decrease of investment in an associate company of RM1.04 million primarily due to the reduction in our shareholding in Solarvest from the initial 45% to 33.61% after the Initial Public Offering in 26 November 2019 and subsequently reduced to 27.21%, after our disposal of 25,000,000 units of the said shares and finally to 25.15% after the private placement of 32,000,000 units taken placed on 30 November 2020
- reduction in goodwill of RM4.38 million resulted from the impairment on goodwill being provided for investment in Midah Industries Sdn Bhd, Epic Diversity Sdn Bhd and Saujana Vision Sdn Bhd;
- YoY decrease in contract assets of RM1.70 million in G-Cast UHPC arising from the progress billing on contract work;
- reduction in inventories of RM9.05 million mainly came from the manufacturing of AAC and precast concrete sector due the increase in demand for AAC block, wall panel, drymix products, precast concrete and MI polymer pipes in the last quarter of 2020 as construction site progress started to catch up after the total suspension of works during the MCO and Conditional MCO ("CMCO"). The hike in the sales of our Industrialised Building System ("IBS") products i.e. AAC block and wall panel lately as the products are tested to resolve the labour shortage issues faced by the market as it can reduce the construction time by approximately 20%.
- disposal of asset held for sale of RM43.09 million resulted from the completion of SPA signed between PP Chin Hin Sdn Bhd and Midas Signature Sdn Bhd;
- disposal of various assets totalling RM1.01 million in the Group which include the mixer trucks in the ready-mixed concrete and precast concrete division, batching plants in the ready-mixed concrete sector located at the northern region as a result of plant closure and etc;
- reduction in other receivables of RM9.28 million contributed from the full and final settlement of staggered repayment of Formino Metal Sdn Bhd disposal proceeds from Frontscape Sdn Bhd to Metex Steel of RM1.34 million coupled with the settlement of outstanding sum of RM1.09 million from Formino Metal Sdn Bhd to Chin Hin as per the settlement agreement and the refund of overpayment of Goods and Service Tax by Royal Custom of Malaysia; and
- cash and bank balances decreased by RM4.68 million;

set off with the three reasons below:

- additions of PPE and ROU of assets worth RM11.25 million and RM5.53 million respectively (as per the addition of Capex below);
- purchase of RM2.63 million investment properties i.e. two units of landed properties and two units of apartment via contra of accounts receivable due to non-payment by delinquent customers. There was an impairment loss of RM0.05 million being recognised on the two apartments contra;
- increase in trade receivables of RM12.05 million or 3.39% YoY due to the challenging operating environment after MCO. As a result, the receivable turnover period has deteriorated to 139 days in FY2020 (FY2019: 123 days); and
- increase in tax recoverable from Lembaga Hasil Dalam Negeri of RM0.79 million due to the over payment of corporate tax as a result of tax estimates for the current year of assessment ("YA") should not be less than 85% of the revised estimate of tax payable for the immediate preceding YA.

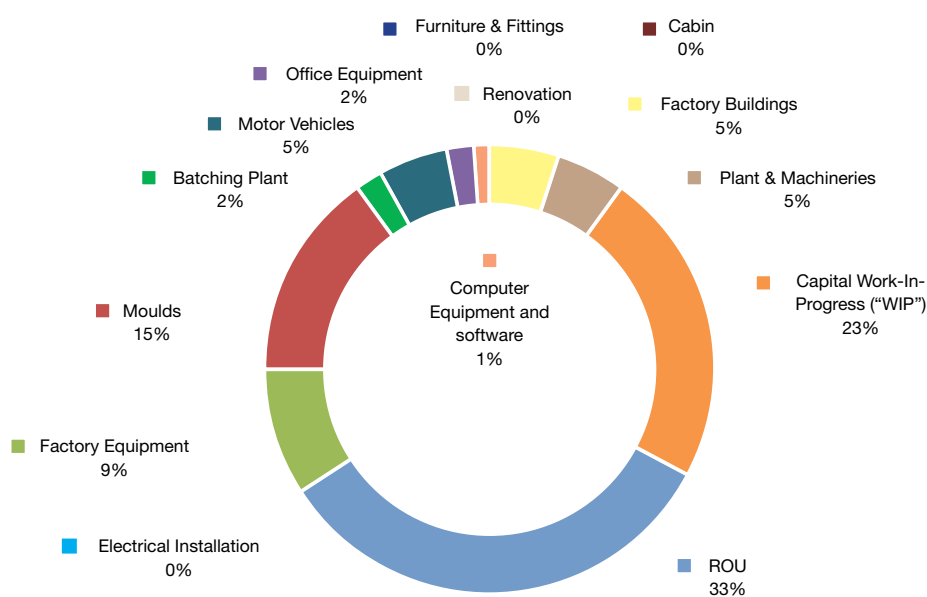
MANAGEMENT DISCUSSION
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REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Total assets (Cont'd)

Capital Expenditure ("Capex")	Breakdown of Capex (RM)
Factory Buildings	785,217
Plant & Machineries	790,730
Capital Work-In-Progress ("WIP")	3,781,255
ROU	5,526,031
Electrical installation	28,635
Factory Equipment	1,536,330
Moulds	2,424,236
Batching Plant	367,235
Motor Vehicles	896,052
Furniture & Fittings	30,744
Office Equipment	323,110
Renovation	69,487
Computer Equipment and software	215,817
Cabin	9,650
Total	16,784,529



Breakdown of Capex

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF FINANCIAL POSITION (CONT'D)

In FY2020, 74.01% of total capex was incurred on the outlay on factory building, plant & machineries, capital work-in-progress, ROU on leasehold building and motor vehicles (excluding rentals), electrical installation, factory equipment, mould, batching plant, motor vehicles, office equipment and computer equipment & software, mainly arising from foundation enhancement at G-Cast Concrete Sdn Bhd ("G-Cast Concrete")'s plants, setting up of Green Cement Sdn Bhd ("Green Cement")'s cementitious grinding and Starken AAC 2 Sdn Bhd ("Starken AAC 2")'s plants located in Kota Tinggi, Johor.

Besides, the capex was also incurred on Starken Drymix Solution Sdn Bhd ("Starken Drymix") totalling RM0.17 million for the plant improvement to enhance the loading bay to ease delivery of finished goods. Major Capex details were as follows:

Capital Expenditures for Enhancement and Setting Up of Production Capacity

Factory building

- Totalling RM0.77 million (RM0.58 million on freehold building and RM0.19 million on leasehold building (ROU)) was spent on the foundation landfill, and road concreting at Serendah, Rawang, Bidor, Kulai, Kota Tinggi and Kuantan precast concrete plants coupled with wall cladding and installing of fire protection system at Kota Tinggi plant. The work also covered the installation of I-Beam Gantry Railway and excavate & levelling the earth for new gantry line at Rawang plant;
- RM0.17 million (ROU) was spent on Starken Drymix's plant improvement to enhance the loading bay to ease delivery of finished goods;
- RM0.21 million was spent on setting up the Starken AAC 2's AAC block and panel plant, supply and install additional street lightings, intersection to access to plant, fire protection system and gate wall signboard;

Plant and machineries, Capital WIP, Factory equipment, Moulds, Batching plants, Electrical installation and Motor vehicles & etc

- RM2.39 million (Capital WIP, plant & machineries, factory and office equipment) was spent on Green Cement's construction of cementitious grinding plant (reinforced concrete works), installation of superstructure, drainage works, fire protection system, crusher run for roadwork and levelling, electrical installation, ball mill grinding system, cement silo, compressed dry air system, computer system & software and the installation cost for plant and machineries;
- RM2.34 million was spent for the purchased of moulds for various precast concrete plant located at Serendah, Rawang, Bidor and Kulai, Kota Tinggi and Kuantan to gear up for the product expansion i.e. prestress and reinforce concrete beam, crosshead, cable trough, long-span bridge, prestress slab, arch culvert, medium pressure jacking pipe and emergency walkway. Approximately 47% of the mould cost spent was for Kota Tinggi plant. MI Polymer Concrete Pipes Sdn Bhd and ready-mixed concrete division has spent RM0.02 million and RM0.07 million respectively on mould cost;
- Motor Vehicles totalling RM1.81 million, of which RM0.91 million were purchased under hire purchase (ROU) - RM0.6 million were spent on the purchase of four units of lorry in the distribution of building material and one unit of lorry in the manufacturing of fire rate door sector. Four units of mixer trucks totalling RM0.22 million were purchased by the precast concrete plant in located in Kuantan and two units of forklift worth RM0.13 million were purchased by the distribution of building material and manufacturing of steel mesh division. Two units of China Automobile Manufacturer Company (CAMC) rigid body mixer truck, two units of truck mounted cranes and two units of 28' wooden cargo lorry totalling RM0.84 million were purchased by the manufacturing of AAC sector;
- Factory Equipment totalling RM1.52 million (excluded Green Cement's portion which was highlighted above) - RM1.15 million were spent on G-Cast Concrete's various plants which include forklift, 10 tons diesel truck, stroke monojacks, single girder electric overhead travelling portal cranes, single girder gantry cranes, cutters, electrical external and motor vibrators, hammer crushers, inverter welding machines, electric bar benders, air

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF FINANCIAL POSITION (CONT'D)

Plant and machineries, Capital WIP, Factory equipment, Moulds, Batching plants, Electrical installation and Motor vehicles & etc

compressors and CCTV systems. RM0.11 million spent on Starken Drymix which include rotation viscometer, fire-fighting system, riello two stage light oil burner and etc. The balance of RM0.26 million were spent on the rest of the manufacturing of AAC and precast concrete products sector which include drilling machine, aluminium scaffold, mortar mixer, suocer thermostatic control oven, chamber furnace, wheel loader, 100 tons loading test frame structure and etc;

- RM0.79 million were spent on plant and machineries (excluded Green Cement's portion which was highlighted above) – RM0.33 million were spent on a fiber laser cutting machine c/w standard accessories in Kempurna Sdn Bhd during the automation programme and another RM0.03 million were spent on a sizing machine in the fire door division. RM0.24 million were spent on wet batching plant in Kuantan precast concrete plant and a steel brush roller machine in Starken AAC Sdn Bhd ("Starken AAC"). Another RM0.19 million were spent on various manufacturing plants which include Febor D. Green PVC conveyor belts, welding machinery and parts, hammer crusher in Starken AAC, pallet dispenser & robot programme, new cyclone and frame, motor vibrator and sieve machine, Riello Two Stage gas burner, stainless steel internal chamber for rotary drum and GSC cold rolling cassette;
- Totalling RM1.48 million was spent on computer system and software WIP - RM1.21 million was spent on PP Chin Hin Sdn Bhd's digitalisation programme to implement robotic process automation ("RPA") for auto generation of purchase order and invoice and another RM0.27 million was spent on Starken AAC Group of companies' RPA programme;
- RM0.34 million were spent on setting up a new batching plant in Jalan Ipoh, Kuala Lumpur and another RM0.02 million on the construction of wet pit wash through on the Sentul batching plant; and
- RM0.03 million was spent on electrical installation in the plant of Starken AAC 2 and Starken Drymix.

Current assets decreased from RM605.71 million as at 31 December 2019 to RM550.75 million as at 31 December 2020, mainly contributed by the disposal of assets held for sales of RM43.09 million as mentioned above.

Total equity

Total equity increased by RM23.16 million or 5.49% YoY, mainly due to the enhancement of total comprehensive income for the year of RM16.90 million, net proceeds from treasury shares of RM11.52 million, capital contribution by minority shareholders of RM0.30 million, set-off against the dividend payment of RM5.56 million. As such, our net assets per share have increased by RM0.03 or 3.90% YoY from RM0.77 to RM0.80 per share.

Total liabilities

Total liabilities decreased by RM122.22 million YoY, mainly contributed by the decrease in bank borrowing, amount due to directors, trade payables, other payables and lease liabilities (MFRS 16) of RM99.72 million, RM15.08 million, RM5.06 million, RM4.38 million and RM0.32 million respectively. The reduction in bank borrowing was resultant from the repayment of various financial instruments mentioned above.

There was a decrease in amount due to directors of RM15.08 million. The advances from Datuk Seri to Chin Hin in FY2019 were being channelled to fund the capex in our manufacturing sector. Datuk Seri has issued a letter of support, undertake to provide immediate financial support and/or assistance to Chin Hin in the event that the Company is unable to meet its financial commitments and to ensure that it will continue as a going concern.

The said decrease in liabilities were set-off partially by the increase in tax payables and deferred tax liabilities of RM0.13 million and RM2.21 million respectively. The decrease in trade payables in FY2020 mainly due to the shorter credit terms of 14 days on the steel bar purchased by the distribution of building materials segment during the 4th quarter of FY2020.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF CASH FLOWS

	FY2020 RM'000	FY2019 RM'000	Variance	
			RM'000	%
Net cash flows from operating activities	29,954	15,417	14,537	94.29
Net cash flows from/(used in) Investing activities	83,905	(4,404)	88,309	> 100.00
Net cash flows (used in)/from financing activities	(117,682)	12,813	(130,495)	>-100.00
Net (decrease)/increase in cash and cash equivalents	(3,823)	23,826	(27,649)	>-100.00

The Group's net cashflows generated from operating activities for the FY2020 stood at RM29.95 million. The increase in net cashflows from operating activities is largely due to the reduction in interest expenses as a result of de-gearing exercise undertaken through the disposal of non-core assets and investment in associates, lower tax payable due lower profitability during Covid-19 pandemic, higher overdue interest received from delinquent customers and the reduction in inventories as per the reason discussed above.

Cash inflows from investing activities recorded at RM83.91 million in FY2020 mainly derived from the transactions below:

- proceeds from the disposal of investment in associates of RM32.50 million;
- proceeds from the disposal of subsidiary of RM20.44 million;
- proceeds from the disposal of PPE of RM1.16 million;
- proceeds from the disposal of asset held for sales of RM44.63 million; and
- capital contribution from the Non-Controlling Interest (minority shareholder) of RM0.30 million resultant from the increased in share capital allotment in Midah Industries North Sdn Bhd.

The above cash inflows were partially mitigated by the capital expenditures by way of cash amounted to RM12.49 million (total capex of RM16.78 million, net of lease financing of RM4.29 million) as detailed above coupled with the addition of investment properties of RM2.63 million via contra of payment as mentioned above.

The net cash outflows used in financing activities of RM117.68 million, mainly stemmed from the activities below:

- pare down of banker acceptances, trust receipt and revolving credits of RM86.07 million;
- repayment of term loans and lease liabilities of RM12.80 million and RM4.23 million respectively;
- repayment of advances from directors of RM15.08 million;
- purchase of 7,760,000 units of Chin Hin's shares from open market for RM7.89 million; and
- payment of interim dividends of RM11.03 million.

The above financing activities cash outflows are set-off with the resale of 14,080,000 units of Chin Hin's treasury shares for RM19.41 million. The total cost of treasury shares disposed was RM12.88 million which resulted in a gain on disposal of RM6.53 million.

Our business operations are financed by a combination of internal and external sources of funds. Internal sources of funds comprise mainly shareholders' equity and cash generated from our operations, while external source of funds comprises trust receipts and bankers' acceptance, revolving credit, term loans, hire purchase, overdraft, loan from directors as well as credit terms granted by our suppliers. Credit terms granted to us by our suppliers ranging from 14 to 90 days.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

STATEMENTS OF CASH FLOWS (CONT'D)

The Management believes that after taking into account our cash and bank balances, existing banking facilities, as well as the funds envisaged to be generated from our business operations, we will have adequate working capital to meet our present and foreseeable day-to-day business operation requirements.

Save as aforementioned, we are not aware of any other known trends and events that are reasonably likely to have a material effect on our operations, performance, financial condition and liquidity.

REVIEW OF OPERATING ACTIVITIES

GENERAL OVERVIEW

Each business unit of Chin Hin has embarked into the digital transformation programme (“DTAP”) after thorough deliberation on the “Cost and Benefit” analysis carried out on each capex spent in the respective business unit. During the CMCO, Chin Hin has sped up the process of DTAP and gear towards Industry Revolution 4.0 with the primary intention to reduce the over dependence on foreign labour. Shortage of foreign labour is the key issue faced by all the manufacturing companies in town as the government has frozen the intake of foreign workers since March 2020 during the Covid-19 pandemic. The progress of the automation plan in Chin Hin group are as per below. The rest of the business units’ progress on DTAP are on-going and pending finalisation.

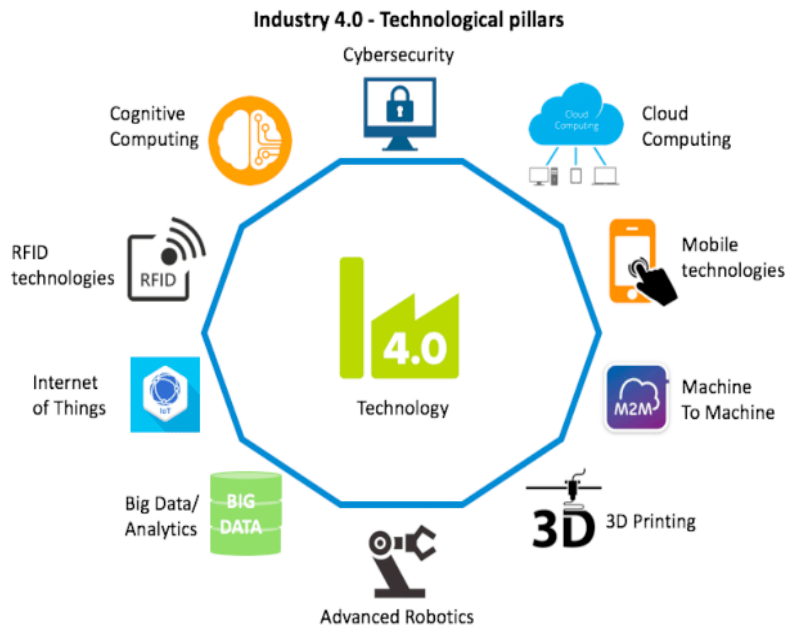
PROGRESS ON DTAP AND INDUSTRY REVOLUTION 4.0

No.	Project	Description	Business Unit	Status	RM	Manpower Savings (pax)
1	Digitalisation	Implement Robotic Process Automation (RPA) Auto Generation of Purchase Order and Invoice	PP Chin Hin Sdn Bhd	Implementing and fine-tuning	1,206,111	12
2	Digitalisation	Implement Robotic Process Automation (RPA)	Starken Group of companies	Mapping of processes	272,908	-
3	Automation	CNC Fiber Laser Cutting Machine c/w Exchange Table and 20hp Screw Type Compressor	Kempurna Sdn Bhd	Implemented since July 20	328,000	2
					1,807,019	14

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

PROGRESS ON DTAP AND INDUSTRY REVOLUTION 4.0 (CONT'D)



Picture: On-going DTAP in Chin Hin to gear towards Industrial Revolution 4.0



Picture: Computer numerical control ("CNC") fiber laser cutting machine c/w exchange table and 20hp screw type compressor installed at Kempurna Sdn Bhd's factory located in Kapar, Klang

FY2020 was also an innovative year where our manufacturing subsidiaries have introduced many new products to the building material, concrete drymix solution and infrastructure market. Below are the range of product expanded:

- AAC - Our new lightweight noise attenuation solution, SoundXbarrieR has employed a reinforced AAC wall panel that is improved with corrosion-protected, full welded steel cage which can provide effective and significant reduction of unwanted noise generated from vehicles or traffic at highways, state or federal roads and railways.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

PROGRESS ON DTAP AND INDUSTRY REVOLUTION 4.0 (CONT'D)

- Infrastructure products - We have developed a series of new polymer concrete pipe such as flexible joint pipe with cast-in Glass Reinforced Plastic (“GRP”) collar to replace socket pipes with optional precast bedding, post-tensioned box culverts, calcium aluminate cement (“CAC”) pipes, engineered cementitious composite (“ECC”), pervious pavers/slabs, polymer concrete pipe with stainless steel/mild steel jacket and reinforced concrete jacking pipe for 3.0 bar external pressure. Polymer concrete pipe with stainless steel jacket was designed by MI Polymer Concrete Pipes Sdn Bhd, tested, supplied and installed at Public Utilities Board (“PUB”)’s Project to cater to a specific request by our clients in Singapore. We are proud to highlight that we are the first and only manufacturer in the region, and possibly in the world, to manufacture such specific pipe.
- Concrete drymix solution - Our new Construction Chemical Series within concrete drymix solution has employed a new novel non-toxic homopolymer bonding agent that able to increase the bond strength for all kinds of wall substrates and tiles. The bonding agent is ready to use for the ease of our customers. In addition, it is innovated to be stable at exterior and high humidity area while possessing a low level of Volatile Organic Compound (“VOC”) to ensure our customers’ safety and health. The innovated bonding agent are Bond Buddy 168, tile buddy 188, plaster plus 66, tiling plus 33 and dry concrete 130; and
- Eco-friendly products - Recycling of coal bottom ash (scheduled waste) as eco-sand and filler.



Picture: Polymer concrete pipe with stainless steel jacket was designed by MI Polymer Concrete Pipes Sdn Bhd, tested, supplied and installed at PUB’s Project



The “Joint Practises Session” initiated in the mid of 2018 to promote collaboration across business units to leverage on the sales and marketing personnel strength with the ultimate aim to boost up sales through “Cross Selling” has been taken over by the newly formed Group Marketing Department. The Group Marketing Department is effectively functioning with a pre-set Key Performance Indicator (“KPI”) to be met. Weekly meetings among sales staffs are held and chair by the Group Marketing Head to share the market intelligence and projects leads. This change will definitely bring more benefit to the whole Group in the longer run.

SEGMENTAL OVERVIEW

Distribution of building materials and logistics

The building materials distribution landscape has changed massively lately. Number of the building material player has pulled out from the market in view of the shrank market after MCO and intense competition which affected their earnings and margin. The Malaysian construction industry has been severely affected by disruption caused by the Covid-19 pandemic. The industry’s GDP has shrunk by 5.60% in 2020, as construction activity was brought to a standstill across many parts of the country, owing to the impact of Covid-19 containment measures. As such, the distribution of building materials and logistics sector recorded a total revenue of RM546.06 million in FY2020, a decrease of RM41.58 million or 7.08% as compared to RM587.64 million recorded in the previous financial year, which contributed 56.37% (FY2019: 55.62%) of the Group’s consolidated revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW (CONT'D)

In line with the decline in revenue, gross profit margin has decreased by 0.28 basis point from 6.36% in FY2019 to 6.08% in FY2020. The lower margin was contributed by the intense competition as mentioned above which caused the players to throw price in order to ensure survival post MCO 1.0. PBT has decreased considerably by RM5.04 million, from RM6.84 million in FY2019 to RM1.80 million in FY2020 as construction activity was brought to a standstill as a result of the implementation of MCO 1.0 imposed by the Government to curb the spread of the pandemic. Although the government allowed construction sites in the country to resume operations in April 2020, a large number of sites remain closed due to the strict standard operation procedure ("SOPs") imposed by government whereby company has to ensure that all their foreign workers undergo for the Covid-19 screenings and tests, and confirmed free of the disease before returning to work.

The thirty-five conditional SPAs totalling RM55.65 million which is deemed to be a related party transaction entered into between PP Chin Hin Sdn Bhd and Midas Signature Sdn Bhd on 8 November 2019, only left six units of shop offices worth RM11.60 million located at Jalan Kuchai Lama, Kuala Lumpur has yet to be completed as at 31 December 2020. However, the said thirty-five conditional SPAs have been fully completed on 15 February 2021.

	Completed sale and purchase agreements as at 31 December 2020	Consideration RM'000
(a)	5 units of shop offices and 89 units of car parks located at Jalan Kuchai Lama, Kuala Lumpur	14,850
(b)	1 unit of factory located at Shah Alam	4,550
(c)	9 units of shop offices located at Taman Bandar Baru Mergong, Alor Setar	8,600
(d)	9 units of shop offices located at Kompleks Perniagaan Sultan Abdul Hamid	7,050
(e)	1 unit of shop office located at Pekan Simpang Kuala, Alor Setar	650
(f)	1 unit of shop office located at Taman Gunung Perak V, Alor Setar	600
(g)	3 units of shop offices located at Taman Bandar Baru Mergong, Alor Setar	7,750
	Total	44,050

Ready-mixed concrete

The revenue for the ready-mixed concrete segment decreased by approximately RM4.95 million or 7.71% from RM64.17 million in FY2019 to RM59.22 million in FY2020, which contributed 6.11% (FY2019: 6.07%) of the Group's consolidated revenue. However, this segment recorded a loss before tax ("LBT") of RM4.20 million, an improvement of RM1.63 million, approximately 28.10% from RM5.83 million LBT in FY2019.

The decrease in revenue from the ready-mixed concrete segment were mainly due to the shutting down of Northern loss-making plants to reduce operation losses in view of the soft market demand for construction materials as a result of properties overhang and the economic meltdown due to the Covid-19 pandemic and imposition of MCO 1.0. The reduction of losses was taken placed after the shutting down of those loss-making plants and the lower impairment of trade and other receivables.

Manufacturing of fire-rated and wooden door

The manufacturing of fire-rated and wooden door segment recorded a revenue of RM33.20 million, a decline of RM10.10 million or 23.32% as compared to the preceding year's results of RM43.29 million, which contributed 3.43% (FY2019: 4.10%) of the Group's consolidated revenue. The decline in revenue was resulted from the shortage of foreign workers which has affected their production due to the government's move to freeze the intake of foreign labour. In addition, many projects secured were delayed due to uncertainties clouding for the construction sector as a result of the pandemic and properties overhang especially for the high-rise projects.

MANAGEMENT DISCUSSION
 AND ANALYSIS
 (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW (CONT'D)

The PBT has declined by RM2.77 million, from a near breakeven position in FY2019 to a LBT of RM2.77 million. The considerable decline in PBT for the manufacturing of fire-rated and wooden door division was contributed by the reasons as mentioned above. Besides, the raw materials pricing for the fire door business have increased throughout the years yet the cost hike cannot be passed on to the client due to market competitiveness. In fact, door competitors have cut their selling price in order to secure order to ensure their survival during the pandemic. During the MCO 1.0, fire-rated and wooden manufacturing plants had to incur fixed overheads such as labour cost, rental and depreciation although the plant was shut down.

Manufacturing of AAC and precast concrete products

The manufacturing of AAC and precast concrete products segment recorded a total revenue of RM287.48 million in FY2020, representing a decline of 13.58% as compared to RM332.64 million recorded in FY2019 and contributed 29.67% (FY2019: 31.49%) of the Group's consolidated revenue. This sector recorded a PBT of RM5.75 million, representing a decline of 78.71% as compared to RM26.98 million in FY2019.

Manufacturing of AAC and Precast Concrete Products Sector	FY2020 RM'000	FY2020 RM'000	FY2019 RM'000	FY2019 RM'000	Remarks
	Revenue	PBT	Revenue	PBT	
Starken AAC Sdn Bhd	73,196	(1,145)	109,957	12,672	FY2019 – Dividend income of RM9.00 million declared and paid by G-Cast Concrete was reflected in the PBT.
G-Cast Concrete Sdn Bhd	119,920	12,129	120,341	15,991	
Starken Drymix Sdn Bhd	29,166	7,145	21,918	2,260	FY2020 – There was a fair value gain on investment property of RM4.10 million which subsequently reclassified as PPE at the Group consolidation level. Starken Drymix actual PBT before investment property gain was RM3.05 million in FY2020.
MI Polymer Concrete Pipes Sdn Bhd	10,515	935	14,252	2,865	
MI Polymer Concrete Pipes (s) Pte Ltd	11,043	6	14,965	492	FY2019 – Inter-company sales of RM14.19 million.
G-Cast UHPC Sdn Bhd	4,112	(7,793)	9,492	(3,015)	
Starken AAC 2 Sdn Bhd	34,692	(6,852)	38,055	(5,320)	
Green Cement Sdn Bhd	4,822	1,346	3,656	1,038	
Starken Paint Sdn Bhd	11	(26)	—	—	
	287,477	5,745	332,636	26,983	

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW (CONT'D)

Manufacturing of AAC and precast concrete products (Cont'd)

Starken AAC: The decrease in revenue of Starken AAC of RM36.76 million or 33.43% YoY, was contributed by the excess capacity encountered by the AAC block sector in the local market as a result of subdued property market and the impact of MCO. Although the government allowed construction sites in the country to resume operations in April, many construction sites have taken time to restart. For example, of the 6,750 construction sites inspected by the Construction Industry Development Board ("CIDB") in June 2020, over 5,000 sites were not yet operational. A total of 295 sites were issued warnings for not adhering to the SOP for the CMCO, while 12 sites were shut down.

The decline also caused by the suspension of export sales of wall panel and block to Singapore due to the lockdown in as a result of Covid-19 pandemic. The Building and Construction Authority has only allowed construction work in Singapore to resume in a controlled manner in phases after the Covid-19 Circuit Breaker ("CB") period ended on 1 June 2020. The above reasons have adversely affected the performance of Starken AAC. The considerable drop in PBT of RM4.82 million (after the eliminated of dividend income received by Starken AAC from G-Cast Concrete of RM9.00 million in FY2019) YoY was also contributed by the increase in raw materials cost as well as the intense price war due to the excess capacity in the local market coupled with the MCO effects where our manufacturing plants had to incur fixed overheads such as labour cost, rental and depreciation although the plants were shut down.

G-Cast Concrete: The revenue for precast concrete products experienced a slight decline by RM0.42 million or 0.35% to RM119.92 million in FY2020 from RM120.34 million in FY2019 despite the impact of MCO. The slight drop was due to the supply of infrastructure products i.e. prestress and reinforce concrete beam, crosshead, cable trough and emergency walkway are categorised as essential products during MCO. However, PBT has declined by RM3.86 million or 24.15% YoY due to intense competition where competitors willing to accept lower margin to ensure survival.

Starken Drymix: Our organic growth company, whom specialise in the production of thin adhesive base, render, skim coat, tile adhesive, panel plaster and basic skim has recorded an outstanding performance despite during the MCO year. The company reported a revenue of RM29.17 million, a surge of RM7.25 million or 33.07% YoY. PBT has increased by RM0.79 million (excluding the fair value gain on investment property of RM4.10 million) or 34.73% YoY due to the acceptance of "Starken Drymix" brand in the local construction material market.

MI Polymer Concrete Pipes Group of companies ("MIPCP"): The revenue has decreased by RM3.98 million or 26.50% from RM15.02 million in FY2019 to RM11.04 million in FY2020 (after eliminating inter-company sales) due to Covid-19 pandemic. Consequently, MIPCP's PBT has decreased by RM2.42 million or 71.97% YoY. Singapore market continues to be MIPCP main market in FY2020. Covid-19 had a drastic effect on the industry and disrupted project execution. All projects suffered delays with varying lengths. After resuming work from MCO, Singapore started their CB. After slowly lifting CB, works were extremely slow as contractors had to test all their workers and follow strict SOP. All of the above directly affected project execution and in turn our pipe deliveries/sales.

G-Cast UHPC: G-Cast UHPC has endured a LBT of RM7.79 million in line the decrease in revenue of RM5.38 million or 56.68% lower YoY. The huge losses incurred as a result of cost over-run due to complexity of installation work attributable to site condition for the construction of façade wall at Bukit Jalil Pavilion 2 Shopping Mall Project. This project is expected to be completed by end of April 2021.

Starken AAC 2: The revenue has decreased by RM3.36 million or 8.84% YoY. As such, the LBT have surged by RM1.53 million or 28.80% YoY. The company has continued to endure losses consecutively for three years due to the production utilisation rate is still hovering around 30% to 35%. 57.15% and 100.24% of the losses were contributed by the finance cost and depreciation of PPE (excluded ROU on rentals) respectively. This new AAC production line in Starken AAC 2 with 600,000m³ installed capacity located at Kota Tinggi, Johor has managed to beef up the production utilisation rate to 44% in February 2021 in view of the increase demand for the IBS products due to the shortage of foreign labour in the market. The export sales for panel and block to Singapore has surged lately after the lifting of CB. The export of AAC block by Starken AAC 2 to the Philippines market has also growth by 210% in the last quarter of 2020 when compared to the preceding quarter. The company will continue to penetrate and expand overseas market to fill up the excess capacity in Starken AAC 2.

MANAGEMENT DISCUSSION
 AND ANALYSIS
 (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW (CONT'D)

Green Cement: The revenue of RM4.82 million and PBT of RM1.35 million derived solely from the selling of Pulverised Fuel Ash ("PFA") to Chin Hin's related company within the Group (93.74%) and a few third-party companies (6.26%). 59.28% of the PFA sold came from the Jimah East Power Plant located in Port Dickson, pursuant to the Letter of Agreement signed with Jimah Energy Ventures Sdn Bhd ("Owner") on 19 April 2018 for the temporary collection of PFA which has expired on 18 July 2018 where the term of the agreement has been extended on a month-to-month basis, to be renewed automatically every month unless terminated by the Owner with not less than seven (7) days' notice in writing. 16.12% of the PFA sold came from coal fired power station plant located in Tanjung Bin, Johor Darul Takzim which is owned by Tanjung Bin Power Sdn Bhd ("TBP"), pursuant to the Agreement signed on 14 August 2018 with G-Cast Concrete for the collection of coal ash on a non-exclusive basis. The Tanjung Bin-G-Cast Concrete's agreement was officially terminated on 30 September 2020 and a new Coal Ash Offtake Agreement was signed on 3 August 2020 between Tanjung Bin Energy Sdn Bhd ("TBE") and Green Cement. The Agreement shall be effective and valid for a period of ten (10) years, with an option to extend for additional three (3) years, or any period to be agreed by both parties. The balance of the PFA sold came from TBE's supercritical coal-fired power plant located in Johor, Malaysia. The bottom ash collected from both the power plants, TBP and TBE were being used as raw material for the production of precast concrete pipes and ready-mixed concrete products.

Manufacturing of Wire Mesh

Segmental Detail	FY2020 (RM'000)	FY2019 (RM'000)	Variance (RM'000)	%
Manufacturing of Wire Mesh - PBT	6,243	1,003	5,240	>100
<u>Adjustments for exceptional items:</u>				
Gain on revaluation of Investment Property – Land and factory in Nilai belongs to Ace Logistics Sdn Bhd	—	(200)	200	—
Inter-company interest charged to Metex Modular Sdn Bhd ("Metex Modular") (other income)	(664)	(514)	(150)	(29.18)
Gain on disposal of land and factory in Prai	—	(611)	611	—
Gain on disposal of Ace Logistic Sdn Bhd	(4,000)	—	(4,000)	—
Actual Results for the manufacturing of Wire Mesh	1,579	(322)	1,901	>100

The manufacturing of steel mesh segment recorded a total revenue of RM115.57 million in FY2020, representing a decrease of 15.47% as compared to RM136.72 million recorded in FY2019, and contributed 11.93% (FY2019: 12.94%) of the Group's consolidated revenue. Nevertheless, the wire mesh business performance has improved considerably in the MCO year with a higher PBT of RM1.58 million YoY. The improved results in FY2020 were contributed by the better margin over material of 16.40% versus 14.33% achieved in FY2019 coupled with the surge of steel price worldwide in the final quarter of 2020 as steel supply remained tight and demand rebounded from pandemic levels.

The higher margin over material was attributable to tighter control over the pricing structure on the super standard sheets and cut to size mesh coupled with more structure efforts to follow up on project securing.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATING ACTIVITIES (CONT'D)

SEGMENTAL OVERVIEW (CONT'D)

Modular building solutions

Metex Modular has recognised RM0.35 million of revenue, a reduction of RM6.28 million or 94.68% YoY. This segment contributed 0.04% (FY2019: 0.63%) of the Group's consolidated revenue. The modular building solutions revenue for the current year was negligible as the company has yet to secure any project during the year. As a result, this segment recorded a LBT of RM6.33 million as compared to a PBT of RM0.80 million in the preceding year. 35.81% of the losses sustained by this company caused by the inter-company interest charged.

THE GROUP'S PROSPECTS

Prospect outlook for 2021 hinges on the successful containment of the Covid-19 pandemic and sustained recovery in the domestic and external demand. The third wave of Covid-19 in Malaysia is more severe than the previous two waves. It involved the foreign workers in the manufacturing and construction sector. The containment measures and the restrictions on mobility with the reimplementing of MCO 2.0 have impacted the recovery process of the construction activities in Malaysia. Following the availability of Covid-19 Vaccine, the third wave of Covid-19 is expected to be under control. Previously Covid-19 outbreak led businesses and construction activities halted. With the vaccine availability, the construction sector is expected to be recovered gradually.

Prospects for the construction sector in the first half of 2021 seem lacklustre amidst the second round of the MCO and mega infrastructure project cancellations i.e. Kuala Lumpur-Singapore high-speed rail ("HSR") and Trans Sabah Gas Pipeline ("TSGP"). Chin Hin has continued to adopt a cautious and prudence strategy in focusing on consolidating its existing business, closing down/turnaround the loss-making investment, initiate cost cutting measures via digitalisation and automation across plantwide and officewise to lower down its operation cost and to stay competitive in the market to gear towards "Industrial 4.0 Revolution".

Trading Sector

Looking ahead at 2021, The construction sector is projected to rebound to a growth of 13.9% from an 18.7% contraction in 2020 on the account of the acceleration and revival of major infrastructure coupled with the affordable housing projects. Civil engineering sector will continue to be the main driver of the major infrastructure projects namely the on-going Mass Rapid Transit ("MRT") 2, Light Rail Transit ("LRT") 3, West Coast Expressway, Bayan Lepas Light Rail Transit, Pan Borneo and Coastal Highway in Sarawak and Langkat 2 Water Treatment Plant. Residential sub sector is anticipated to improve further with support by various measures taken by the government to address the property overhang situation. Extension of the Home Ownership Campaign, exemption of RPGT up to end 2021, introduction of Rent-to-Own ("RTO") scheme and reduction of foreign ownership threshold.

In view of this favourable development, our trading division will focus on the growth strategy to expand our geographical coverage and our active customer base across the nation. The strategy will involve value creation in terms of higher market shares and penetration within our existing trading division. With the downsizing of other major trading companies in town, we will capitalise on the emerging window of opportunities available from less players or competitors in the market to improve our business prospects and maximise the returns.

The pandemic crisis has given us the opportunity to look inwards, reassess our priorities and reset our target for 2021 and beyond. There are on-going initiatives to digitalise our operational processes to reduce repetitive steps and enhance efficiency for our division future competitiveness and growth. Our focus is to continue to identify, develop and distribute new innovative products and cost saving technology to widen our product range suitable and relevant for the existing housing, complexes & property development. The size and strength of our distribution network company of eleven (11) branches and nine (9) warehouses that spanned across Peninsular Malaysia, will enable us to sustain our future trading business. Leverage on our marketing & distribution network to secure new agencies and increase the geographical coverage to increase our business

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of Fire-Rated and Wooden Door Sector

Moving forward, Midah Industries Sdn Bhd's fire door business will revamp its direction by focusing on performing an extensive research and development on its product's component especially the fire-resistant board to fulfil the market requirement i.e. best quality with the optimal cost. Besides, Midah Industries Sdn Bhd's door frames subsidiary, Kempurna Sdn Bhd has embarked into extensive automation to reduce the over reliance on the foreign workers which was the key challenge faced recently. The shortage of foreign labour has caused the decline in revenue for the whole Midah Industries Sdn Bhd's group.

Midah Group of Companies do not compromise selling substandard quality doors albeit operate in a very tough market environment where contractors' main concern is pricing. Midah Group uphold its key philosophy "We are not just selling a product but we are selling an overall experience to our customer". Midah Group continued to position itself as a high-quality manufacturer.

Manufacturing of AAC and Precast Concrete Products Sector

Starken AAC

Starken AAC's last quarter of FY2020 turnover has growth 19% as compared to the third quarter of FY2020. The hike in the sales of AAC block and wall panel, IBS products lately undoubtedly proven that the products have gained traction during the Covid-19 pandemic as the products are tested to resolve the labour shortage issues faced by the market as it can reduce the construction time by approximately 20%. The labour shortage was resulted from the government's move to freeze the intake of foreign labour.

The construction market is predicted to recover on the second half of 2021 due to the roll-out of deferred infra projects such as MRT 3 and Rapid Transit System between Johor Bahru and Singapore. RM4.7 billion has been allocated for the health sector to provide effective network of healthcare systems due to Covid-19 pandemic. More hospitals and clinics in whole Malaysia will be built to ensure accessible healthcare system, whereas RM1.2 billion has been allocated to build new housing for B40 low-income group, under Budget 2021. Starken see a big opportunity to tap on the said projects as its IBS wall system can resolved the labour shortage issue in the construction market. Moreover, the usage of AAC block and wall panel reduces the cost of construction up to 20% will benefit Starken AAC in bidding for low-cost projects. The export of AAC block by Starken AAC to the Philippines market has also growth by 210% in the last quarter of 2020 when compared to the third quarter of 2020.

Starken AAC will continue to export its AAC block and wall panel to the neighbouring countries particularly to Singapore, Philippines, Maldives and Australia to expand its market. Starken AAC's order bank as at end of December 2020 stood at RM60.90 million.

Starken AAC is still supplying to three out of the four affordable housing project owns by The Housing & Development Board ("HDB") in Singapore which adopted the prefabricated, prefinished, volumetric construction ("PPVC") precast system. The export market demand for panel and block are fast gaining in popularity especially in Singapore and the Philippines.

Our Starken AAC 2's AAC production line with 600,000m³ installed capacity located at Kota Tinggi, Johor has managed to beef up the production utilisation rate to 34% as at end January 2021 in view of the increase demand for the IBS products due to the shortage of foreign labour in the market. The export sales for panel and block to Singapore has doubled in the last quarter of 2020 after the lifting of CB. The Company will continue to penetrate and expand overseas market to fill up the excess capacity in Starken AAC 2.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector (Cont'd)



Picture: Starken AAC supplies the AAC panels to Ikea Distribution Center at Pulau Indah, Klang. The AAC panels are used as the wall panels for the Center.



Picture: Starken AAC supplies the AAC panels to Sunway Iskandar Big Box Village



G-Cast Concrete

Our precast concrete plants located at various location with total capacity up to 400,000 metric tonnes per annum managed to catch up its revenue to the pre-MCO 1.0 level. The enlarged capacity has enabled Chin Hin to experience a strong growth in the infrastructure precast concrete business particularly within the railway sub-sector since 2019 after our expansion of product portfolio i.e. prestress and reinforce concrete beam, crosshead, cable trough, long-span bridge, prestress slab, arch culvert, medium pressure jacking pipe, eco-module (modular precast concrete tanking system) and emergency walkway which require added technical expertise.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector (Cont'd)

G-Cast Concrete (Cont'd)

The Company is supplying pre-tensioned and reinforce concrete tee beam, TM beam, crosshead, cable trough/ manholes, tunnel walkway, emergency walkway and LS girder to the mega infrastructure projects in town such as LRT 3, Gemas-Johor Bahru Railway Electrified Double Tracking Project, MRT 3, Kota Bharu-Kulai Krai Highway Package 2B, West Coast Expressway Seksyen 11 Changkat Jering West Coast Expressway, Central Spine Road Package 4C and Kuala Terengganu Bypass. The efforts to penetrate into the regional markets like the Philippines, India and Australia has slow down due to the lock down of the said country resultant from Covid-19 pandemic.



Picture: Lifting of G-Cast Eco-Modules (customised underground stormwater storage tanking system) for installation to On-Site Detention Project located at Taman Botani Kuala Lumpur own by DBKL.



Green Cement

Chin Hin continued getting its major supply of PFA from Jimah East plant for FY2020. The 10-year Coal Ash Offtake agreement signed with TBP, a subsidiary of Malakoff Corporation Berhad to collect coal ash on a non-exclusive basis has started on a trial basis since 14 August 2019 was officially terminated on 30 September 2020. A new Coal Ash Offtake Agreement was signed on 3 August 2020 between TBE and Green Cement. The said Agreement has benefitted the Company in terms of lower raw material cost and it is part of our sustainability initiatives to consume the recycle ash as construction material.



Picture: Cyclone and Classifier installed at Green Cement's Grinding plant located in Kota Tinggi, Johor



Picture: Control Room installed at Green Cement's grinding plant located in Kota Tinggi, Johor

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector (Cont'd)

MI Polymer Concrete Pipes

MIPCP has completed all the long-term test for its pipes. MI Polymer's pipes are capable of withstanding 50 and 100 years of design life and in compliance with BS EN 14636-1:2009. With the said accreditation, it has enhanced our presence locally and regionally especially in Singapore, the Philippines, Indonesia and Australia. On 4th of December 2019, MIPCP obtained the Category (A) Suruhanjaya Perkhidmatan Air Negara (SPAN) approval for its complete range of Polymer Concrete Pipes size & Fittings. Now we are still waiting for the new Malaysian Sewerage Industry Guidelines ("MSIG") to be adopted which has incorporated our polymer pipes.

Covid-19 had a drastic effect on the polymer concrete pipe industry and disrupted Singapore project execution in 2020. All projects suffered delays with varying lengths. Singapore market continues to be our main market. It is still stable with project execution speed slowly returning to normal levels Pre-Covid-19. In the past 2 years, we steadily increased and maintained our main market, Singapore and dominated over 95% of all major projects for jacking pipes of diameter 800mm and below. The Philippines market remains promising although it has been badly affected by Covid-19 (and multiple typhoons) in 2020. We expect the procedures for the pilot project to be resumed in the first quarter of 2021. Indonesia market is another major market with great potential for penetration. Covid-19 pandemic and the travel restrictions have caused delays in our efforts to penetrate the neighboring countries.

In order to penetrate into the international markets and to protect our brand, we have registered the mipipes® trade mark in the countries like Australia, India and the Philippines. In addition, we have also registered the midrains® in Malaysia as well.

MIPCP has developed a new product in FY2020, namely Polymer Concrete Pipe with Stainless Steel Jacket. MIPCP currently the only ones in the region capable of manufacturing this type of pipes. The new product is a special requirement from our client for PUB Project in Singapore to use 100mm thicker pipes for certain sections. This type of pipe is an alternative as it only increased thickness is 10mm.



Picture: MI Polymer pipes has improved its pipe design to withstand pressure applications. Currently it is possible to withstand prolonged eight bar hydrotests.

Starken Drymix

Starken Drymix has managed to beef up its production utilisation rate to 60% as at end of March 2021 by running extended shift to cater for the increase in demand, amid challenging business outlook during the MCO period. The Company has achieved excellence performance in FY2020 amid the Covid-19 pandemic. Moving forward, the Company will be embarking on product portfolio expansion i.e. construction chemicals and grouts. Besides, Starken Drymix will continue with its on-going initiatives to drive further growth in revenue through market penetration, expanding market coverage. Starken Drymix's original plan to explore the possibilities to joint venture with overseas investor to expand its market share in the ASEAN region has been put hold due to the lockdown as a result of Covid-19 pandemic.

MANAGEMENT DISCUSSION
AND ANALYSIS
(CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector (Cont'd)

G-Cast UHPC

G-Cast UHPC has performed badly in FY2020 due to the under costing of Bukit Jalil Pavilion 2 Shopping Mall project. Installation cost continued to over-run due to the site difficulties has resulted the company to suffer a huge-losses of RM7.38 million. Bukit Jalil Pavilion 2 Shopping Mall has reached its 93% of completion in 2020. G-Cast UHPC's cladding system, using non-combustible materials (Class O) have undergone and passed the stringent fire test requirement at Standard and Industrial Research Institute of Malaysia (SIRIM), BS8414-1:2020 & BS8414-2:2020 as opposed to other cladding materials which are flammable and easy to catch fire.



Picture: Bukit Jalil Pavilion 2 Shopping Mall – Façade walls constructed using UHPC that are highly customised, curved with three pattern features, pre-finish with everlasting pigmented homogeneous colours. Large and lightweight panels allow quick, fast track construction.



Picture: HSBC Bank Malaysia Berhad's new RM1 billion headquarter is located at the Tun Razak Exchange main entrance facade features constructed with G-Cast UHPC's panel (design and build project)



Picture: Shree Lakshmi Narayan Temple located at Jalan Kasipillay, Kampung Kasipillay, Kuala Lumpur – Temple dome tower structure construction using UHPC with high detailing finishing and design

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Manufacturing of AAC and Precast Concrete Products Sector (Cont'd)

Starken Paint

Starken Paint Sdn Bhd was incorporated in February 2020 with the principal activities of specialising in manufacturing and distributing wide range of high-quality paint solutions. Starken Paint Sdn Bhd was appointed as a Sole Distributor in Malaysia by LivinWall Pte Ltd (Singapore) in year 2020 to market and distribute the Interior Decorative Paint under the brand name of Gush. The Gush Paint have the benefits of Air Purifying, Anti Moulding, Anti-Bacterial, VOC-Free, Odourless and regulates humidity for the living space. Starken Paint also distributes some high-quality Enamel Paint/Coating under its own name.

Manufacturing of Wire Mesh Sector

The market demand for mesh products is not expected to be better than 2020 as infrastructure projects will be the focus sub-sector where mesh usage is minimal or none. The building sector is expected to be weaker due to various set-backs such as bank loan limitation and higher unemployment rate. However, the stricter mesh quality enforcement by CIDB/SIRIM after a series of building collapse events in 2020, is likely to benefit quality complying manufacturers including Metex Steel.

Metex Steel has put in place strategies to gain market share and to be a more dominant player in 2021, especially in cut-to-size mesh segment. The Company shall continue to intensify its in-house effort by building up strong technical/design support, offering optimum yet competitive costing to the industry and broaden its revenue base. In a nutshell, Metex Steel is committed to promote aggressively its "Technical Product Innovation" strategy further.

Metex Steel shall continue to optimise its advantages in availability of advanced energy efficient welding technology, higher automated processes, pool of competent technical/process personnel and continuous certifications of both ISO 9001: Quality Management System and ISO 14001: Environmental Management System, to strengthen our "Metex Steel" brand position in the market.

Modular Building Solutions Sector

The completed six (6) blocks of integrated workers complex which can accommodate 2,496 pax has yet to be leased out due to the frozen of foreign labour intake imposed by the government. We foresee to lease out the said completed six (6) blocks after the lifting of MCO 2.0 in view of the commencement of Rangkaian Pengangkutan Integrasi Deras Kuala Lumpur (RAPID) Phase 2. The balance of the contract work, to build an integrated worker complex with comprehensive facilities in Mukim Pengerang, Daerah Kota Tinggi, Johor of approximately RM185.00 million will be resumed once the completed six (6) blocks are rented out. Currently Metex Modular is following up closely on the project tendered.

Solar Power Generation Income - Other Income and Associates Company

The Group has recorded Green Technology Solar Panel gross income of RM2.77 million in FY2020 from its electricity production capacity of 2,425 kilowatt per hour ("kWh").

The outlook remains positive for the renewable energy ("RE") sector despite growth being temporarily halted by stalled business activities resulting from the Covid-19 pandemic. However, the long-term drivers for RE investment remain strong in view of the rising pressure for corporates to comply with environment, social and governance. Malaysia Budget 2021 highlights that the sustainable initiatives in the RE are consistent with the United Nations' Sustainable Development Goals, to achieve a carbon free power sector by 2035. The Malaysian government is committed fully to support the growth of photovoltaic ("PV") solar industry by setting a target for electricity generated from RE at 20% of its generation mix by 2025. The recent rolled out of Renewable Energy Investment programme namely Large Scale Solar Power Plants – Fourth Competitive Bidding Round ("LSS@MEtARI") which offer 1,000MWp of solar quota via competitive bidding process under the Large Scale Solar ("LSS") and the new Net Energy Metering ("NEM") 3.0 programme to provide more opportunities to electricity consumers to install solar

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

THE GROUP'S PROSPECTS (CONT'D)

Solar Power Generation Income - Other Income and Associates Company (Cont'd)

PV systems on the roofs of their premises to save on their electricity bill clearly reflected the government's strong commitment to revive and stimulate the RE sector following the Covid-19 outbreak. The NEM 3.0 will be in effect from 2021 to 2023 and the total quota allocation is up to 500 megawatts ("MW"). The NEM 3.0 will be divided into three (3) new initiatives/categories i.e. Programme NEM Rakyat (100 MW), Programme NEM GoME (Government Ministries and Entities) (100 MW) and Programme NOVA (Net Offset Virtual Aggregation) (300 MW). With the roll out of LSS@ME nTARI and NEM 3.0 programme, injecting approximately 1,000 MW and 500 MW fresh new quotas in 2021, the solar industry is set to experience a busy year ahead. Our associate company, Solarvest Group was shortlisted as one of the successful bidders in the LSS@ME nTARI to provide cumulative capacity of 50 MW of solar-powered electricity via three large-scale solar farms. The shortlisted bidders were announced on 12 March 2021 by the Energy Commission. Solarvest is confident that the Group is in good position to fulfil the requirements and financial close for the bids, backed by its robust financial strength. Solarvest recently raised a total of RM38.70 million from the issuance of 32.0 million new shares at an issue price of RM1.21 per share via private placement, which boosted its cash in hands and they are in a net cash position.

Among the three shortlisted bids, the largest solar farm has a capacity of 25 MW which will be based in Manjung Perak. This is followed by a 13 MW solar farm to be constructed in Kuala Selangor and another 12 MW solar farm in Manjung, Perak. Barring any unforeseen circumstances, the solar plants are expected to be operational by end of 2022 and 2023. Upon the completion of the bidding process, Solarvest expects earnings contribution of approximately RM8.00 to RM9.00 million annually from the three solar farms. This recurring income will contribute positively to the financial performance of Solarvest during the entire tenure of the 21-year power purchase agreement which is expected until 2043.

Solarvest is also bidding for Engineering, Procurement, Construction and Commissioning ("EPCC") projects from other successful bidders in the LSS@ME nTARI programme. Solarvest aims to clinch approximately 300 MW of EPCC projects, worth about RM600 to RM700 million, which will boost its financial performance in FY2021 up till FY2023.

Moreover, Solarvest are looking for more investment opportunities for large-scale solar projects in the overseas market, such as Taiwan, to expand its portfolio of solar assets.

The order books of Solarvest as at end December 2020 stood at RM197.48 million coupled with the shortlisting of 50 MW bid of solar assets in LSS@ME nTARI and also bidding for the above EPCC projects from other successful bidders in the LSS@ME nTARI programme, the Company is expected to remain strong.



Picture: 998 kilowatts peak (kWp) Solar PV system installed by Solarvest at GS Paperboard and Packaging Sdn Bhd's rooftop located at Sungai Bakap, Penang. The company will offset up to 953 tonnes of CO₂ which is equivalent to planting 28,440 of trees.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED OR KNOWN RISKS

In line with Bursa Malaysia Securities Berhad's regulatory framework on the disclosure requirements, we highlight below the key anticipated or known risks that our Group is exposed to that may have a material effect on our operations, performance, financial condition and liquidity. Our plans and strategies to mitigate these risks have also been disclosed below:-

(i) Risks relating to the industries in which our Group operates

Our Group is involved in the distribution and manufacturing of building materials to the construction and property development industries. As such, our Group is exposed to the vagaries of these industries caused by various factors which include political and economic stability, inflation, labour shortages, as well as increase in raw material costs. Although our Group's management will endeavour to closely monitor and manage our business to mitigate such effects, any adverse changes to the construction and property development industries will adversely affect the business of our Group.

Nevertheless, our Group has been taking effective measures to mitigate the aforementioned risks such as prudent financial management and efficient operating procedures. Further, we constantly keep abreast of economic and regulatory changes relating to our business.

(ii) Operational risks

Due to the nature of our Group's operations, interruptions in our Group's operating capabilities through disruption in electricity supply and failure or damage of production machineries or other disruptions to our manufacturing processes due to any outbreaks of diseases including pandemics may have an adverse effect to our Group's business and financial performance.

To reduce any risks of spread of Covid-19 among our employees which may cause interruptions in our business operations, with the approval obtained from Ministry of International Trade and Industry, we have kept the minimum number of employees to attend to work. Besides, our essential workers deserve most accolades, we ensure protective masks put on and body temperatures checked before entering into business premises. We also practice social distancing with at least one metre.

To avoid major breakdowns and disruptions to our operations, electricity supply and relevant equipment are constantly monitored and our production machinery undergo scheduled maintenance.

(iii) We are dependent on our experienced management and key personnel

We attribute our success to the leadership and continued contribution of our key senior management team led by our Group Managing Director, Chief Executive Officer and Chief Financial Officer. We believe that our continued and future success largely depend on our continued ability to hire, train, motivate and retain our key senior management and technical team comprising engineers and other qualified personnel needed to develop new products, services, support our existing range of products.

Having a strong key senior management and technical team are vital to maintain the quality of our Group's services whilst retaining the business confidence of the clients. The loss of these key senior management and technical team simultaneously or within a short span of time without suitable and timely replacement, or our inability to attract and retain qualified and competent personnel, may adversely affect our Group's operations. Separately, the loss of our Group Managing Director, Chief Executive Officer and Chief Financial Officer may also adversely affect us.

To mitigate such risk, our Human Resource Department had drawn up a contingency plan for human resource risks such as death, disability and employees quitting. Effective succession planning such as training and coaching the second liner can reduce such risk.

MANAGEMENT DISCUSSION
AND ANALYSIS
(CONT'D)

ANTICIPATED OR KNOWN RISKS (CONT'D)

(iv) We are subject to the credit risk of our customers

Our financial performance and position are dependent, to a certain extent on the creditworthiness of our customers. If our customers are unable to pay us on time or have difficulty in making payments to us, our cash flow will be affected. We generally grant our customer credit terms within the range of sixty (60) to ninety (90) days. We are exposed to credit risks arising from trade receivable which risks may increase during periods of economic uncertainty or market downturn as a result of Covid-19 pandemic, and which are beyond our control.

During credit application process, our Credit Control Department ("CCD") will perform Central Credit Reference Information System ("CCRIS") and Credit Tip-Off Service ("CTOS") check on the background our new client. Based on the financial data obtained, CCD will recommend the credit limit for management approval. Continuous monitoring of customer payment trend and conduct of customer visit to effectively mitigate the risk of customer default in their payment.

(v) Competition risks

The building materials industry in which our Group operate is highly competitive in nature especially during Covid-19 pandemic. Although there is intense competition amongst the existing players (both new and existing in the manufacturing of building material industry, there are high barriers to entry such as high initial capital investment and working capital resources, which lessen the threat from more players entering the industry.

Our strategies are to continually leverage on our economies of scale, negotiating power, strong financial resources and wide distribution network which other market players do not have.

(vi) We are dependent on obtaining adequate financing to fund our operations

There is an inherent timing difference between our trade collections from our customers and payments to our suppliers. Normally, we are granted trade credit facilities of between fourteen (14) to ninety (90) days by our suppliers, whereas our trade collections are between sixty (60) to ninety (90) days. As such, we are required to fund our purchases from our suppliers, either from internal resources or borrowings. If we are unable to secure adequate financing, our cash flow, operations, growth and expansion plans will be adversely affected.

Our total borrowings as at 31 December 2020 amounted to RM414.03 million. Any significant increase in interest rates will adversely affect our profitability. Thus far, we do not experience any significant increase in interest rates levels which has resulted in a material adverse impact on our financial performance.

(vii) Safety, Health & Environment ("SHE") risk

SHE hazard could lead to penalty by authorities and stop work order in the worst case scenario may have a significant impact on production timeline.

Our strategies are to establish SHE policy and procedures, and conduct safety trainings to promote a safety working environment and to conduct regular inspections and reports on unsafe practices by Safety Officer for rectification.

Chin Hin continue to undertake cost cutting measures via digitalisation and automation programmes across plantwide and officewise to lower down its operation cost and to stay competitive in the market.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FORWARD-LOOKING STATEMENT

The Malaysian economy is expected to face another tumultuous year in FY2021 as it is being challenged by the domestic sluggish property market and growing internal and external headwind, particularly the outbreak of Covid-19 in the world. The Covid-19 pandemic has sent the global economy into one of its worst recessions ever, and it isn't yet clear when a full recovery will be in place. Recent progress on coronavirus vaccines has brightened the economic outlook, however a potentially slow rollout of vaccines across developing economies could hamper the return of activity to pre-pandemic levels.

The MCO 2.0 imposed in 2021 on several states in Malaysia i.e. Penang, Selangor, Wilayah Persekutuan, Malacca, Johor and Sabah on all private companies, excluding those involved in essential services has caused some damaging effects on businesses and the economy of Malaysia. We foresee that the local market to remain subdued arising from all the negative impacts as mentioned above coupled with the tight lending policy by the financial institution, poor market sentiment and the lack of growth catalyst to spur the momentum of construction activities in the near term.

However, on the optimistic tone, the revival of East Coast Rail Link (ECRL) and Bandar Malaysia projects, building of 100,000 units of affordable homes a year as well as the spilled over of Transit Oriented Development ("TOD") along the main MRT and LRT line augur well for the construction sector. Twenty-four (24) TOD projects have been rolled out along the thirty-one (31) stations of the maiden MRT line. Government driven initiatives such as Bank Negara RM1.50 billion allocation to build and complete National Affordable Homes under the People's Housing Programme, Civil Servants Housing Project, PR1MA, and Syarikat Perumahan Nasional Berhad, stamp duties exemption, the exemption of RPGT, RTO scheme, extension of Youth Housing Scheme ("YHS") and Home Ownership Campaign ("HOC") and assistance to first time buyers coupled with project crowdfunding are some of the positive measures to stimulate the residential property market. This support augur well in creating demand for building materials and provides the momentum to stimulate the construction activities. With the projected economic recovery and the roll-out of delayed infrastructure projects as mentioned above, this subsector is expected to rebound by 7.6% in 2021.

Besides, the government has also announced six assistance packages to-date, namely PRIHATIN worth RM250 billion, PRIHATIN SMEs (RM10 billion), PENJANA (RM35 billion), Kita PRIHATIN (RM10 billion), PERMAI (RM15 billion). With the inclusion of PEMERKASA (RM20 billion) which was announced recently, the total value of the aid packages amounted to RM340 billion were channelled to boost and revive economic activity, or jump start the economy.

With regard to industry challenges, we foresee intense market competition with the emergence of new players and the over-supply of building material products in the market. To mitigate these risk, Chin Hin will focus its attention on the optimisation programme to stay lean and mean and to gear towards Industrial Revolution 4.0 plant wide to reduce over reliance on foreign workers. In view of the sluggish property market, the Company has redirected its focus towards tendering overseas projects and approaching foreign customer to expand its geographical market.

Despite the tough market conditions, we are gratified that our efforts over the years to build up our own brand and deliver outstanding products as well as service quality have not gone unrecognised. As mentioned above, the Group will be focusing on growing its geographical expansion and also invest in product development to expand our product offerings. The Group is in the midst of sourcing potential business partners in different markets to form strategic alliance. With the diversification of market, it opens up greater opportunity for the Group to grow internationally. Barring any unforeseen circumstances, Chin Hin envisages a positive outlook for FY2021.

SUSTAINABILITY STATEMENT 2020



At **CHIN HIN**, sustainability is the key component to promote value creation to our various stakeholders.

INTRODUCTION

Our Commitment to Sustainability

Chin Hin Group Berhad (“Chin Hin”) and its subsidiaries (“Chin Hin Group” or “the Group”) is a fully integrated building materials conglomerate. To-date, Chin Hin is a billion-ringgit public-listed company with a nation-wide presence. Being a sizeable listed company, we are well aware of both the positive and negative impacts that we may cause to the economic, environmental and social.

Hence, being a responsible listed issuer, we are committed to ensure high standards of governance across our entire business operations to promote responsible and sustainable business practices, manage environmental impacts while taking care of the social needs of the local community and nation.

We are dedicated to provide our various stakeholders a better understanding on our initiatives in relation to sustainable long-term values creation. This Sustainability Statement for the financial year ended 31 December 2020 (“FYE 2020”) shall illustrate our strategic approaches in addressing sustainability challenges and opportunities in contributing towards the betterment of our businesses within economic, environmental and social contexts.

Scope of this Sustainability Statement

This Sustainability Statement covers the sustainability efforts and performances in Chin Hin Group for the FYE 2020. Subsidiaries refers to all companies in which Chin Hin holds a majority stake or has direct management control.

As an integrated building materials conglomerate, our business activities cover not only trading of building materials but also manufacturing and services across:-

- Fire-rated and wooden doors
- High quality door locks
- Steel door frames
- Concrete drymix
- Wire mesh products
- Ready-mix concrete
- Provision of logistics
- Modular building solutions
- Pre-cast concrete products
- Polymer concrete pipes
- Autoclaved Aerated Concrete (“AAC”)
- Ultra-High-Performance Concrete (“UHPC”)
- Solar Energy Solutions
- Home and Living solutions



SUSTAINABILITY STATEMENT 2020 (CONT'D)

Basis of this Sustainability Statement

This Sustainability Statement was prepared in a manner as prescribed by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), in accordance with the Main Market Listing Requirements and Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia.

Materiality Assessment

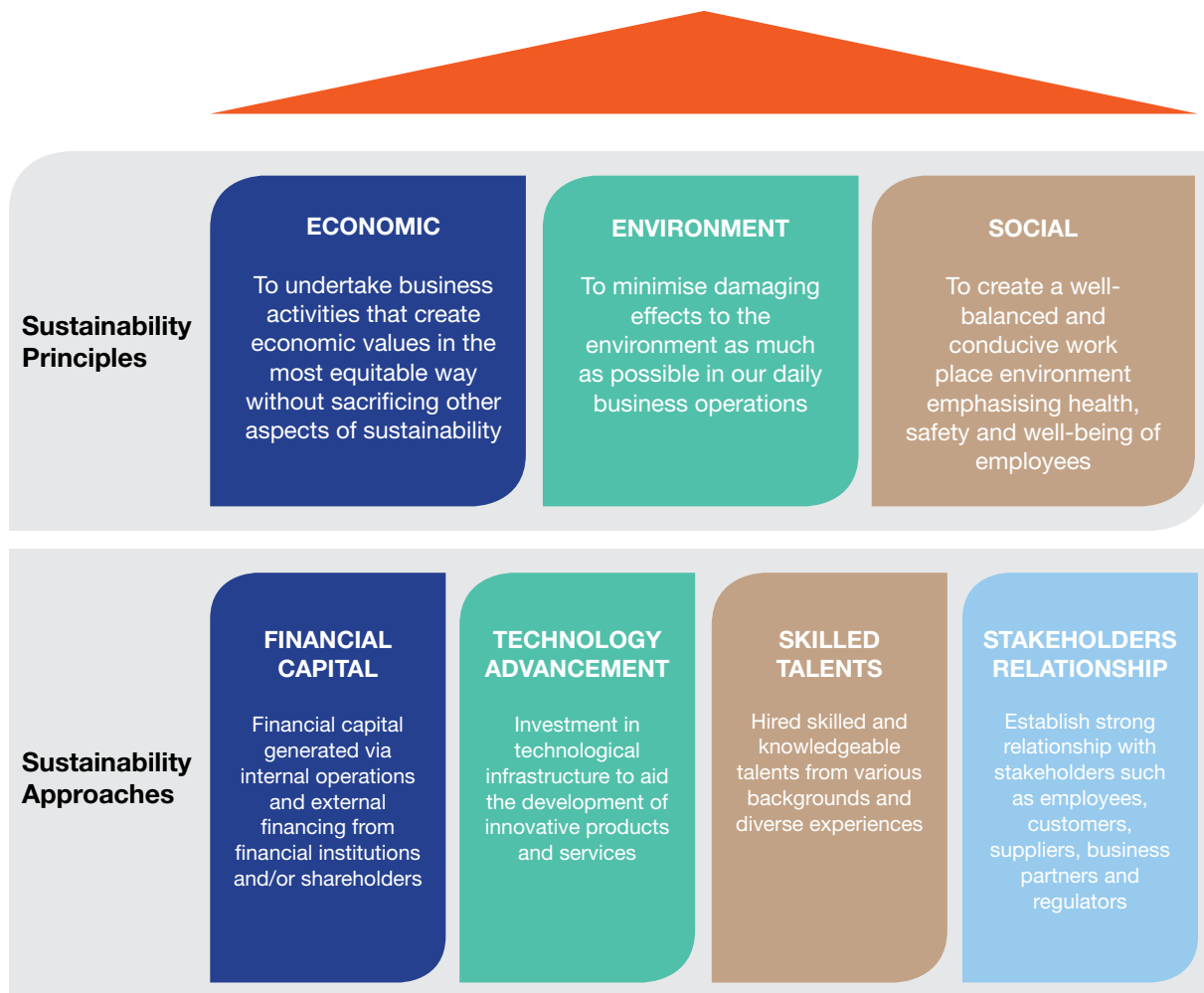
We have conducted a materiality assessment to reassess the material matters which are relevant the most to us in the contexts of Economic, Environmental and Social. Please refer to our Material Matters Matrix within this Sustainability Statement.

Feedback

In our continuous efforts to improve our sustainability measures and reporting standards, we welcome stakeholders' feedback on this Sustainability Statement and any of the matters covered. Relevant comments and queries can be directed to info@chinhingroup.com.

OUR SUSTAINABILITY PRINCIPLES AND APPROACHES

In order to steer towards long-term business success, sustainability is our core consideration with top priority. We strive to uphold three (3) key sustainability principles with four (4) major approaches within our business operations as depicted below: -




SUSTAINABILITY
 STATEMENT 2020
 (CONT'D)

OUR SUSTAINABILITY GOVERNANCE









Our Board has the overall accountability to ensure sustainability considerations are integrated into the process of strategic planning and the daily operations of the Group. To ensure the function of the Board is discharged effectively, the Board is supported by our RMC in overseeing the Group’s risk management. The RMC is also responsible to determine whether there is a robust process in place for identifying, assessing and monitoring key business risks in order to ensure the Group’s business sustainability and safeguard various stakeholders’ interest. Our RMC is also supported by Group Risk Management Working Committee and BU Risk Management Working Committee in developing and implementing risk management strategies in business operations across the Group and update on any new material matters/issues identified.

STAKEHOLDERS ENGAGEMENT

Stakeholders	Stakeholders Concerns/ Material Matters	Engagement Approaches
 The Board	<ul style="list-style-type: none"> • Continuous business and operational improvements • Financial performance of the Group • Identification and monitoring of business risks and corporate strategies • Interest of shareholders and various stakeholders 	<ul style="list-style-type: none"> • Quarterly and ad-hoc Board meetings • Annual general meeting (“AGM”) and extraordinary general meeting (“EGM”) • Company events


SUSTAINABILITY STATEMENT 2020 (CONT'D)

STAKEHOLDERS ENGAGEMENT (CONT'D)

Stakeholders	Stakeholders Concerns/ Material Matters	Engagement Approaches
 Shareholders/ Investors	<ul style="list-style-type: none"> Financial and operational performance Business management and corporate governance Share price performance Investment returns with associated risks 	<ul style="list-style-type: none"> AGM and EGM Quarterly financial results and annual report Press release and interviews Company website Bursa announcements
 Employees	<ul style="list-style-type: none"> Career development opportunities Training and development Talent and performance management Succession planning Occupational health and safety Competitive compensation and benefit packages 	<ul style="list-style-type: none"> Induction training Learning and development program Regular engagement with Senior Management Performance appraisals Company social events
 Customers	<ul style="list-style-type: none"> Products and services quality assurance Customers satisfaction Technological and operational innovation New products development Competitive pricing and on-time delivery 	<ul style="list-style-type: none"> Regular meetings Feedback surveys Company website and social media Company events Advertisement and marketing events
 Suppliers	<ul style="list-style-type: none"> Sustainable business relationships Sourcing of quality materials Suppliers selections and credit terms 	<ul style="list-style-type: none"> Face-to-face interaction Supplier assessment Email communications
 Government	<ul style="list-style-type: none"> Adherence to all applicable laws and regulations Occupational health and safety Permits and licenses Corporate governance and compliances 	<ul style="list-style-type: none"> Meetings/visits Verification/compliance audit Quarterly announcements Ad-hoc report submission as and when requested by regulators
 Community	<ul style="list-style-type: none"> Job creation for local communities Operational impact towards surrounding environment Local economic support 	<ul style="list-style-type: none"> Community outreach program Corporate volunteering program Company website and social media

SUSTAINABILITY
STATEMENT 2020
(CONT'D)

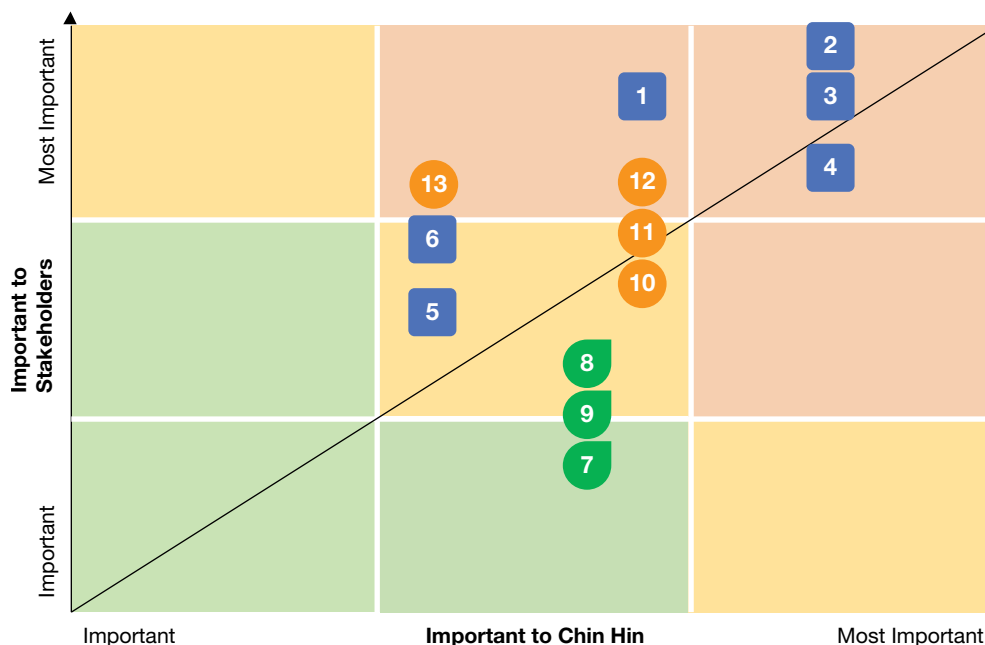
STAKEHOLDERS ENGAGEMENT (CONT'D)

Stakeholders	Stakeholders Concerns/ Material Matters	Engagement Approaches
 Analyst/Media	<ul style="list-style-type: none"> Financial and operational performance Business strategies and plans Corporate governance 	<ul style="list-style-type: none"> AGM & EGM Press conference and media interviews Media release

OUR MATERIALITY ASSESSMENT

In order to stay relevant on material matters concerning our business operations and various stakeholders, we have reassessed the material matters in FYE 2020 in accordance to the priorities of the Group as well as our various stakeholders.

Based on our materiality re-assessment, we have identified and ranked thirteen (13) key areas which matters the most to our Group and stakeholders, scaling from “Important” to “Most Important” as shown in the following **Material Matters Matrix**: -



SUSTAINABILITY STATEMENT 2020 (CONT'D)

OUR MATERIALITY ASSESSMENT (CONT'D)

MATERIAL MATTERS					
ECONOMIC		ENVIRONMENTAL		SOCIAL	
1	Market Presence	7	Sustainable Green Building Materials	10	Occupational Health and Safety
2	Financial and Business Performance	8	Pollution and Waste Management	11	Employee Training and Development
3	Products Quality and Technological Innovation	9	Energy and Water Management	12	Employee Welfare
4	Customer Satisfaction			13	Local Communities
5	Supply Chain Management				
6	Corporate Governance and Risk Management				

ECONOMIC

MARKET PRESENCE

Chin Hin stands out as an Integrated Builders Conglomerate and being recognised as one of the preferred and trusted market leaders that provides building materials and services to the construction and building industries. Ranging from concrete products to wire mesh products to fire-rated doors and modular building solutions, we offer a wide range of building material products and services to cater our customers' need. With the wide range of products that we are able to offer our customers, we have grown into a "one-stop centre" for the building and construction industries in Malaysia.

In our efforts to boost for business sustainability and contributing to economic growth, we are enhancing our market presence both domestically and internationally. Domestically, we attempt to improve our market presence by offering more variety of innovative and quality building materials while identifying any emerging and potential acquisition/investment opportunities. Internationally, we are enhancing our market presence to Singapore, Philippines, Indonesia and Australia by supplying quality building materials and services.

FINANCIAL AND BUSINESS PERFORMANCE

	Audited		
	FYE 2018 RM'000	FYE 2019 RM'000	FYE 2020 RM'000
Revenue	1,105,417	1,056,458	968,761
Gross Profit	101,508	100,077	74,094
Profit After Tax ("PAT")	24,099	15,302	16,905

Chin Hin Group's operating activities were mainly derived from five (5) business segments, namely distribution of building materials and logistics services, ready-mixed concrete, manufacturing of fire-rated and wooden door, manufacturing of AAC and precast concrete and manufacturing of wire mesh.

SUSTAINABILITY
STATEMENT 2020
(CONT'D)

ECONOMIC (CONT'D)

FINANCIAL AND BUSINESS PERFORMANCE (CONT'D)

In FYE 2020, the Group recorded a total revenue of RM0.97 billion, a decrease of 8.3% compared to revenue of RM1.06 billion in FYE 2019. The decrease was mainly due to the implementation of various Movement Control Orders (“MCO”) as a result of the Covid-19 pandemic. Nevertheless, our PAT has improved from RM15.30 million in FYE 2019 to RM16.90 million in FYE 2020 despite the decrease in revenue. The details of our financial performance are discussed in the Management Discussion and Analysis (“MD&A”) section in this Annual Report.

We shall continue to improve our financial and business performance via organically growth and business expansion through acquisition or investment in other potential companies.

PRODUCTS QUALITY AND TECHNOLOGICAL INNOVATION

One of our goals is to become a world-class performer through innovative and creative approaches by further improving and enhancing our product quality and business practices. We strive to continue delivering quality products and services, developing technological innovation and improving our operational efficiencies to enhance our capabilities and competitiveness within the industries.

Product Quality

We place heavy emphasis on products quality at all times and we always adopt the stringent control by complying to various standards, requirements and certifications across the Group in order to ensure reliability, durability and performance of our products. We have obtained the following certifications and will continue to maintain strict compliance in an attempt to provide quality assurance to our various stakeholders: -

Certifications/Licenses
ISO 9001:2015 Quality Management Systems
ISO 14001:2015 Environmental Management Systems
Green Label Certification (ISO 14024 Type I ECO-Labels)
SIRIM ECO 023:2010 Eco-Label Mark
SIRIM BS EN 14846:2008
SIRIM MS 144:2014 Certification Mark
SIRIM MS 145:2014 Certification Mark
SIRIM MS 146:2014 Certification Mark
Singapore Green Building Product Certificate
Singapore Green Label



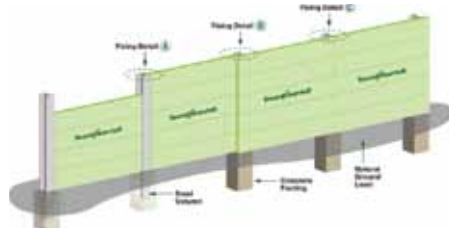
SUSTAINABILITY STATEMENT 2020 (CONT'D)

ECONOMIC (CONT'D)

PRODUCTS QUALITY AND TECHNOLOGICAL INNOVATION (CONT'D)

Product Technological Innovation

Technological and product innovation is one of our core focuses to achieve sustainable business growth. In FYE 2020, we have continued to roll out new innovative products and services that come with technological advancement to the market as follows: -



Our new lightweight noise attenuation solution, SoundXbarrier has employed a reinforced AAC wall panel that is improved with corrosion-protected, full welded steel cage which can provide effective and significant reduction of unwanted noise generated from vehicles or traffic at highways, state or federal roads and railways.

Our new Construction Chemical Series within concrete drymix solution has employed a new novel non-toxic homopolymer bonding agent that is able to increase the bond strength for all kinds of wall substrates and tiles. The bonding agent is ready to use for the ease of our customers. In addition, it is innovated to be stable at exterior and high humidity area while possessing a low level of Volatile Organic Compound ("VOC") to ensure our customers' safety and health.

We have developed a new polymer concrete pipe with a stainless-steel jacket that catered to a specific request by our clients in Singapore. We are proud to highlight that we are the first and only manufacturer in the region, and possibly in the world, to manufacture such specific pipe.

In view of the Covid-19 pandemic, we have introduced a new product line, the disinfectant products for surface, air and skin. These products are sold by our distribution of building materials division. Our disinfectant products shall protect our customers from germs and viruses.

CUSTOMER SATISFACTION

Chin Hin Group place great emphasis on customer satisfaction as it has direct impact to our reputation and business performance.

We conduct customer satisfaction survey annually to assess our customers' satisfaction level for our continuous improvement purpose while identify their business requirements.

Customer satisfaction survey

- Sales personnel services
- Product performance
- Company's friendliness and credibility
- Branding image and reliability
- Customer services and compliant management
- Price competitiveness

S U S T A I N A B I L I T Y
 S T A T E M E N T 2 0 2 0
 (C O N T ' D)

ECONOMIC (CONT'D)
CUSTOMER SATISFACTION (CONT'D)

Our subsidiaries have set their respective minimum customer satisfaction level in order to evaluate their services and performance as well as to undertake any necessary improvement. All customer complaints are handled timely, properly and in accordance with the Company's Sales and Marketing Standard Operating Procedures ("SOP"). We also conduct site visit and/or site meeting with our customers to gain better understanding on their requirements and resolve any complaint matters. We strive to improve our products and services continuously in order to achieve or maintain our customer satisfaction level target consistently.

SUPPLY CHAIN MANAGEMENT

Our supply chain management is focusing on maximizing value creation by reducing supply chain cost, improving transactional processes and efficiency, maintaining long-term relationship with quality suppliers and complying to applicable laws and regulations.

Suppliers are the key components in the entire supply chain. We conduct supplier evaluation at least on annually basis in order to ensure suppliers' materials and services quality and pricing meets to our requirements. Supplier evaluation is conducted to assess several criteria such as quality of products and services, production capacity, delivery performance, pricing, market reputation as well as Environment, Health and Safety ("EHS") compliance. The suppliers that do not meet our requirements will be rule out to maintain quality and cost-effective supplies in our business operations. In FYE 2020, the overall suppliers' performance meets to our requirements.

On the other hand, the Group is continuously making local purchase in an effort to support the local economy. In FYE 2020, at least 85% of our procurements are made with local suppliers.

As a responsible listed issuer in the building materials industry, we always comply to the relevant specifications in sourcing our raw materials as follows:-

Raw Material Sourcing Specifications	
MS 146:2014	Steel for The Reinforcement of Concrete - Weldable Reinforcing Steel - Bar, Coil and Decoiled Product - Specification
MS 29:1995/ BS 882:1992	Specification for Aggregates from Natural Sources for Concrete
MS 922-1:1984	Specification for Concrete Admixtures Part 1: Accelerating Admixtures, Retarding Admixtures and Water-Reducing Admixtures
BS 3148:1980	Methods of Test for Water for Making Concrete (Including Notes on The Suitability of The Water)
MS EN 196:2020	Methods of testing cement

SUSTAINABILITY STATEMENT 2020 (CONT'D)

ECONOMIC (CONT'D)

CORPORATE GOVERNANCE AND RISK MANAGEMENT

We understand that an effective governance structure and risk management system is crucial to ensure the sustainability of our business operations. We adhere to all applicable laws, rules and regulations as well as best practices and principles of corporate governance as advocated by the Malaysian Code on Corporate Governance (“MCCG”) 2017. Details of our corporate governance practices are reported in the Corporate Governance Overview Statement within this Annual Report and the Corporate Governance Report 2020.

We cognisance that good corporate governance lies in sound business ethics, viable policies and procedures being implemented across the Group. We have in place the following policies to promote ethical business conducts in fair and transparent manners: -

Code of Conduct and Ethics (“Code”)

The Code is designed base on principles in relation to sincerity, integrity, responsibility and corporate social responsibility and aims to enhance the standard of corporate governance and corporate behavior.

Anti-Bribery and Corruption Policy (“ABC Policy”)

The Group does not tolerate any form of bribery or corruption in its business dealings. We are committed in conducting business with ethics and integrity, and in compliance with all applicable laws on anti-bribery and anti-corruption of the country where the Group operates in.

Whistle Blowing Policy (“WB Policy”)

The WB Policy is formulated to provide an avenue for all employees and the members of public to make report and disclose of any improper conduct, corruption, fraud and abuse etc.

Employees may report to immediate supervisor, Group MD or the Chairman while other stakeholders are encouraged to report to our Senior Independent Non-Executive Director via email at yeohhoe@gmail.com.

Investigation shall then be conducted and appropriate action shall be undertaken thereafter.

All the Code, ABC Policy and WB Policy can be accessed on the Company’s website at <https://www.chinhingroup.com/investors-relations/>.

Risk assessments are conducted on a continual basis to identify and mitigate significant risks that are affecting our business operations. Our Risk Management Committee is overseeing the risk management process of our Group in order to safeguard the interest of our various stakeholders. Details of our Group’s risk management are narrated in the Statement on Risk Management and Internal Control within this Annual Report.



SUSTAINABILITY
STATEMENT 2020
(CONT'D)

ENVIRONMENTAL

SUSTAINABLE GREEN BUILDING MATERIALS

As a responsible corporate, we have a clear responsibility to take care of our environment. With this in mind, careful thoughts and innovations are embedded into our products design and functionality so that our businesses are not only creating sustainable value to various stakeholders, but contributing to the betterment of our environment as well. Our various sustainable green building materials are as follows: -

Starken AAC Products

Our Starken AAC products are becoming popular and the preferred choice as sustainable building materials in construction of residential, commercial, industrial and public buildings due to its natural composition with non-toxic property, lightweight, high performance features such as thermal comfort, energy savings, water and fire resistance, durability characteristics that similar to normal concrete or stone and yet workability better than wood.

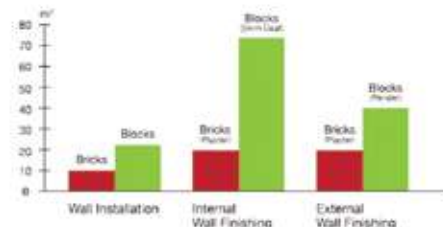
Our Starken AAC products contain up to 20% recycled materials. For the convenience and ease of installation, all our Starken AAC products are manufactured in standard sizes and in compliance to Industrialised Building System (IBS) requirement. It has long life span, meet CIDB's QLASSIC requirement and more importantly, it is recyclable at the end of its product life, making it an exceptionally green building material.

In this challenging year, we managed to secure our supply of AAC products to customers with 393,566^m³ in FYE 2020. With the growing adoption of AAC products in construction industry, we believe that Chin Hin is playing its role in contributing to a better and sustainable environment.

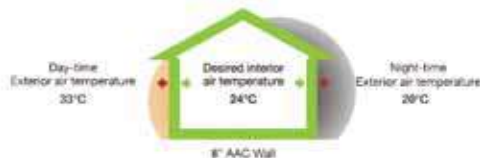
1 Save up to 25% of Foundation Cost
Brick vs AAC Block



2 Wall Installation Speed
AAC Block vs Brick (m²/worker/day)



3 Thermal Control
Heat insulation 6 times superior than clay brick



Note: Building uses approximately 25% less energy for cooling and heating the interior air space.

SUSTAINABILITY STATEMENT 2020 (CONT'D)

ENVIRONMENTAL (CONT'D)

SUSTAINABLE GREEN BUILDING MATERIALS (CON'D)

Polymer Concrete Pipes - mipipes®

Our mipipes® are made of polymer concrete which is another sustainable green building material that come with high corrosion resistance, long-life span as well as minimal maintenance and repairs features. The mipipes® are unique in their internal glass reinforced plastic liners design that enables the pipes to be highly corrosion resistant to all chemicals found in the sewers. Being highly corrosion resistant, there is minimal maintenance required which shall enable energy savings.

Our mipipes® have undergone durability tests of 10,000 hours (14 months) as per the international standards to ensure its endurance and long-life span even under load and chemical attack. As compared to conventional concrete, polymer concrete is three (3) times stronger with a compressive strength of more than 90 N/mm².

Our mipipes® are ideal in adopting trenchless technology installation method. Trenchless technology can minimise the requirements for surface excavation and reduce the harmful environmental impact of underground pipeline installation significantly while minimise both surface disruption as well as traffic congestion.

In FYE 2020, we supplied 15km of polymer concrete pipes to our customers, which records a decrease as compared to 20km in FYE 2019. Over the years, we have delivered about 119km of polymer concrete pipes in total. We continue to introduce and promote our mipipes® to our customers so that the environmental impact resulting from existing sewerage or water piping replacement can be reduced.



Long Life Span



Highly Corrosion Resistant



Smooth Internal Surface



Low Friction Loss



High Strength



Maintenance Free



Special Joint Design



Fittings & Backdrops



Jacking Pipe



Various Pipe and Fitting Products

SUSTAINABILITY
 STATEMENT 2020
 (CONT'D)

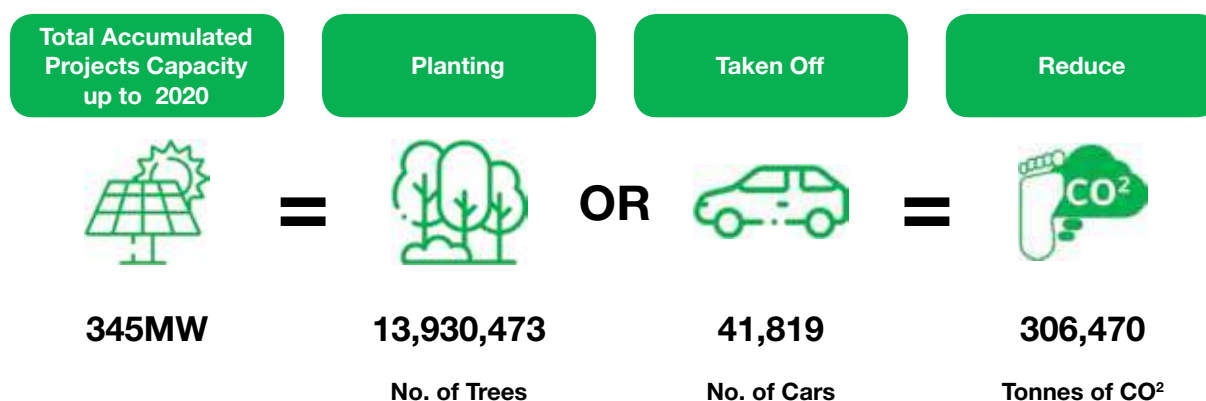
ENVIRONMENTAL (CONT'D)

SUSTAINABLE GREEN BUILDING MATERIALS (CON'D)

Solar Power Engineering, Procurement and Construction ("EPC") Solution

To-date, we are still holding our "green" investment in Solarvest Holdings Berhad ("Solarvest"), a leading turnkey EPC solar power investment solution provider which specializes in large-scale solar and rooftop solar photovoltaic ("PV") systems.

Up to FYE 2020, Solarvest managed to secure greater number of solar PV systems installation projects across Malaysia with a total accumulated combined capacity of approximately 345MW as compared to 196MW as at FYE 2019. Based on Solarvest's internal assessment, this is equivalent to planting an estimate of 13,930,473 trees or taken off an estimate of 41,819 cars from the road per year. As a result, this could potentially reduce an estimate of 306,470 tonnes carbon footprint annually.



Meanwhile, Solarvest has assisted our Metex Steel and Starken AAC factories to install solar PV systems to generate 1MW and 1.425MW of electricity respectively. We are also planning to install a solar PV system at another factory of Starken AAC moving forward. Electricity generated is for the consumption of our own factories and any excess shall be purchased by Tenaga Nasional Berhad. This has enabled our factories to employ renewable energy that is environmental friendly while saving on electricity expenses and earning from excess electricity generated.

We are also putting efforts to promote green energy by introducing solar PV systems to our customers and member of public.

Steel Wire Mesh - Metex Fabric

Our Metex Fabric, a type of steel wire mesh is manufactured using advance technology and automated processes under the following accreditation: -

Certification	Description
MS 144:2014	Cold Reduced Mild Steel Wire for The Reinforcement of Concrete
MS 145:2014	Welded Steel Fabric for The Reinforcement of Concrete
MS 146:2014	Cold Worked Ribbed Weldable Reinforcing Steel
ISO 14001:2015	Environmental Management Systems
ISO 9001:2015	Quality Management Systems

SUSTAINABILITY STATEMENT 2020 (CONT'D)

ENVIRONMENTAL (CONT'D)

SUSTAINABLE GREEN BUILDING MATERIALS (CON'D)

Solar Power Engineering, Procurement and Construction ("EPC") Solution (Cont'd)

The manufacturing process of our Metex Fabric generate lower wastages and scraps as compared to mild steel bars. Our Metex Fabric permits maximum construction speed while retaining its full design strength in the concrete structure. Time and labour required to place reinforcement can be reduced, resulting in cost and energy savings. Its metal scrap has an average recycle rate of 80% and it is recyclable into new steel products through reproduction at steel making plant. This shall reduce the usage of new raw materials.

At Chin Hin, we are pursuing green growth by managing environmental impacts caused by our business operations through "3R" strategy – Reduce, Reuse and Recycle.

We have formulated environmental policies and procedures including Quality, Safety, Health and Environmental ("QSHE") Policy, Chemical Management Policy, Waste Management Policy, Water and Energy Management Policy, Emergency Response Plans and Significant Environmental Impact Register. We also manage our business operation by actively fostering compliance with all applicable laws and regulations as well as accredited certification such as ISO 14001 Environmental Management System.

POLLUTION AND WASTE MANAGEMENT

Certain production facilities of our Group generate hazardous gas unavoidably. However, we monitor the air pollution by conducting Stack Air Emission Monitoring and mindful of any offence against relevant regulations and take note on any control improvements. In FYE 2020, our air emission monitoring results indicate that the concentration of air impurities emitted from our production facilities are complied to the limit as specified in the Environmental Quality (Clean Air) Regulations 2014.

On the other hand, all our scheduled wastes generated are properly disposed through the agents appointed by Department of Environment ("DOE") Malaysia. Our scheduled waste is stored within an area which is designed, constructed and maintained adequately in accordance with the guidelines prescribed by the DOE Malaysia to prevent spillage or leakage of scheduled wastes into the environment. Whereas the non-hazardous solid wastes including metal scrap, wrappings and concrete waste, are disposed at regulated landfills and dedicated sludge pit.

However, we regret to report that we were imposed with two (2) monetary fines and field citation by DOE Malaysia for non-compliance to the scheduled waste regulations. We took these offences seriously and shall take more precaution steps in dealing with scheduled wastes moving forward.

Meanwhile, we have carried out research & development ("R&D") on the utilisation of coal bottom ash (a harmful by-product of coal fired in Power Station, scheduled waste) and stabilisation of subgrade soil.

In FYE 2020, we managed to collect 44,144 mt of coal fly ash and 1,847 mt of coal bottom ash. With the advance technology, we have recycled the coal fly ash as cementitious replacement while coal bottom ash as eco-sand and filler. Recycled coal ash can be used as a substitute material for production of higher-grade cements which are stronger and more durable. Using properly recycled coal ash as substitute material shall reduce the usage of new materials for productions while reduce the chances of environmental pollution arising from improper disposal of coal ash.



Coal Bottom Ash and Coal Fly Ash



Coal Bottom Ash Storage (Sheltered Stockpile)

SUSTAINABILITY
 STATEMENT 2020
 (CONT'D)

ENVIRONMENTAL (CONT'D)

ENERGY AND WATER MANAGEMENT

We continuously look for ways to enhance the energy efficiency of our business operations in order to lower down our operation cost while reduce carbon footprint. We also practice water management by reducing water waste as part of our initiatives to conserve natural resources.

Our energy and water management initiatives taken across our factories and operation sites are as follows:

Energy Management Initiatives	Water Management Initiatives
<ul style="list-style-type: none"> • To run high electricity consumption machinery such as ball mill at off-peak hours; • To participate program with energy consultant to optimise energy usage; • To perform preventive maintenance for all machines and equipment; • To install power meter for tracking of machine performance; • To reduce energy consumption by converting conventional high bay light to LED light and solar energy generation; and • To minimise the energy usage by switching off the batching plant lighting at night, especially the spotlights. 	<ul style="list-style-type: none"> • To recycle condensate water for production usage; • To recycle water from sump pit for ball mill operation; • To conduct preventive maintenance for water boiler; and • To recycle water by enclose cooling system, such as cooling tower and water chiller.

Our offices also support energy and water management by minimising energy and water consumptions, such as switch off electricity when not in use and advocate water saving at all times. We always believe that every single contribution counts to save and protect our mother nature.



SUSTAINABILITY STATEMENT 2020 (CONT'D)

SOCIAL

CHIN HIN 7 CORE VALUES

At Chin Hin, we have seven (7) core values that are aligned with our Group's mission in developing human resources while contributing to society as follows: -



We believe in **treating everyone like a family**. We act as a team to achieve common goals. We honour our team members. We build bridges not walls.



We believe in **embrace change and innovation**. We continuously improve our ability to actively identify problems and opportunities for change as well as maintaining effectiveness when experiencing change in work tasks and work environment.



We believe in **fulfilling balanced life**. We strive to achieve a balance between our personal and professional lives. We stay healthy and live purposefully to improve the mind, body and soul.



We believe in **doing the right things**. We are accountable, responsible, and trustworthy people. We perform our job with the highest integrity.



We believe in **being open and willing to share**. We listen and appreciate feedback. We communicate with good intentions and with a positive outcome in mind.



We believe in **exceeding expectation**. We put the best effort in everything we do in order to deliver the highest standards of work.



We believe in **influencing and inspired others**. We empower people to succeed in career and life aspects.

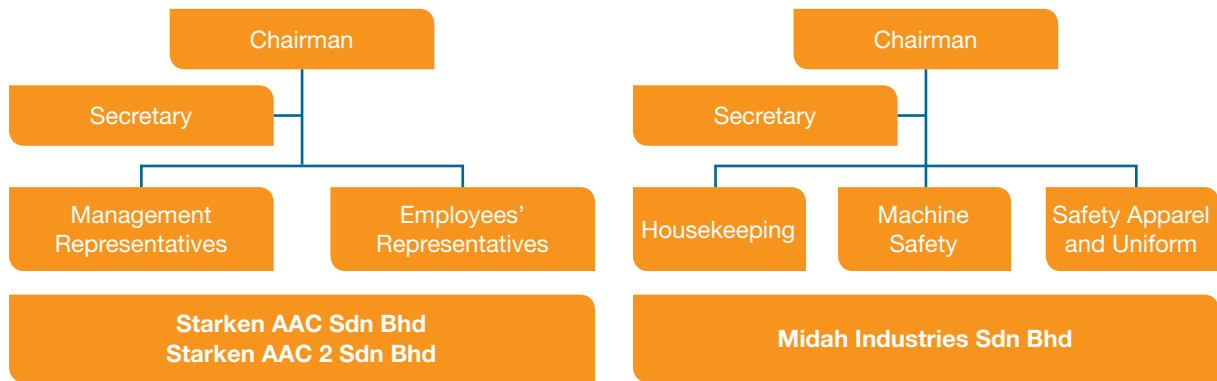
SUSTAINABILITY
STATEMENT 2020
(CONT'D)

SOCIAL (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY

Health and safety of our employees and site visitors are always our utmost priority. We promote health and safety culture within our workplace and we are committed to provide health and safety training programs to enhance the awareness of occupational health and safety amongst our people. Constant health and safety reviews are also conducted to identify any relevant issues and mitigation approaches.

Certain subsidiaries in Chin Hin Group have established Safety, Health and Environmental (“SHE”) Committee to facilitate the occupational health and safety management. Our SHE Committee structure is shown as follows: -



We have SHE Policy in placed to serve as a fundamental guideline in ensuring a high level of health and safety standards within our workplace. Our SHE Policy is formulated with the following aims: -

- Provide and maintain a safe and healthy working environment.
- Comply to all applicable statutory and regulatory requirements.
- Prevent safety and health accident and environment pollution.
- Enhance awareness, skill and competence of our employees and contractors to ensure safety for everyone.
- Continual improvement of our SHE management system and performance.

SUSTAINABILITY STATEMENT 2020 (CONT'D)

SOCIAL (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

In FYE 2020, we have conducted several SHE training programs as follows: -

SHE Training Programs 2020	
January 2020 <ul style="list-style-type: none"> • Autoclaving Process • Boiler Operation • No Sleeping Memo • Forklift Training • Safety Introduction: New Staff 	February 2020 <ul style="list-style-type: none"> • Forklift Training • Fire Fighting • SOP Material Receiving • WI 02 – Traffic • WI 04 – Wheel Loader • WI 06 – GSM • Safety Introduction: New Staff
March 2020 <ul style="list-style-type: none"> • WI 04 – Wheel Loader • WI 07 – WAH • Safety Briefing Accident 	April 2020 <ul style="list-style-type: none"> • Covid-19 Control Measures
May 2020 <ul style="list-style-type: none"> • Briefing 1st Incident • Briefing Dengue 	June 2020 <ul style="list-style-type: none"> • Forklift Training
July 2020 <ul style="list-style-type: none"> • Autoclave Procedure • Energy Isolation • Chemical Handling 	August 2020 <ul style="list-style-type: none"> • WI Sampling Lime
September 2020 <ul style="list-style-type: none"> • Energy Isolation • Class D Fire Extinguisher • Forklift Competency • Safety Policy • Webinar: Lesson Learnt from Accident by DOSH • Chemical Handling Safety, Noise Safety & Hearing Conservation Programme (HCP) • Forklift Operator Training • Safety Introduction: New Staff 	October 2020 <ul style="list-style-type: none"> • Forklift 1 Meter Lift Product • Forklift Competency • Catching Snake • WI Autoclave • Safety Introduction: New Staff
November 2020 <ul style="list-style-type: none"> • Covid-19 Briefing • Collapse of Stacks • Close Contact Covid-19 • Level Forklift to Lift 	December 2020 <ul style="list-style-type: none"> • Forklift Safety (Phone & Talk) • Energy Isolation • Dipping Crane Operation

SUSTAINABILITY
STATEMENT 2020
(CONT'D)

SOCIAL (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

Aside from the training programs above, our subsidiary, Starken AAC also carry out Safety Toolbox Talk which involves various safety measures and practices on weekly basis as well as Safety Briefing on monthly basis.



Weekly Toolbox Talk



Monthly SHE Briefing



3rd Party Forklift Driver Training by LINDE Malaysia



Mass Briefing After MCO Plant Resume Operation



Forklift Training



Fire Fighting Training

SUSTAINABILITY STATEMENT 2020 (CONT'D)

SOCIAL (CONT'D)

OCCUPATIONAL HEALTH AND SAFETY (CONT'D)



WI Sampling Lime



Dipping Crane Operation

However, we regret to report that a total of 19 injury cases consisted of 12 minor first-aid injuries, 4 lost-time injuries and 3 major accidents took place in FYE 2020. We took these cases seriously and we strive to improve on our occupational health and safety management further so as to achieve zero-injury working environment.

EMPLOYEE TRAINING AND DEVELOPMENT

The wellbeing and development of our people are the key to sustainable growth and success of Chin Hin Group. In order to achieve greater heights and being a responsible and caring corporate, we constantly train our talents through various formal and on-the-job training programs. We prioritise development of leadership capabilities and foster a result-centric work environment that promotes operational excellent and efficiency. In FYE 2020, most of our trainings were conducted due to the Covid-19 pandemic. Our various training and development programs are as follows: -



New Staff Orientation and Core Value Workshop

To kick start new joiner's journey with Chin Hin, our new employees are required to attend the New Staff Orientation and Core Value Workshop where we will provide introduction of the Group, the Group's core values and work culture.

Various Online Training Courses

Our employees have been introduced to an online learning platform, Future Learn where there are plenty of various online training courses available to enhance knowledges and upskills our employees in a wide range of topics and subjects.



SUSTAINABILITY
 STATEMENT 2020
 (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE TRAINING AND DEVELOPMENT (CONT'D)


Various ISO Trainings

Our employees have participated in various internal and external training programs to refresh their knowledges on ISO 9001 and ISO 14001 quality standard in order to deliver works with high quality standard.

GreatDay HR Mobile App Launch

As part of our strategic direction to go digitalisation, we have kick-started our HR Digitalisation Project by introducing a GreatDay HR Mobile App where employees are trained to record their attendance, apply annual leaves, apply overtime, view organisation chart, communicate with colleagues etc in the App.


HealthMetrics Medical App


On top of our HR Mobile App, we have also engaged HealthMetrics Sdn Bhd for the adoption of cloud platform to simplify our employee benefits administration & healthcare management. Our employees are trained to apply medical leaves and keep track of medical claims etc using the HealthMetrics Mobile App.

SUSTAINABILITY STATEMENT 2020 (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE WELFARE

Our People's Basic Rights

Humane Treatment & Non-Discrimination

- Employee must be treated humanely at all times. Sexual harassment, slavery, punishment, mental or physical coercion, verbal or physical abuse and any forms of intimidation are strictly prohibited.
- Unlawful discrimination irrespective of race, religion, gender, position, status or union membership are also strictly prohibited.
- Every disciplinary issue will be handled based on guidelines and procedure set by Ministry of Human Resources.
- Our Industrial Relation Department has the responsibility to conduct training annually to train our Line Managers in handling disciplinary issues.

Rights to Freely Choose Employment

- Work is performed voluntarily. Forced, bonded or involuntary prison labour is prohibited.
- Unlawful employment is neither engaged in nor condoned.
- Employee may freely leave employment once a reasonable notice period has been served.

Working Hours, Wages and Benefits

- Compensations paid to employees shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits, and shall pay in timely manner.

Freedom of Association

- Chin Hin respects the rights of employees to associate freely, to decide whether they wish to join labour unions and to seek representation in accordance with relevant laws and regulations.

Employee Engagement

Chin Hin Group actively engages with employees through various events. These events are aimed to foster our employee relationship as one family and stimulate bonding amongst management and employees. Throughout FYE 2020, we have organised several events to engage our people such as: -



Town Hall Session

Town Hall Session are conducted twice a year. This allows the Group Managing Director and CEO to share the business and financial updates for the relevant quarters, latest news and information and the overall strategic directions of the Group. The direction of the Group for FYE 2020 was to venture into digitalisation.

Our first session was conducted both physically and virtually with employees from other branches in the early of the year before implementation of MCO. Our second session was conducted virtually due to the MCO and in line with our digitalisation direction.

SUSTAINABILITY
 STATEMENT 2020
 (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE WELFARE (CONT'D)

Employee Engagement (Cont'd)

Festive Season Celebrations

In conjunction with Chinese New Year, we had celebration with all employees with Yee Sang and lunch.

The session was fill with fun and joy. It was great to see our employees immersed themselves in the event.



Any Song Challenge

Covid-19 pandemic has affected and giving hard time to everyone. In order to boost up the morale of our employees, we have encouraged our employees to take part in creating a video that would make everyone smile.

We came up with the "Any Song Challenge" where employees are dancing with Korean Song. Many of them participated and the outcome of the video was amazing. It was a memorable time where all of them get to smile and enjoy the little fun project at difficult time.

UOB Fun Day Event

UOB came to Chin Hin to engage our employees by promoting their latest financial packages. It was a fun day filled with various activities and games.

With the Covid-19 pandemic in place, the event was organised in accordance to SOP where we limit the number of employees at the venue and practiced social distancing.



SUSTAINABILITY STATEMENT 2020 (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE WELFARE (CONT'D)

Employee Engagement (Cont'd)

Wear A Mask Challenge

To create awareness to the employees, we have encouraged our employees to participate in this challenge by showing themselves wearing a mask at their workplace. The intention is to let our employees aware that they should be responsible for their own safety and be considerate to others. Many of our employees have taken part in this activity to show their awareness and responsibility.



LOCAL COMMUNITIES

Chin Hin Group believes that contribution to community is essential as part of our corporate social responsibilities. In FYE 2020, we have contributed by making donation to schools as a helping hand to our communities.

In addition, prior to the MCO starting from 18 March 2020, we had initiated a few events to contribute to the local communities as follows: -



Chin Hin Corporate Social Responsibility Initiative for The Underprivileged Families

In collaboration with HELP college students and Pusat Sama-Sama (a socio-economic projects), Chin Hin Group takes the lead in driving a host of charitable efforts to serve the underprivileged communities in Enggang at Kinrara, Puchong.

The volunteers have prepared bags of groceries and stationaries packs for 39 underprivileged families. We were glad on the donations contributed in helping the underprivileged families at their difficult time.

SUSTAINABILITY
STATEMENT 2020
(CONT'D)

SOCIAL (CONT'D)

LOCAL COMMUNITIES (CONT'D)

Helping A Family

Cash donation was presented to a family to support their medical expenses for their beloved daughter who suffers from Hydrocephalus. It is an abnormal build-up of fluid in the ventricles deep within the brain since the daughter was born. Let us wish for her speedy recovery!



Visitors from Accreditation of Innovative Technologies for Housing ("AITECH"), Department of Public Works and Highways ("DPWH") & Starken Philippines Inc

We had the privilege to welcome visitors from Philippines to visit our Starken AAC manufacturing factory located at Bukit Beruntung to understand our production process and explore the factory working environment.

Visitors from Domain Resources Sdn Bhd

We have hosted a tour visit at our Starken AAC manufacturing factory located at Serendah for our guests from Domain Resources Sdn Bhd.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Chin Hin Group Berhad (“Chin Hin”, “CHGB”, “the Company”) recognise the importance of maintaining corporate governance best practices and continues to be committed to ensuring that a high standard of corporate governance is practiced throughout the Group and its subsidiaries (“the Group”) as a fundamental part of discharging its responsibilities to protect and enhance long-term shareholder value while safeguarding the interests of all stakeholders.

Set out below in this Annual Report is an overview statement, made pursuant to Paragraph 15.25 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), on the Group’s corporate governance practices in accordance with the principles and recommendations set out in the Malaysian Code on Corporate Governance (“MCCG”) for the financial year ended 31 December 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Group is headed by a Board who is collectively responsible for meeting the Group’s long-term goals and objectives. To ensure these are achieved, the Board establishes the strategic directions and targets for Senior Management and monitors the achievement of those goals and targets.

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group’s affairs. Hence, to develop corporate objectives and position descriptions including the limits to management’s responsibilities, which the management is aware and are responsible for meeting.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognising that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long-term viability of the Group.

Annual Business Plans had been prepared for the Group and its respective Business Units and the Board is responsible for the oversight and monitoring for the achievement of the Business Plan. The Business Plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability.

The roles and responsibilities of the Board are clearly defined in the Board Charter, which is available on the Company’s website at www.chinhingroup.com.

The principal roles and responsibility assumed by the Board are as follows:

i) Review and Adopt Strategic Plan of the Group

The Board plays an active role in the development of the Group’s overall corporate strategy, marketing plan and financial plan. The Board will be briefed by the Executive Directors with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitors budgetary exercise which to support the Group’s business plan and budget plan.

ii) Implementation of Internal Compliance Controls and Justifies Measures to Address Principal Risks

The Board is fully alert of the responsibilities to maintain a proper internal control system. The Board’s responsibilities for the Group’s system of risk management and internal controls including the financial condition of the business, operational, regulatory compliance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Board Responsibilities (Cont'd)

The principal roles and responsibility assumed by the Board are as follows: (Cont'd)

iii) To formulate and have in Place an Appropriate Succession Plan

The Board is responsible for formulating and having in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, retiring and appointing new members of the Board and Executive Directors.

iv) Developing and Implementing an Investor Relations Program or Shareholder Communications Policy for the Group

The Board recognises that shareholder and other stakeholder are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and adequately segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgment. This offers a strong check and balance on the Board's deliberations.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the senior management of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

The Executive Directors holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Executive Directors, assisted by the senior management, is also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

In discharging its fiduciary duties, the Board has delegated specific tasks to four (4) committees as stated below :

- i) Audit Committee;
- ii) Nomination Committee;
- iii) Remuneration Committee; and
- iv) Risk Management Committee.

All the Board Committees have its own terms of reference and have the authority to act on behalf of the Board within the authority as laid out in terms of reference and report to the Board with the necessary recommendation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Executive Chairman

The MCCG recommends that the Board of Directors of a public listed company should be composed of a majority of independent directors where the chairman of the Board is not an independent director.

The Board is currently chaired by Datuk Seri Chiau Beng Teik, JP, the Executive Chairman of the Company and more than one third (1/3) of the Board consists of Independent Non-Executive Directors. The Board of the Company, notwithstanding that the Chairman is an Executive Director, is of the opinion that the element of independence which currently exists is adequate to provide assurance that there is a balance of power and authority of the Board. In addition, the presence of the three (3) Independent Directors from a total of the six (6) Board members are sufficient to provide the necessary checks and balances on the decision making process of the Board.

Separation of Positions of the Chairman and Group Managing Director

During the financial year under review, the positions of the Chairman and the Group Managing Director are held by different individuals.

The Group has a clear distinction and separation of roles between the Chairman and the Group Managing Director, with clear division of responsibilities in order to ensure a clear balance of power between the Chairman and the Group Managing Director.

The Chairman is primarily responsible for the governance and management of the Board, and also serves as the communication point between the Board and the senior management.

The Group Managing Director and his management team are responsible for implementing the strategic objectives and achieving the targets set by the Group, with clear authority delegated by the Board.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible for ensuring that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Information and Support for Directors

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers will be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advice or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied on a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Information and Support for Directors (Cont'd)

In addition, all Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulations are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. The senior management team from different business units will also be invited to participate in the Board meetings to enable the Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the respective Board Committees will brief the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

Board Charter

As part of the governance process, the Board has adopted a Board Charter which serves as a source of reference for the Directors. The Board Charter establishes the respective roles and responsibilities of the Board, Board Committees and individual directors providing among others, guidance and clarity on the Board's roles and responsibilities as well outlining the issues and decisions which are reserved to be made solely by the authority of the Board.

The Board Charter is reviewed periodically as and when the need arises to ensure that the dynamic needs of the Group are consistently met. A copy of the Board Charter is available on the Company's website at www.chinhingroup.com.

Code of Conduct and Ethics

The Group has an established Code of Conduct and Ethics ("the Code") that applies to all Directors and employees of the Group.

The Code is guided by the Group's Core Values as follows:

- Fulfilled balanced life;
- Do the right things;
- Exceed expectation;
- Treat everyone like family;
- Influence and inspire others;
- Embrace change and innovation; and
- Be open and willing to share.

The Group's Employee Engagement Team conducts regular engagement, dialogue and training programs in order to inculcate the core values as the Corporate Culture of the Group.

All employees are required to read, understand and abide by the Code and the Code will be reviewed from time to time by the Board. The Code describes measures put in place to handle issues relating to:

- Conflicts of interest;
- Corrupt practices which include the offering and acceptance of gifts and/or other forms of benefits;
- Unlawful and unethical behavior;
- Protection and proper use of company assets; and
- Compliance with laws, rules and regulations.

A copy of the Code is available for reference at the Company's website at www.chinhingroup.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Promote Sustainability

The Board ensures that the Company's strategies promote sustainability with attention given particularly to environmental, social and governance ("ESG") aspects of the business which underpins sustainability. The Board understands that balancing ESG aspects with the interests of various stakeholders is essential to enhance investor perception and public trust.

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness. The Board, management, employees and other stakeholders are clear on what is considered acceptable behavior and practice in the Company.

Whistle-Blowing Policy

The Board has formalised a Whistle-blowing Policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices. The policy is a specific mean by which an employee can exercise their responsibility to report or disclose through established channels, their legitimate concerns regarding any unethical conduct, illegal acts or failure to comply with the Company's policies and regulatory requirements responsibly and sensibly.

The Board encourages employees to report genuine concerns of breach of legal obligation, miscarriage of justice, danger of health and safety or to the environment and the cover-up of any of these in the workplace to be reported by filling up a Whistle-blowing Report Form and email to:

Attention : Mr Yeoh Chin Hoe
Designation : Audit Committee Chairman
Email : yeohhoe@gmail.com

A copy of the Whistle-blowing Policy is available at the Group's website at www.chinhingroup.com.

Anti-Bribery and Corruption Policy

In line with the amendments to the Malaysian Anti-Corruption Commission Act 2009 to incorporate a new Section 17A on corporate liability for corruption which took effect on 1 June 2020, the Group had on 1 June 2020 adopted the Anti-Bribery and Corruption Policy ("ABC Policy").

The Company had also conducted briefings and trainings to all employees of the Group to create awareness on the ABC Policy to foster commitment of the employees in instill the spirit of integrity and avoid all forms of corruption practices within the organisation.

A copy of the ABC Policy is available at the Group's website at www.chinhingroup.com.

Board Composition

The current Board of Directors consists of six (6) members, comprising an Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Company thus complies with Paragraph 15.02 of the MMLR whereby at least two (2) or one-third (1/3) of the Board of Directors, whichever is higher, are Independent Directors. In the event of any vacancy in the Board of Directors resulting in non-compliance with the MMLR, the Board shall fill the vacancy within three (3) months from the date of that event. The profile of each Director is presented separately on pages 9 to 15 of this Annual Report.

The Group believes that a strong composition of the members of the Board would be able to strengthen the decision-making process and influence the ability of the Board to fulfil oversight responsibilities. The current Board members consists of mixtures of skills, knowledge and experience and would be able to contribute significantly to the Group by value adding and to equip the Board to respond to challenges that may arise.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Board Composition (Cont'd)

The Board is mindful of the MCCG's recommendation which stated "at least half of the board shall comprise of Independent Directors. For Large Companies, the Board shall comprise a majority independent director." Although increasing number in the Independent Directors may provide more fresh ideas and viewpoints to the Board, the Board is of the view that there is balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objective as the Independent Non-Executive Directors of the Company have strong personalities with high levels of integrity and play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision making process. Further, all the Independent Non-Executive Directors are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations. The current Board of Directors consists of six (6) principal members, comprising an Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The Company thus complies with the MCCG recommendation of at least half of the board comprises independent directors.

Tenure of Independent Directors

As recommended by MCCG, the Board has implemented a nine (9) years policy for its Independent Non-Executive Directors. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the re-designation of the said person as a Non-Independent Director. In the event the Board intends to retain such Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12) years, the Board will seek annual shareholders' approval through a two-tier voting process.

As at 31 December 2020, the tenure of the Independent Non-Executive Directors of the Company are as follows:

	< 1 Year	1-3 Years	4-6 Years	7-9 Years
Datuk Cheng Lai Hock			√	
Yeoh Chin Hoe			√	
Mohd Yusri Bin Md Yusof	√			

Currently, none of the Independent Directors had served the Company for more than nine (9) years as per the recommendations of MCCG.

New Candidates for Board Appointment

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee of the Company. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending on the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of directors, the appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

Currently, the sources to identify suitably qualified candidates for appointment of directors are on recommendations from existing Board members, senior management or major shareholders. However, the Board and the Nomination Committee would not hesitate to utilise independent sources to identify suitably qualified candidates, where necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

New Candidates for Board Appointment (Cont'd)

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of a director to the Board is as follows:

- i) The Nomination Committee reviews the Board's composition through Board assessment/evaluation;
- ii) The Nomination Committee determines the skills matrix;
- iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- iv) The Nomination Committee recommends to the Board for appointment; and
- v) The Board approves the appointment of the candidates.

Factors considered by the Nomination Committee when recommending a person for appointment as a director include:

- i) the merits and time commitment required for a Director to effectively discharge his/her duties to the Company;
- ii) the outside commitments of a candidate to be appointed or elected as a Director and the need for that person to acknowledge that they have sufficient time to discharge their duties effectively; and
- iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

A familiarisation programme, including visits to the Group's business and operations premises and meetings with the management will be arranged for new Directors to facilitate their understanding of the Group's business operations.

Boardroom Diversity

The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity policy. However, the Board does not adopt any formal boardroom diversity policy in the selection of new Board candidates and does not have specific policies on setting the target for female candidates in the Group. The Group basically evaluate the suitability of candidates as a new Board member or as a member of the workforce based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Group, regardless of gender. Equal opportunity is given and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

Currently, save and except for Ms Shelly Chiau Yee Wern, the alternate director to Datuk Seri Chiau Beng Teik, JP, our Board does not comprise of any female director. In line with the country's aspirational target of 30% representation of women on Boards, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of female director onto the Board in future to bring about a more diverse perspective.

Time Commitment and Directorship in Other Public Listed Companies

Under the Board Charter, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed the maximum number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his/her responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). Any Director is, while holding office, at liberty to accept other Board appointments in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Time Commitment and Directorship in Other Public Listed Companies (Cont'd)

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

During the financial year ended 31 December 2020, the Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section below.

Board Meetings

There were five (5) Board of Directors' meetings held during the financial year ended 31 December 2020. Details of the attendance of the Directors at the Board of Directors' meetings are as follow:

Directors	Total Meetings Attended	Percentage of Attendance (%)
Datuk Seri Dr Nik Norzrul Thani Bin Nik Hassan Thani <i>(Resigned on 01.10.2020)</i>	4/4	100
Datuk Seri Chiau Beng Teik, JP	5/5	100
Datuk Cheng Lai Hock	5/5	100
Chiau Haw Choon	5/5	100
Lee Hai Peng	5/5	100
Yeoh Chin Hoe	5/5	100
Mohd Yusri Bin Md Yusof <i>(Appointed on 01.10.2020)</i>	1/1	100

All the Directors have complied with the minimum 50% attendance requirement in respect of Board meetings held during the financial year ended 31 December 2020.

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings will be convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The tentative dates for Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

Continuing Education Programs

All Directors appointed to the Board have undergone the Mandatory Accreditation Program ("MAP") prescribed by Bursa Securities. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to attend continuous education programmes / seminars / conferences and shall as such receive further training from time to time to keep themselves abreast of the latest development in statutory laws, regulations and best practices, where appropriate, in line with the changing business environment and enhance their business acumen and professionalism in discharging their duties to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Continuing Education Programs (Cont'd)

Details of seminars/conferences/training programmes attended by the Board members during the financial year as listed below:

Name of Director	Seminars/Conferences/Training Programmes Attended
Datuk Seri Dr Nik Norzrul Thani Bin Nik Hassan Thani <i>(Resigned on 01.10.2020)</i>	<p>Name of Conference/Training: Islamic Finance for Board of Director Programme (IF4BoD) Conference Organiser: ISRA Consultancy Sdn Bhd Venue: Majestic Hotel Kuala Lumpur Date: 8-9 January 2020 Time 9.00 am to 5.00 pm</p> <p>Name of Conference/Training: Education session on Cybersecurity Conference Organiser: KPMG Venue: KPMG Tower PJ Date: 7 February 2020 Time 9.30 am to 11.30 am</p> <p>Name of Conference/Training: Introduction to MACC Act, Section 17A - Corporate Liability for Corruption Conference Organiser: T7 Global Bhd Venue: T7 Global Bhd Date: 13 March 2020 Time 2.00 pm to 5.00 pm</p> <p>Name of Conference/Training: FIDE FORUM's Board Effectiveness Focus Group Discussion Conference Organiser: FIDE Forum Venue: Webex Date: 10 September 2020 Time 10am - 12pm</p> <p>Name of Conference/Training: Annual Financial Crime Compliance Department (FCC) Awareness Session for Board of Directors Conference Organiser: MUFG's Compliance Dept Venue: MUFG Office Date: 24 December 2020 Time: 10.30 a.m. to 12.30 p.m.</p> <p>Name of Conference/Training: Information Security Awareness for Board of Directors Conference Organiser: MUFG's Operational Risk Management Dept Venue: MUFG Office Date: 24 December 2020 Time: 2.00 p.m. to 4.00 p.m.</p> <p>Name of Conference/Training: MUFG Islamic Finance Forum Accelerating Islamic Banking Growth and Optimizing Opportunities: Are we there yet? Conference Organiser: MUFG Bank Malaysia Berhad Venue: Webex Date: 17 December 2020 Time 2.30 pm to 5.00 pm</p>

**C O R P O R A T E G O V E R N A N C E
O V E R V I E W S T A T E M E N T
(C O N T ' D)**

Continuing Education Programs (Cont'd)

Name of Director	Seminars/Conferences/Training Programmes Attended
Datuk Seri Chiau Beng Teik, JP	<p>Name of Conference / Training : Awareness of Training on Corporate Liability and MACC Act S17 Conference Organiser : Lee Min On Date & Venue : 8 September 2020 @ Chin Hin Culture Centre</p>
Datuk Cheng Lai Hock	<p>Name of Conference / Training : Corporate Talk “HRDF: The Relevance & Significance of PSMB Act 2001 Conference Organiser : Suruhanjaya Syarikat Malaysia Date & Venue : 17 March 2020 @ Live Webinar : Microsoft Teams</p> <p>Name of Conference / Training : Seminar Percukaian Kebangsaan 2020 Conference Organiser : Lembaga Hasil Dalam Negeri (“LHDN”) Date & Venue : 12 November 2020 @ Live Webinar at LHDN</p> <p>Name of Conference / Training : Awareness of Training on Corporate Liability and MACC Act S17 Conference Organiser : Lee Min On Date & Venue : 8 September 2020 @ Chin Hin Culture Centre</p>
Chiau Haw Choon	<p>Name of Conference / Training : Face2Face Conference Organiser : Global Entrepreneur Xchange Date : 14 – 15 January 2020</p> <p>Name of Conference / Training : Successful Negotiation: Essential Strategies & Skills Conference Organiser : FutureLearn.com Date : 25 March 2020 (7 Weeks)</p> <p>Name of Conference / Training : Artificial Intelligence(AI) For Everyone Conference Organiser : Coursera Date : 31 March 2020</p> <p>Name of Conference / Training : Digital Manufacturing & Design Conference Organiser : Coursera Date : 2 April 2020</p> <p>Name of Conference / Training : Digital Skills : Retail Conference Organiser : FutureLearn.com Date : 5 April 2020 (3 Weeks)</p> <p>Name of Conference / Training : Leading for Creativity Conference Organiser : IDEOU Date : 9 April 2020(5 Weeks)</p> <p>Name of Conference / Training : Digital Operations Management Conference Organiser : Northwestern Kellogg Date : 22 April 2020 (5 weeks)</p>

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Continuing Education Programs (Cont'd)

Name of Director	Seminars/Conferences/Training Programmes Attended
Chiau Haw Choon (Cont'd)	Name of Conference / Training : Using Artificial Intelligence (AI) Technologies for Business Planning and Decision-making Conference Organiser : Northwestern Kellogg Date : 18 May 2020 (3 Weeks)
	Name of Conference / Training : YPO Forum Singapore via Zoom Conference Organiser : YPO Date & Venue : 19 May 2020 Zoom
	Name of Conference / Training : Global Leadership Summit 2020 Special Lockdown Edition via Zoom Conference Organiser : GLS Conference Services Date : 26 May 2020
	Name of Conference / Training : YPO Webinar Conference Organiser : YPO Date & Venue : 28 May 2020 @ Webinar
	Name of Conference / Training : Designing A Business Conference Organiser : IDEOU Date : 1 June 2020 (5 Weeks)
	Name of Conference / Training : Prototyping for Digital Experiences Conference Organiser : IDEOU Date : 1 June 2020 (5 Weeks)
	Name of Conference / Training : Chin Hin Concrete CRM Enhance Workshop Conference Organiser : Chin Hin Group Berhad Date & Venue : 3 June 2020 @ Chin Hin Culture Centre
	Name of Conference / Training : Midah Group CRM Enhance Workshop Conference Organiser : Chin Hin Group Berhad Date & Venue : 3 June 2020 @ Chin Hin Culture Centre
	Name of Conference / Training : Management Workshop - Core Values Conference Organiser : Chin Hin Group Berhad Date & Venue : 15 June 2020 @ Chin Hin Culture Centre
	Name of Conference / Training : Artificial Intelligence: Strategies for Leading Business Transformation Conference Organiser : Northwestern Kellogg Date : 15 June 2020 (5 Weeks)
Name of Conference / Training : Artificial Intelligence Conference Organiser : Emeritus Date : 14 July 2020	
Name of Conference / Training : Awareness of Training on Corporate Liability and MACC Act S17 Conference Organiser : Lee Min On Date & Venue : 8 September 2020 @ Chin Hin Culture Centre	

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Continuing Education Programs (Cont'd)

Name of Director	Seminars/Conferences/Training Programmes Attended
Lee Hai Peng	Name of Conference / Training : Awareness of Training on Corporate Liability and MACC Act S17 Conference Organiser : Lee Min On Date & Venue : 8 September 2020 @ Chin Hin Culture Centre
Yeoh Chin Hoe	Name of Conference / Training : Awareness of Training on Corporate Liability and MACC Act S17 Conference Organiser : Lee Min On Date & Venue : 8 September 2020 @ Chin Hin Culture Centre
Mohd Yusri Bin Md Yusof (Appointed on 01.10.2020)	Nil

During the financial year ended 31 December 2020, Mohd Yusri Bin Md Yusof was unable to attend any training during the financial year due to his busy work schedule. However, he has constantly been updated with relevant reading materials and technical updates, which will enhance his knowledge and equip him with the necessary skills to effectively discharge his duties as Director of the Company.

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new law and regulations and essential practices for effective corporate governance and risk management to enable the Directors to discharge their duties effectively.

In addition to the above, Directors would be updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and Company Secretaries during the Committees and Board Meetings.

Conflict of Interest and Related Party Transactions

To assure accountability and prevent conflict of interest in relation to issues that come before the Board, Directors are reminded by the Company Secretaries of their statutory duties and responsibilities and are provided with updates on any changes thereon. Hence, all related party transactions are submitted to the Audit Committee for review on a quarterly basis.

The Directors further acknowledge that they are also required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board, or any general meeting convened. In the event a corporate proposal is required to be approved by shareholders, the interested Directors will abstain from voting in respect of their shareholdings and will further undertake to ensure that persons connected to them will similarly abstain from voting on the resolutions.

The details of the related party transactions for the financial year ended 31 December 2020 are set out pages 98 to 108 of this Annual Report and the Company's Circular to Shareholders dated 30 April 2021 relating to the proposed new shareholders' mandate and renewal of existing shareholders' mandate for recurrent related party transactions of a revenue or trading nature. The Audit Committee had reviewed the related party transactions that arose within the Group to ensure that the transactions were fair, reasonable and on normal commercial terms as well as not detrimental to the minority shareholders and were in the best interest of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Nomination Committee

In line with the Best Practices of MCCG, the Board has established the Nomination Committee which comprise exclusively of Independent Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

The Terms of Reference of the Nomination Committee can be viewed at the Company's website at www.chinhingroup.com.

The present members of the Nomination Committee of the Company are:

Designation	Name	Directorship
Chairman	Mohd Yusri Bin Md Yusof	Independent Non-Executive Director
Member	Yeoh Chin Hoe	Senior Independent Non-Executive Director
Member	Datuk Cheng Lai Hock	Independent Non-Executive Director

The summary of activities undertaken by the Nomination Committee during the financial year included the following :

- i) Reviewed and recommended the appointment of Mohd Yusri Bin Md Yusof as Independent Non-Executive Director;
- ii) Reviewed and recommended the redesignation of Datuk Seri Chiau Beng Teik, JP as Executive Chairman of the Company;
- iii) Reviewed and recommended the change in composition of Audit Committee, Nomination Committee and Risk Management Committee;
- iv) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
- v) Reviewed and assessed the independence of its Independent Non-Executive Directors;
- vi) Reviewed and recommended the retirement and re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution; and
- vii) Reviewed the Terms of Reference of the Nomination Committee.

Evaluation for Board, Board Committees and Individual Directors

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annually basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the forthcoming Annual General Meeting of the Company, with a view to meeting current and future requirements of the Group.

The criteria used by the Nomination Committee in evaluating the performance of an individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The results of the evaluation were summarised by the Company Secretary and discussed by the Nomination Committee which were then reported to the Board. The Board did not engage any external party to undertake an independent assessment of the Directors.

Based on the assessment conducted for the financial year ended 31 December 2020, the Board and the Nomination Committee is satisfied with the current composition of Board members and believes that it is well balanced with the right mix of high-calibre individuals with the necessary skills and qualifications, credibility and independence to discharge its duties and responsibilities effectively.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Re-Election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. Pursuant to the Company's Constitution, all Directors who are appointed by the Board during the year are subject to re-election by shareholders at the first Annual General Meeting after their appointment. The Company's Constitution also provide at least one-third (1/3) of the remaining Directors are subject to re-election by rotation at each Annual General Meeting and retiring directors can offer themselves for re-election. All Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election.

Upon the recommendation of the Nomination Committee and the Board, the Directors who are standing for re-election at the forthcoming Annual General Meeting of the Company are as stated in the Notice of Annual General Meeting and have been recommended for re-election / re-appointment at the forthcoming Annual General Meeting of the Company.

Annual Assessment of Independence

Annual assessments will be conducted by the Nomination Committee on annually basis and the criteria for assessment covers areas such as contributions to interaction, roles and responsibilities and quality of input to enhance the Board's effectiveness. The independence of Independent Directors was assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgment at all times and based on the criteria set out in the MMLR of Bursa Securities.

Based on the assessment carried out for the financial year ended 31 December 2020, the Board and the Nomination Committee is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company during the financial year under review, and that each of them continues to fulfil the definition of independence as set out in the MMLR of Bursa Securities.

Remuneration Committee

In line with the Best Practices of MCCG, the Board has established the Remuneration Committee which comprise majority of Independent Non-Executive Directors, with the responsibilities to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.

The Terms of Reference of the Remuneration Committee can be viewed at the Company's website at www.chinhingroup.com.

The present members of the Remuneration Committee of the Company are:

Designation	Name	Directorship
Chairman	Chiau Haw Choon	Group Managing Director
Member	Yeoh Chin Hoe	Senior Independent Non-Executive Director
Member	Datuk Cheng Lai Hock	Independent Non-Executive Director

The summary of activities undertaken by the Remuneration Committee during the financial year included the following :

- i) Reviewed and recommended the payment of Directors' fees and other benefits payable to Directors; and
- ii) Reviewed the Term of Reference of the Remuneration Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Remuneration Policy

The Board believes in a remuneration policy that fairly supports the Directors' responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's offers a competitive remuneration package in order to attract, develop and retain talented individuals to serve as directors.

The principal objective of Remuneration Committee is to evaluate, deliberate and recommend to the Board a remuneration policy for Executive Directors that is fairly guided by market norms and industry practice. The Remuneration Committee also recommends the Executive Directors' remuneration and benefits based on their individual performances and that of the Group.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company. The aggregate annual Directors' fees and other benefits payable are to be approved by shareholders at the Annual General Meeting based on recommendations of the Board.

Directors' Remuneration

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial year ended 31 December 2020 are as follows :

Director	Company		Group	
	Fees (RM)	Salaries and other emoluments (RM)	Fees (RM)	Salaries and other emoluments (RM)
Datuk Seri Dr Nik Norzrul Thani Bin Nik Hassan Thani (Resigned on 01.10.2020)	90,000	11,250	90,000	11,250
Datuk Seri Chiau Beng Teik, JP	–	–	–	206,853
Chiau Haw Choon	–	–	–	1,528,792
Lee Hai Peng	–	–	–	545,529
Datuk Cheng Lai Hock	60,000	11,750	60,000	11,750
Yeoh Chin Hoe	60,000	13,500	60,000	13,500
Mohd Yusri Bin Md Yusof (Appointed on 01.10.2020)	15,000	1,750	15,000	1,750
Total	225,000	38,250	225,000	2,319,424

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Remuneration of Key Senior Management

The top seven (7) senior management of the Company (including its direct held subsidiary) are Mr Chiau Haw Choon, Mr Lee Hai Peng, Mr Tan Cheak Joo, Mr Ng Wai Luen, Mr Lok Boon Cheng, Mr Chua Shiou Meng and Mr Se Kok Weng, their profile is presented separately on pages 16 to 19 in this Annual Report. Mr Se Kok Weng has resigned from his position as Chief Executive Officer of Midah Industries Group of Companies in 6 November 2020. The total remuneration of these top seven (7) senior management was RM5,596,777 representing 8.27% of the total employees' remuneration of the Group for the financial year ended 31 December 2020.

The remuneration of the aforesaid top seven (7) senior management is a combination of annual salary, benefits-in-kind and other emoluments which are determined in a similar manner as other management employee of the Company. This is based on their individual performance and the overall performance of the Company. The basis of determination has been applied consistently from previous year.

The Company notes the need for corporate transparency in disclosing the details of the remuneration of its top seven (7) senior management, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the full details of the top seven (7) senior management personnel who are not Directors of the Company.

The Board is of the opinion that disclosure of remuneration of the Directors of the Board by appropriate components and the top seven (7) senior management's total combined remuneration package should meet the intended objectives of the MCCG and the interest of the shareholders will not be prejudiced as a result of non-disclosure of the key senior management on named basis.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Independence of the Audit Committee

Chin Hin recognised the need to uphold the independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Directors' Profile on pages 9 to 15 of this Annual Report. During the financial year ended 31 December 2020, all members of the Audit Committee had undertaken the relevant training programmes to keep themselves abreast of the latest development in accounting and auditing standards, statutory laws, regulations and best practices to enable them to discharge their duties effectively.

Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Compliance with Applicable Financial Reporting Standards (Cont'd)

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 December 2020 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

The statement by the Board pursuant to Paragraph 15.26(a) of the MMLR on its responsibilities in preparing the financial statements is set out on page 109 of this Annual Report.

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Audit Committee and the Board's attention.

The Audit Committee is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The Audit Committee has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the Audit Committee prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the Audit Committee.

To assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of, among others, the following:

- i) the adequacy of the competency, experience and quality of the External Auditors;
- ii) the External Auditor's resource capacity and ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Audit Committee and the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to respond and reply to the Shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

Where necessary, the Audit Committee will meet with the External Auditors without the presence of Executive Directors and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the Audit Committee are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2020.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs UHY as the External Auditors of the Company for the financial year ending 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Risk Management and Internal Control

The Group is fully aware of its overall responsibility to continuously maintain a sound system for risk management and internal controls which covers financial, operational and compliance. With this in mind, the Group has established an internal control system and risk management framework which is adopted by Group and all its business units to ensure the effectiveness of identification, analysis, assessment, monitoring and communication of risks and internal control issues that will allow the Group to safeguard shareholders investments and assets by mitigating losses and maximising opportunities.

The Group's Risk Management framework consists of a formal Risk Management Structure that includes the following:

- i) Board Risk Management Committee;
- ii) Group Risk Management Working Committee; and
- iii) Business Unit Risk Management Committee.

Risk Management structure:



Group Risk Management Working Committee:

- GMD and CFO
- Business Unit's Chief Executive Officer (CEO)
- Group Finance Director
- Head of Group IT
- Head of Credit Control
- Corporate Services Director

Board Risk Management Committee:

- 3 Independent Directors; and
- Chief Financial Officer (CFO)



Business Unit (BU) Risk Management Committee:

- Chief Executive Officer (CEO) of Business Units
- Head of Departments

** Oversight and Reassurance provided by Internal Auditor*

The framework further establishes the internal control and risk management processes which encourages a disciplined environment for proactive decision making as follows:

A. The Internal Control Framework establishes a platform for the Board to:

- i) Continuously review the adequacy and integrity of the systems of internal controls (Articulating);
- ii) Review and approve the Internal Audit Plan (Implementing); and
- iii) Continuously review the effectiveness of the internal controls put in place to mitigate fraud through the Internal Audit Reports (Reviewing).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Risk Management structure: (Cont'd)

B. The Risk Management Framework establishes a platform for the Board to:

- i) Continuously identify risks (Identification);
- ii) Continuously review the status of the risks (Assessment);
- iii) Continuously discuss and implement strategies to deal with those risks (Mitigation); and
- iv) Continuously follow-up on the actions to be taken (Monitoring).

Whilst acknowledging their responsibility, the Board is aware that such systems and frameworks as designed to manage rather than to eliminate risks and therefore may not be able to provide an absolute assurance against material misstatement or loss.

The Statement on Risk Management and Internal Control which provides an overview of the Group's state of internal control and risk management is set out in pages 110 to 112 in this report.

Internal Audit Activities

The Group has appointed an established external professional Internal Audit firm, who reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

The Internal Audit firm appointed by the Company is an independent professional internal audit service provider is manned by professionally qualification and experienced staff. For each internal audit review, a team led by Engagement Director, Mr. Lionel Vernon Yong Nguon Kee and/or Senior Director, Mr. Leonard Lim Weng Leong will be assigned by Internal Audit firm to undertake the review in accordance to the internal audit plan approved by the Audit Committee. The Engagement Director of the firm is a Certified Internal Auditor, United States of America (CIA), a Chartered Accountant (Malaysia), a Member of the Malaysian Institute of Accountants (MIA), a Fellow Member of the Chartered Association of Certified Accountants, United Kingdom (FCCA) and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The Senior Director of the firm is a Fellow Member of Institute of Public Accountants (FIPA), a Fellow Member of Institute of Financial Accountants (FFA) and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The Internal Audit firm appointed by the Company is free from any relationships or conflict of interest which could impair their objectivity and independence. The Internal Auditors performed their work by referring to a recognised framework such as the standards recommended by the International Professional Practices Framework of the Institute of Internal Auditors.

Internal audit provides an independent assessment on the effectiveness and efficiency of internal controls utilising an acceptable audit methodology and tool to support the corporate governance framework and an efficient and effective risk management framework to provide assurance to the Audit Committee.

The Audit Committee approved the internal audit plan during the first Audit Committee meeting each year. Any subsequent changes to the internal audit plan shall be reviewed and approved by the Audit Committee. The scope of internal audit covers the audits of all units and operations, including subsidiaries as stated in the letter of engagement.

The cost incurred by the Group for the internal audit function during the financial year ended 31 December 2020 amounted to RM62,820.

The functions of the internal auditors are including but not limited to the following :

- i) perform internal audit work in accordance with the pre-approved internal audit plan, that covers reviews of the internal control system, risk management and follow up audits to address observations reported in preceding internal audit visits;
- ii) carry out reviews on the systems of internal control of the Group;
- iii) review and comment on the effectiveness and adequacy of the existing internal control policies and procedures; and
- iv) provide recommendations, if any, for the improvement of the internal control policies and procedures.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Internal Audit Activities (Cont'd)

During the financial year, the following activities were carried out by the internal auditors in discharge of its responsibilities :

- i) Reviewed the adequacy and effectiveness of the systems of internal control and compliance with the Group's policies and procedures;
- ii) Proposed and presented the internal audit plan for the Audit Committee's approval and ensured that appropriate actions were taken to carry out the audits based on the approved plan; and
- iii) Reported to the Audit Committee the results of the internal audit reports and its findings and the implementation of the management responses to the findings.

Based on the internal audit review conducted by the internal auditors, the Audit Committee and the Board is of the view that there is no significant breakdown or weaknesses in the systems of internal controls of the Group that may result in material losses incurred by the Group for the financial year ended 31 December 2020.

The Audit Committee and the Board further agreed that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

The Audit Committee and Board are satisfied with the performance of the internal auditors and have in the interest of greater independence and continuity in the internal audit function, taken the decision to continue with the outsourcing of the Internal Audit function.

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

Communication with Stakeholders

The Board acknowledges the importance of on-going engagement and communication with stakeholders and to ensure that communication is timely, regular, transparent and effective.

The Group has established a dedicated section for Investor Information on the Group's website at www.chinhingroup.com where shareholders as well as members of the public may access the latest information on the Group. Information is also communicated through the following channels :

- i) Various disclosures and announcements to Bursa Securities including quarterly results;
- ii) Press releases and announcements to Bursa Securities and to the media;
- iii) Publication of the Group's Annual Report;
- iv) Dialogues with shareholders, potential investors and analysts and fund managers;
- v) Conduct Annual General Meetings; and
- vi) Social media and other electronic channels.

While the Group endeavors to provide as much information as possible to its shareholders, the Group is mindful of the legal and regulatory frameworks governing the release of material and price sensitive information.

The Group's annual report for the financial year ended 31 December 2020 adopts partly the Integrated Reporting approach which covers how the Group's strategy, performance, governance and future business prospects are connected towards achieving value creation for its shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

The Chairman or the Executive Directors of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought at the general meeting.

Whilst the Company aims to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

Annual General Meeting

The Annual General Meeting ("AGM") is the principal forum for dialogue with the shareholders. As recommended by the MCGG, the notice of AGM will be despatched to shareholders at least twenty eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published at least in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution.

At the AGM, the Board will brief the shareholders on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, where they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions between the Directors, senior management staff, the shareholders and investors are always active before and after the general meetings.

In view of the number of shareholders and the size of the Company, the participation of shareholders of the Company at the general meetings is currently by way of attending in person or by proxy. If necessary, the Company would embark on electronic voting and remote shareholder participation if our shareholders request for such services.

Apart from contacts at general meetings, currently there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement has been satisfactory.

Attendance of Directors at General Meetings

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make the necessary arrangement to attend the planned AGM.

At the Sixth (6th) AGM of the Company held on 15 July 2020, all the Directors were present in person to engage directly with shareholders, and be accountable for their stewardship of the Company.

Poll Voting

In line with Paragraph 8.29A of the MMLR, the Company will ensure that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

At the commencement of all general meetings, the Chairman will inform the shareholders of their rights to a poll voting. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman will declare the number of votes received, both for and against for each separate resolution. The outcome of a general meeting will be announced to Bursa Securities on the same meeting day.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
(CONT'D)

Effective Communication and Proactive Engagement

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCGG with regards to strengthening engagement and communication with shareholders.

Shareholders and stakeholders may raise their concerns and queries by contacting the Registered Office of the Group, the details of which as provided under the "Corporate Information" section of this Annual Report. The Share Registrar is also available to attend to administrative matters relating to shareholder interests. As recommended by the MCGG, the Company has appointed a Senior Independent Non-Executive Director to whom queries and concerns regarding the Group may be conveyed.

Compliance Statement

Other than as disclosed and/or explained in this Annual Report, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCGG and all other applicable laws, where applicable and appropriate.

OTHER DISCLOSURE REQUIREMENTS

UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS

- i) As at 31 December 2020, the proceeds of approximately RM65.65 million from the private placement had been fully utilised as follow :

	Details of the Utilisation of Proceeds	Utilisation						Expected Timeframe for Utilisation of Proceeds (from the listing date)	Revised expected timeframe for utilisation of proceeds (from Details of the utilisation the listing date)
		⁽ⁱ⁾ Proceeds Raised RM'000	Actual Utilisation RM'000	Balance of Proceeds Unutilised RM'000	Variations of the Proceeds Utilisation RM'000	After Variations of the Proceeds Utilisation RM'000	Balance of Private Placement Proceeds RM'000		
(a)	Construction of new manufacturing and operation facility of G-Cast Concrete Sdn Bhd ("GCCSB") in Kota Tinggi, Johor	12,000	12,000	-	-	-	-	Within 18 months	^(iv) Up to 30 months
(b)	Expansion of existing manufacturing facilities and purchase of new equipment and machineries of GCCSB in Rawang, Selangor	6,200	6,200	-	285	⁽ⁱⁱ⁾ 285	-	Within 12 months	Up to 24 months
(c)	Expansion of existing manufacturing facilities, purchase of new equipment and machineries of MI Polymer Concrete Pipes Sdn Bhd ("MIPCP") in Batu Pahat, Johor as well as undertaking related product testing, certification and related works for its products	2,693	2,408	285	(285)	-	-	Within 12 months	No Change
(d)	Repayment of bank borrowings	23,600	23,600	-	-	-	-	Within 6 months	No Change
(e)	Future expansion plans	10,000	10,000	-	-	-	-	Within 24 months	No Change
(f)	Working capital purposes	9,757	9,757	-	865	865	-	Within 6 months	No Change
(g)	Expenses for the Private Placement	1,400	535	⁽ⁱⁱⁱ⁾ 865	(865)	-	-	Within 1 month	No Change
		65,650	64,500	1,150	-	1,150	-		

Note:

- (i) As per Chin Hin's announcement dated 6 June 2017.
- (ii) Pursuant to the Private Placement announcement dated 6 June 2017, the Company has transferred the unutilised proceeds of RM0.87 million from the estimated expenses incurred for the Private Placement to its working capital requirements.
- (iii) The Company had earmarked RM2.70 million of the Placement Proceeds for the expansion of existing manufacturing facilities and purchase of new equipment and machineries of MIPCP. However, the actual utilisation for the said expansion was lower than the budgeted proceeds and the balance yet to be utilised stands at RM0.29 million. Therefore, the Company proposes to reallocate the unutilised proceeds of RM0.29 million for the purchase of 2 units of gantry cranes for GCCSB's manufacturing facility located in Rawang, Selangor.

**OTHER
DISCLOSURE REQUIREMENTS
(CONT'D)**

UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS (CONT'D)

- i) As at 31 December 2020, the proceeds of approximately RM65.65 million from the private placement had been fully utilised as follow : (Cont'd)

Note: (Cont'd)

- (iv) The Company requires additional time to complete the construction of GCCSB's new manufacturing and operation facility in Kota Tinggi, Johor, as the Group had mainly focused on the construction and expansion of its new manufacturing facilities in Rawang, Selangor and Bidor, Perak. The Group has commenced construction if it's new manufacturing and operation facilities in Kota Tinggi, Johor since April 2019.

- ii) As at 31 December 2020, the proceeds of approximately RM21.15 million from the disposal of 17 properties had been fully utilised as follows :

	Details of the Utilisation of Proceeds	Utilisation					Balance of Proceeds from the disposal of 17 properties RM'000	Estimated Timeframe for Utilisation of Proceeds from the completion of the disposal of 17 Properties
		Proposed RM'000	Actual Utilisation RM'000	Balance of Proceeds Unutilised RM'000	Variations of the Proceeds Utilisation RM'000	After Variations of the Proceeds Utilisation RM'000		
(a)	Repayment of bank borrowings	15,000	1,000	14,000	-	-	-	Within 3 months
(b)	Working capital to purchase inventories	5,150	5,150	-	® 64	64	-	Within 12 months
(c)	Expenses for the exercise	1,000	936	64	® (64)	-	-	Within 3 months
		21,150	7,086	14,064	-	64	-	

Note:

- (i) The Company has transferred the unutilised disposal proceeds of RM0.064 million from the estimated expenses incurred to its working capital to purchase inventories.

- iii) As at 31 December 2020, the status of utilisation of the proceeds of approximately RM76.45 million from the disposal of ACE Logistic Sdn Bhd and 35 properties are as follows :

	Details of the Utilisation of Proceeds	Proposed proceeds to be received RM'000	Utilisation			Estimated timeframe for utilisation from the completion of the Proposed Disposal
			Proceeds received RM'000	Actual utilisation RM'000	Balance of proceeds unutilised RM'000	
(a)	Repayment of bank borrowings	50,000	41,880	21,770	20,110	Within 3 months
(b)	Working capital to purchase inventories	23,450	23,450	5,950	17,500	Within 12 months
(c)	Expenses for the exercise	3,000	3,000	2,192	808	Within 3 months
		76,450	68,330	29,912	38,418	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

AUDIT AND NON-AUDIT FEE PAID TO EXTERNAL AUDITORS

During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2020 where as follows:

	Company Level (Chin Hin Group Berhad) RM	Group Level RM
Audit services rendered		
- Current year	47,000	354,500
- Over provision in prior year	-	(12,360)
Non-Audit services Rendered		
(a) Review of statement of risk management and internal control	5,000	5,000

MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

During the financial year, there were no material contracts or contracts relating to loan entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT")

The Company is seeking approval from shareholders for the proposed new shareholders' mandate and renewal of the existing shareholders' mandate for the Group to enter into RRPT(s) of a revenue or trading nature pursuant at the forthcoming Annual General meeting to be held on 8 June 2021.

The details of RRPTs of a revenue or trading nature of the Group for the financial year ended 31 December 2020 are follows:

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
AS Chin Hin Sdn Bhd	• CHGB Group	• Supply and/or purchase of building materials based on prevailing market price.	813	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Beng Soo and Ng Peng Peng, the brother and sister-in-law of Datuk Seri Chiau Beng Teik, JP, are the directors and substantial shareholders of AS Chin Hin Sdn Bhd.
		• Provision and/of receipt of transportation services based on prevailing market price.	Nil	
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	

**OTHER
DISCLOSURE REQUIREMENTS
(CONT'D)**

**RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE
("RRPT") (CONT'D)**

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Italia Ceramics Sdn Bhd	• CHGB Group	• Supply and/or purchase of building materials based on prevailing market price.	1	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Yeoh Hock Seng, the brother-in-law of Datuk Seri Chiau Beng Teik, JP is a director and substantial shareholder of Italia Ceramics Sdn Bhd.
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
CH Hardware & Transport Sdn Bhd	• CHGB Group	• Provision of transportation services based on prevailing market price	Nil	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Thean Bee, the brother of Datuk Seri Chiau Beng Teik, JP, is the director and substantial shareholder of CH Hardware & Transport Sdn Bhd.
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	Nil	
		• Supply and/or purchase of building materials based on prevailing market price.	Nil	
Pintar Muda Development Sdn Bhd	• CHGB Group	• Sale of building materials based on prevailing market price.	Nil	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Pintar Muda Development Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty Sdn Bhd ("PP Chin Hin Realty"), a Major Shareholder of CHGB.
		• Provision of insurance and other administrative services by CHGB Group based on prevailing market price.	4	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
GA Hotel Management Sdn Bhd	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Sale of building materials based on prevailing market price. 	Nil	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of GA Hotel Management Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB.
		<ul style="list-style-type: none"> Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	Nil	
		<ul style="list-style-type: none"> Provision of hotel accommodations by GA Hotel Management Sdn Bhd based on prevailing market price 	Nil	
Chip Hin Trading Sdn Bhd	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Provision and/or receipt of transportation services based on prevailing market price. 	Nil	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Beng Sun, the brother of Datuk Seri Chiau Beng Teik, JP, is the director and substantial shareholder of Chip Hin Trading Sdn Bhd.
		<ul style="list-style-type: none"> Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	Nil	

**OTHER
DISCLOSURE REQUIREMENTS
(CONT'D)**

**RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE
("RRPT") (CONT'D)**

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
CHL Logistic Sdn Bhd	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Provision and/or receipt of transportation services based on prevailing market price. 	1,656	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datin Seri Wong Mee Leng is a Major Shareholder of CHGB. Chiau Haw Loon, the son of Datuk Seri Chiau Beng Teik, JP and Datin Seri Wong Mee Leng, and brother of Chiau Haw Choon, is the director and substantial shareholder of CHL Logistic Sdn Bhd.
		<ul style="list-style-type: none"> Sales and/or purchase of building materials based on prevailing market price. 	5,835	
		<ul style="list-style-type: none"> Sale of vehicle insurance premium and road tax to CHL Logistic Sdn Bhd (as agent of the insurance company). 	6	
		<ul style="list-style-type: none"> Rental income received by Chin Hin Concrete (KL) for office space rented to CHL Logistic Sdn Bhd. 	22	
		<ul style="list-style-type: none"> Rental income received for motor vehicles rented out to CHL Logistic Sdn Bhd. 	Nil	
Teras Maju Sdn Bhd	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Sale of building materials based on prevailing market price. 	Nil	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Yeoh Hock Seng, the brother-in-law of Datuk Seri Chiau Beng Teik, JP is the director and substantial shareholder of Teras Maju Sdn Bhd.
		<ul style="list-style-type: none"> Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	Nil	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Chin Hin Gypsum Sdn Bhd	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Purchase of raw materials based on prevailing market price. 	1,162	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Datuk Seri Chiau Beng Teik, JP is the director and substantial shareholder of Chin Hin Gypsum Sdn Bhd.
		<ul style="list-style-type: none"> Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	Nil	
		<ul style="list-style-type: none"> Renting of office premises to and/or from Chin Hin Group based on market value and is payable on an equal pro-rated monthly basis. 	61	
Perimore Sdn Bhd	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	Nil	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Perimore Sdn Bhd, which in turn is a wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB.

**OTHER
DISCLOSURE REQUIREMENTS
(CONT'D)**

**RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE
("RRPT") (CONT'D)**

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Sens Hotel Sdn Bhd	<ul style="list-style-type: none"> PP Chin Hin Sdn Bhd 	<ul style="list-style-type: none"> Rental income received from Sens Hotel Sdn Bhd for renting of shop houses belonging to PP Chin Hin Sdn Bhd. 	162	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datin Seri Wong Mee Leng is a Major Shareholder of CHGB. Chiau Haw Loon, the son of Datuk Seri Chiau Beng Teik, JP and Datin Seri Wong Mee Leng and brother of Chiau Haw Choon, is the director and substantial shareholder of Sens Hotel Sdn Bhd.
		<ul style="list-style-type: none"> Rental income received from Sens Hotel Sdn Bhd for renting parking lot belonging to PP Chin Hin Sdn Bhd. 	12	
	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	Nil	
		<ul style="list-style-type: none"> Provision of hotel accommodations by Sens Hotel Sdn Bhd based on prevailing market price. 	1	
Chiau Beng Sun	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	4	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Beng Sun is the brother of Datuk Seri Chiau Beng Teik, JP.

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Laksana Saujana Sdn Bhd	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Rental expenses paid to Laksana Saujana Sdn Bhd for renting of warehouse-cum office. 	120	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors and substantial shareholders of Laksana Saujana Sdn Bhd.
		<ul style="list-style-type: none"> Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	Nil	
Chin Hin Hotel Sdn Bhd	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Sale of building materials based on prevailing market price. 	Nil	<ul style="list-style-type: none"> Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Chiau Haw Choon is the director of Chin Hin Hotel Sdn Bhd, which is turn is substantially owned by PP Chin Hin Realty, a Major Shareholder of CHGB.
		<ul style="list-style-type: none"> Provision of insurance and other administrative services by/to CHGB Group based on prevailing market price. 	Nil	
Chin Hin Concrete Mix Sdn Bhd	<ul style="list-style-type: none"> PP Chin Hin Sdn Bhd 	<ul style="list-style-type: none"> Rental paid for renting of office space by PP Chin Hin Sdn Bhd. 	10	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors and substantial shareholders of Chin Hin Concrete Mix Sdn Bhd.
	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Renting of office premises to and/or from Chin Hin Group based on market value and is payable on an equal pro-rated monthly basis. 	Nil	

**OTHER
DISCLOSURE REQUIREMENTS
(CONT'D)**

**RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE
("RRPT") (CONT'D)**

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Murni Jaya Enterprise Sdn Bhd	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Provision of transportation services based on prevailing market price. 	2,635	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Beng Sun, the brother of Datuk Seri Chiau Beng Teik, JP is the director and substantial shareholder of Murni Jaya Enterprise Sdn Bhd.
		<ul style="list-style-type: none"> Rental income received from Murni Jaya Enterprise Sdn Bhd for the renting of motor vehicles. 	Nil	
		<ul style="list-style-type: none"> Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	Nil	
PP Chin Hin Realty	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Sale of building materials based on prevailing market price. 	Nil	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datin Seri Wong Mee Leng is a Major Shareholder of CHGB. PP Chin Hin Realty is a Major Shareholder of CHGB. Datuk Seri Chiau Beng Teik, JP, Datin Seri Wong Mee Leng and Chiau Haw Choon are the directors and substantial shareholders of PP Chin Hin Realty.
		<ul style="list-style-type: none"> Rental income received from PP Chin Hin Realty for renting parking lot belonging to PP Chin Hin Sdn Bhd. 	9	
		<ul style="list-style-type: none"> Rental paid to PP Chin Hin Realty for rental of office space by Chin Hin Concrete (KL) Sdn Bhd. 	19	
		<ul style="list-style-type: none"> Rental paid to PP Chin Hin Realty for rental of office space by CHGB. 	24	
		<ul style="list-style-type: none"> Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	75	

OTHER DISCLOSURE REQUIREMENTS (CONT'D)

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE ("RRPT") (CONT'D)

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Chin Hin Group Property Berhad ("Chin Hin Property") and its subsidiary companies	<ul style="list-style-type: none"> CHGB Group 	<ul style="list-style-type: none"> Rental paid for motor vehicles rented Purchase of motor vehicles based on prevailing market price. Supply and/or purchase of materials based on prevailing market price. Provision of insurance and other administrative services by Chin Hin Group based on prevailing market price. Provision of construction services based on prevailing market price. Renting of office premises to and/or from Chin Hin Group based on market value and is payable on an equal pro-rated monthly basis. 	267	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. He is also a Non-Independent Non-Executive Chairman and a Major Shareholder of Chin Hin Group Property. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. He is also an Executive Director of Chin Hin Group Property.

**OTHER
DISCLOSURE REQUIREMENTS
(CONT'D)**

**RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE
("RRPT") (CONT'D)**

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Chin Hin Plywood Co. Sdn Bhd	<ul style="list-style-type: none"> • CHGB Group 	<ul style="list-style-type: none"> • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	Nil	<ul style="list-style-type: none"> • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. • Datin Seri Wong Mee Leng is a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Datin Seri Wong Mee Leng are the directors and substantial shareholders of Chin Hin Plywood Co. Sdn Bhd. • Chiau Haw Choon is a director of Chin Hin Plywood Co. Sdn Bhd.
Asthetik Property Group Sdn Bhd	<ul style="list-style-type: none"> • CHGB Group 	<ul style="list-style-type: none"> • Provision of insurance and other administrative services by CHGB Group based on prevailing market price. 	Nil	<ul style="list-style-type: none"> • Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. • Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors and substantial shareholders of Asthetik Property Group Sdn Bhd.

**OTHER
DISCLOSURE REQUIREMENTS
(CONT'D)**

**RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE AND TRADING NATURE
("RRPT") (CONT'D)**

Related Party	CHGB Group - Transacting Party	Nature of Transaction with CHGB Group	Value of Transaction (RM'000)	Nature of relationship between CHGB Group and the Related Party
Stellar 8 Sdn Bhd	<ul style="list-style-type: none"> PP Chin Hin Sdn Bhd 	<ul style="list-style-type: none"> Renting of office premises to and/or from Chin Hin Group based on market value and is payable on an equal pro-rated monthly basis. 	225	<ul style="list-style-type: none"> Datuk Seri Chiau Beng Teik, JP is the Executive Chairman and a Major Shareholder of CHGB. Chiau Haw Choon is the Group Managing Director and a Major Shareholder of CHGB. Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon are the directors of Stellar 8 Sdn Bhd, which in turn is an indirect wholly-owned subsidiary of PP Chin Hin Realty, a Major Shareholder of CHGB.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards so as to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year.

The Directors are responsible for ensuring that the Company keeps proper accounting records with reasonable accuracy of the financial position of the Company. The Directors are to ensure that the financial statements comply with mandatory provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards and the MMLR of Bursa Securities. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and to minimise fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 31 December 2020, the Group has used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards have been complied with and further confirm that the financial statements have been prepared on a going concern basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“the Board”) of Chin Hin Group Berhad recognises the importance of having a systematic approach of reviewing the Group’s risk management and internal control processes and is committed to the continuous improvements of our existing systems in practice. The Board is pleased to present its Statement on Risk Management and Internal Control, which has been prepared pursuant to Paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”). This statement has been made in accordance with the recommendations of the Malaysian Code of Corporate Governance.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group’s internal control and risk management systems which has been embedded in the Group’s Business Units.

The Board through its Audit Committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment and regulatory requirements.

The Board ensures the effectiveness of such systems through reviews of the risk management and internal control activities by the Risk Management Committee established by the Board which consists of three (3) Independent Non-Executive Director and Executive Director cum Chief Financial Officer of the Company.

Due to inherent limitations in the systems of internal control and risk management, such systems can only manage rather than eliminate all risks of failure to achieve business objectives, and as such, they can only provide reasonable but not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

As part of the Board’s commitment to protect shareholders interests, the Board has established the Risk Management Committee to ensure that enterprise risk management practices are practiced throughout the Group.

The Risk Management Committee continues to perform the following functions :

- i) To review and provide oversight on the Groups existing risk management framework;
- ii) To ensure that the process of identifying, evaluating, monitoring and managing significant risks faced by the Group is continuous;
- iii) To review the risk management report and the risk register;
- iv) To review the management action plans to mitigate the identified risks;
- v) To report back to the Board on the status of risk management practices; and
- vi) To highlight potential high-risk areas to the attention of the Board and to advise the Board accordingly.

Respective Committees has also been established at the Group, Senior Management level and at the Operational Management level at the Business units. This is to ensure that all levels of management are committed to safeguard shareholders’ investments and the Group’s assets by reviewing the adequacy and integrity of such systems. The Committees established are as follows :

- i) Board Risk Management Committee;
- ii) Group Risk Management Working Committee; and
- iii) Business Unit Risk Management Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL

The features of the Group's system of internal control systems enables the Audit Committee to perform the following functions of articulating, implementing and reviewing the integrity of the Group's system of internal controls by :

- i) Continuously review the adequacy and integrity of the systems of internal controls (Articulating);
- ii) Review and approve the Internal Audit Plan (Implementing); and
- iii) Continuously review the effectiveness of the internal controls put in place to mitigate fraud through the Internal Audit Reports (Reviewing).

Other key features include the following :

- i) Clearly defined lines of responsibility and limits of authority to facilitate the operations of the individual Business Units and Group Support Divisions.
- ii) Group centralised control over key functions such as finance, human resource, credit control, information technology, business processes and internal audit.
- iii) Roadmap workshops and business plan development and setting of key performance indicators established for each Business Unit's Departments.
- iv) Detailed Budgeting processes which include the review of actual performance compared with budget, with detailed explanations provided for major variances at Monthly Management meetings.
- v) Performance monitoring via Monthly KPI check in and execution map system in our On-line Portal of all employees ranked Executive and above.
- vi) Twice yearly performance appraisal review for all employees of the Group which includes the review of the competencies and results of key performance indicators.
- vii) Monthly Management meetings (MOM) and Executive Committee (EXCO) meetings to discuss the Group's financial performance, business development, operational and corporate issues.

The Board does not regularly review the internal control system of its associate, as the Board does not have any direct control over their operations. The Group's interests are served through representations on the boards of associate and the review of their management accounts, and enquire thereon. These representations also provide the Board with information and timely decision-making on the continuity of the Group's investments based on the performance of the associate.

INTERNAL AUDIT FUNCTION

The Group outsources the internal audit function to an establish external professional internal audit firm. The firm is appointed by and reports directly to the Audit Committee. Its role is to provide the Audit Committee with regular assurance on the continuity, integrity and effectiveness of the internal control system through regular monitoring and review of the internal control framework and management processes.

During the financial year, the Internal audit functions conducted regular reviews on the Business Unit operations based on an annually approved Internal Audit Plan. Ad-hoc audits were also commissioned by the Senior Management when necessary. The areas internal audit covered were Production, Sales & Marketing, Financial Management & Accounting and Inventory Management functions of Chin Hin Group.

Based on the internal audit review conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 December 2020. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that causes them to believe that this Statement on Risk Management and Internal Control is inconsistent with their understanding of the processes the Board has adopted in reviewing the adequacy and integrity of risk management and internal control within the Group.

MANAGEMENT'S ASSURANCE

The Group Managing Director and Group Chief Financial Officer, representing the management, have given reasonable assurance to the Board that the Group's risk management and internal control systems are adequate and effective, in all material aspects, based on the risk management and internal controls adopted by the Group and similar assurance given by the respective heads of operations.

CONCLUSION

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual Report. The Board is of the view that the existing Group's system of risk management and internal control is adequate to safeguard shareholders' investments and the Group's assets. However, the Board recognises the fact that the Group's system of risk management and internal control practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board is committed to continuously strengthen the Group's system of internal control and risk management framework.

AUDIT COMMITTEE REPORT

In line with the best practices of MCCG, the Board has set up the Audit Committee which comprising exclusively of Independent Non-Executive Directors and the Chairman of the Audit Committee is not the Chairman of the Board.

The present members of the Audit Committee are as follows:

Designation	Name	Directorship
Chairman	Yeoh Chin Hoe	Senior Independent Non-Executive Director
Member	Datuk Cheng Lai Hock	Independent Non-Executive Director
Member	Mohd Yusri Bin Md Yusof	Independent Non-Executive Director

The primary objective of the Audit Committee is to establish a documented, formal and transparent procedure to assists the Board in fulfilling its fiduciary responsibilities relating to corporate accounting, financial reporting practices, a system of risk management and internal control, the audit process and the process of monitoring compliance with laws and regulations.

Terms of Reference

The terms of reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.chinhingroup.com.

Attendance of Meetings

During the financial year ended 31 December 2020, the Audit Committee held five (5) meetings and the details of the attendance are as follows:

Designation	Name	Meeting Attendance
Chairman	Yeoh Chin Hoe	4/4
Member	Datuk Seri Dr Nik Norzrul Thani Bin Nik Hassan Thani (Resigned on 01.10.2020)	5/5
Member	Datuk Cheng Lai Hock	5/5
Member	Mohd Yusri Bin Md Yusof (Appointed on 01.10.2020)	1/1

Summary of Activities of the Audit Committee

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee during the financial year in the discharge of its functions and duties, included the following :

(1) Financial Reporting

Reviewed the quarterly and annual financial statements of the Group prepared by the management focusing particularly on:

- i) Any significant changes to accounting policies and practices;
- ii) Significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters were addressed;
- iii) Significant adjustments arising from the audit; and
- iv) Compliance with accounting standards and other legal requirements.

AUDIT COMMITTEE REPORT (CONT'D)

Summary of Activities of the Audit Committee (Cont'd)

(2) Risk Management and Internal Control

- i) Reviewed the effectiveness of the internal control system and risk management framework adopted within the Group and to be satisfied that the methodology employed allows identification, analysis, assessment, monitoring and communication of risks in a regular and timely manner that will allow the Group to mitigate losses and maximise opportunities;
- ii) Assessed the systems processes, policy and procedures to ensure compliance with all laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies;
- iii) Reviewed the system of internal control to ensure that they are in place, effectively administered and regularly monitored;
- iv) Recommended to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and from the consultations of the Audit Committee itself;
- v) Reviewed the updates on the risk profile and summary of risk presented by the Risk Management Committee; and
- vi) Highlighted to the Board of Directors any significant new risks which had come to its attention from the Internal Audit or Risk Management reports which are of sufficient importance to warrant the attention of the Board.

(3) Internal Audit Function

- i) Reviewed the effectiveness of internal audit function, including the ability, competency and qualification of the internal audit team and/or outsourced internal auditors (if any) to perform its duties;
- ii) Reviewed the adequacy of the scope, functions competency and resources, and that it has the necessary authority to carry out its work;
- iii) Reviewed and approved the internal audit plan and ensured that appropriate actions were taken to carry out the audits based on the approved plan;
- iv) Received and reviewed on a regular basis the Internal audit reports, findings and recommendations of the internal audit team and outsourced internal auditors and to ensure that appropriate actions had been taken to implement the audit recommendations;
- v) Assisted and ensured that the internal audit team and outsourced internal auditors had full, free and unrestricted access to all activities, records, property and personnel necessary to perform its duties; and
- vi) Reviewed any matters concerning the employment or appointment (and re-appointment) of the in-house and/or the outsourced internal auditors (as the case may be) and the reasons for resignation or termination of either party.

AUDIT
COMMITTEE REPORT
(CONT'D)

Summary of Activities of the Audit Committee (Cont'd)

(4) External Audit

- i) Reviewed the external auditors' audit plan, nature and scope of the audit plan, audit report, evaluation of internal controls and co-ordination of the external auditors;
- ii) Reviewed the annual performance assessment, including the suitability and independence of the external auditors and make recommendations to the Board, the appointment or re-appointment of the external auditors;
- iii) Assessed the suitability and independence of the external auditors.
- iv) Reviewed the external auditor's audit report, and significant matters and/or management representative letter highlighted by the external auditors and management's response to the management representative letter; and
- v) Reviewed the external auditors' findings arising from audits, particularly any comments and responses in audit recommendations as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken.

(5) Related Party Transactions / Conflict of Interest Situations

- i) Reviewed any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- ii) Reviewed the related party transactions in relation to the mandate approved by the shareholders.

(6) Audit Reports

- i) Prepared the annual Audit Committee report to the Board for inclusion in the Annual Report;
- ii) Reviewed the Corporate Governance Overview Statement on compliance with the MCCG for inclusion in the Annual Report; and
- iii) Reviewed the Statement on Risk Management and Internal Control of the Group for inclusion in the Annual Report.

How the Audit Committee Discharged and Met its Responsibilities During the Financial Year

i) Financial Reporting

The Audit Committee had reviewed the unaudited quarterly financial results and the annual audited financial statements of the Company and of the Group and made recommendations to the Board for approval and for announcement to Bursa Securities.

The Audit Committee also had reviewed the annual audited financial statements with the External Auditors and finance team to ensure that the financial statements give a true and fair view of the financial position and performance of the Group are in compliance with the relevant accounting standards, other legal requirements and to ensure compliance with the provisions of the Companies Act, 2016 and the MMLR.

AUDIT COMMITTEE REPORT (CONT'D)

How the Audit Committee Discharged and Met its Responsibilities During the Financial Year (Cont'd)

ii) External Auditors

During the financial year under review, the Audit Committee had met with the External Auditors without the presence of any Executive Director or management of the Company to review on the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries arising from the audit.

Significant matters requiring follow up were highlighted in the management representative letter by the External Auditors and enquired on the adequacy and effectiveness of remedial actions taken by management in resolving these issues.

The Audit Committee also had reviewed and evaluated the audit planning memorandum and audit review memorandum prepared and presented by the External Auditors. The proposed audit fees for the External Auditors in respect of their audit of the financial statements of the Company and its subsidiaries were analysed and reviewed by the Audit and Risk Management Committee for recommendation to the Board for approval.

The Audit Committee also evaluated the performance and independence of the External Auditors covering areas such as calibre, quality processes/performance, audit team, independence and objectivity, audit scope and planning, audit fees as well as the audit communications of the External Auditors.

The Audit Committee having been satisfied with the independence and performance of Messrs UHY, had recommended the re-appointment of Messrs UHY as External Auditors to the Board for consideration and tabled to the shareholders for approval at the forthcoming Annual General Meeting.

iii) Internal Audit

During the financial year under review, the Audit Committee had reviewed and evaluated the Internal Audit Reports ("IAR") pertaining to the internal control of the following areas of the Group prepared by the Internal Auditors of the Company :

- Enterprise Risk Management Framework for G-Cast Concrete Sdn. Bhd.;
- Production;
- Sales & Marketing;
- Financial Management & Accounting; and
- Inventory Management.

The IAR on audit findings, description, implication, recommendations to improve any weaknesses or non-compliance and the management action plan and comments thereto were tabled to the Audit Committee for their review and deliberations. The management was invited to attend the meetings as and when necessary to brief the Audit Committee on matters relating to their areas of responsibility.

Some weaknesses in internal control were identified for the year under review and measures have been or are being taken to address these weaknesses. The Internal Auditors monitored the implementation of management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

**AUDIT
COMMITTEE REPORT
(CONT'D)**

How the Audit Committee Discharged and Met its Responsibilities During the Financial Year (Cont'd)

iv) Enterprise Risk Management

During the financial year under review, the Audit Committee also assisted the Board to oversee the execution of the risk management framework. The Risk Management Committee has been entrusted by the Board to appraise and evaluate the effectiveness of the overall risk management and internal control system and report to the Audit Committee on weaknesses and significant risks which will affect the operations, industrial relations, financial position and compliance status of the Group.

The Risk Management Committee held three (3) meetings in the financial year ended 31 December 2020 and reviewed the findings consolidated and prioritised by the divisions and/ or departments on the risks evaluated under their purview, prior to reporting to the Audit Committee for further deliberation.

In addition to reviewing the top risks, the Risk Management Committee also maintained oversight of second-tier risks to ensure overall adequacy and effectiveness of risk mitigation plans and controls. Major incidents, if any, were reported to the Audit Committee to facilitate the review of the effectiveness of crisis management and the adequacy of mitigating measures taken by the Group to address the underlying risks.

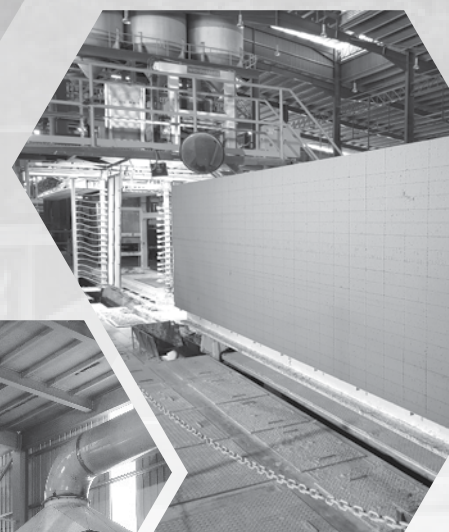
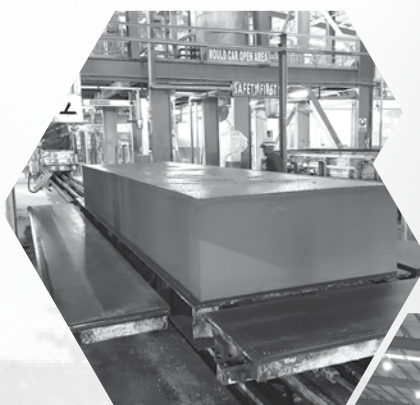
With the reporting and update by the Risk Management Committee on key risk management issues and summary of activities undertaken during the financial year under review, the Audit Committee reviewed the key corporate risk profiles, risk assessment of core business processes, operational risks and mitigation measures as well as the process for identifying, evaluating, and managing risk through the risk management framework as to ensure that the risk management process and culture are embedded throughout the Group.

v) Related Party Transactions

The related party transactions including recurrent related party transactions of a revenue and entered into by the Group were reviewed by the Audit Committee to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions to monitor compliance with the MMLR and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net profit for the financial year	16,904,545	28,545,676
Attributable to:		
Owners of the Parent	21,259,269	28,545,676
Non-controlling interests	(4,354,724)	-
	16,904,545	28,545,676

RESERVES AND PROVISIONS

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

DIVIDENDS

The dividends on ordinary shares paid by the Company since 31 December 2019 were as follows:

	RM
In respect of the financial year ended 31 December 2020:	
A first interim single tier dividend of RM0.01 per ordinary share paid on 14 October 2020	5,563,880

Subsequent to the financial year end, on 26 February 2021, the Directors declared a second interim dividend of RM0.01 per ordinary share, with the total amounting to RM5,563,880 in respect of the current financial year. This is computed based on 556,388,000 ordinary shares as at 31 December 2020, paid and distributed to shareholders whose names appear in the Record of Depositors at the close of business on 23 March 2021. The financial statements for the current financial year do not reflect these dividends. Upon declaration, this dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2021.

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

**DIRECTORS'
REPORT
(CONT'D)****ISSUE OF SHARES AND DEBENTURES**

There was no issuance of shares or debentures during the financial year.

TREASURY SHARES

During the financial year, the Company repurchased 7,760,000 ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.02 per share. The total consideration paid for the repurchase, including transaction costs, was RM7,892,314. The repurchased transactions were financed by internal generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

During the financial year, the Company disposed of its entire treasury shares of 14,080,000 shares for a total consideration of RM19,416,248 (after deducting transaction costs) in the open market at an average price of RM1.38 per share.

Further relevant details are disclosed in Note 18 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors in office during the financial year until the date of this report are:

Chiau Haw Choon*	
Datuk Cheng Lai Hock	
Datuk Seri Chiau Beng Teik, JP*	
Lee Hai Peng*	
Yeoh Chin Hoe	
Shelly Chiau Yee Wern, alternate director to Datuk Seri Chiau Beng Teik, JP	
Mohd Yusri Bin Md Yusof	(appointed on 1.10.2020)
Datuk Seri Dr Nik Norzrul Thani Bin Nik Hassan Thani	(resigned on 1.10.2020)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year until the date of this report are:

Benedict Lee Yee Kuan	
Datin Seri Wong Mee Leng	
Ng Wai Luen	
Tan Cheak Joo	
Woo Jing Kun, Freeman	
Yeoh Meng Hooi	
Lau See Hua	
Poh Way Chard	
Margaret Voon Lee Ching, alternate director to Lau See Hua	
Chiau Haw Yew	(appointed on 1.11.2020)
Khor Ken Yeon	(appointed on 8.2.2021)
Wong Wei Sheng	(appointed on 1.9.2020, resigned on 12.4.2021)
Se Kok Weng	(resigned on 21.1.2021)

* Director of the Company and its subsidiary companies

DIRECTORS' REPORT (CONT'D)

DIRECTORS (CONT'D)

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2020
	At 01.01.2020	Bought	Sold	
Interests in the Company				
Direct Interests				
Chiau Haw Choon	10,750,000	5,820,700	–	16,570,700
Datuk Cheng Lai Hock	100,000	–	–	100,000
Datuk Seri Chiau Beng Teik, JP	123,831,100	51,168,900	(8,286,700)	166,713,300
Lee Hai Peng	2,374,000	2,354,000	(3,354,000)	1,374,000
Yeoh Chin Hoe	100,000	–	–	100,000
Datuk Seri Dr Nik Norzrul Thani Bin Nik Hassan Thani	100,000	–	(100,000)	–
Indirect Interests				
Chiau Haw Choon*	213,432,800	5,774,300	–	219,207,100
Datuk Seri Chiau Beng Teik, JP*	213,432,800	5,774,300	–	219,207,100

* *Deemed interest pursuant to Section 8 of the Companies Act 2016 ("the Act") by virtue of their substantial shareholdings in Divine Inventions Sdn. Bhd.*

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors and shown in Note 34(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 34(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

INDEMNITY AND INSURANCE COSTS

During the financial year, certain Directors and officers of the Group are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, certain Directors and officers of the Group subject to the terms of the policy. The total amount of indemnity coverage and premium paid for the Directors' and Officers' Liability Insurance by the Group was RM10,000,000 and RM18,537 respectively.

There was no indemnity given to or insurance effected for auditors of the Group in accordance with Section 289 of the Companies Act 2016.

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
 - (iv) 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.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

**DIRECTORS'
REPORT
(CONT'D)**

OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except as disclosed in the notes to the financial statements; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely 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.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS

The details of the significant events during the financial year and subsequent events are disclosed in Note 40 to the financial statements.

AUDITORS

The Auditors, Messrs. UHY, have expressed their willingness to continue in office.

The details of the auditors' remuneration are set out in Note 28 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2021.

DATUK SERI CHIAU BENG TEIK, JP

CHIAU HAW CHOON

KUALA LUMPUR

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 130 to 238 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 23 April 2021.

DATUK SERI CHIAU BENG TEIK, JP

CHIAU HAW CHOON

KUALA LUMPUR

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, LEE HAI PENG (MIA Membership No: CA 8876), being the Director primarily responsible for the financial management of Chin Hin Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 130 to 238 are 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 Kuala Lumpur in the Federal)
Territory on 23 April 2021)

LEE HAI PENG

Before me,

**COMMISSIONER FOR OATHS
ZAINUL ABIDIN BIN AHMAD
No. W790**

INDEPENDENT AUDITORS' REPORT

To The Members Of Chin Hin Group Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Chin Hin Group Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 130 to 238.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<p>Impairment on Trade Receivables</p> <p>The Group's trade receivables amounting to RM368 million, representing approximately 67% of the Group's total current assets as at 31 December 2020.</p> <p>Given the material credit exposure in its portfolio of trade receivables, the assessment of impairment which involves significant estimation, subjective assumptions and application of significant judgements could result in material changes to the financial statements of the Group.</p> <p>The Group has its internal credit control department which reviews and monitors the payment pattern of their customers. The Board of Directors of the Group is of the opinion that the trade receivable turnover days of approximately 139 days as at 31 December 2020 is within its industry's norm.</p>	<p>We have reviewed the Group's trade receivables to determine whether are there any indication of impairment. Our impairment review is focused towards trade receivables which are overdue but not impaired as at 31 December 2020.</p> <p>We reviewed the Group's policy on management of credit risk and its credit exposures.</p> <p>We assessed the reasonableness of the methods and assumptions used by the management in estimating the recoverable amount and impairment loss both specific and expected credit loss. We also tested the accuracy and completeness of the data used by the management.</p> <p>We develop our understanding on trade receivables which poses a high risk of default through reviewing the trade receivables ageing analysis, discussion with the Group's internal credit control department and validating to legal reports by solicitors for cases where the Group has commenced legal actions.</p> <p>We reviewed the adequacy of the impairment loss and enquired the management regarding the recoverability of a sample of trade receivables that are individually significant and group of receivables with similar credit risk characteristics. We examined the repayment patterns, review any settlement agreement and obtained evidence of cash receipts where these has been received.</p> <p>We considered the adequacy of disclosure made in accordance with MFRS 9 <i>Financial Instruments</i>.</p>

**I N D E P E N D E N T
A U D I T O R S ' R E P O R T
(C O N T ' D)**

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<p>Inventories - Net Realisable Value</p> <p>The Group's inventories amounting to RM96 million, representing approximately 17% of the Group's total current assets as at 31 December 2020.</p> <p>Inventories are measured at the lower of cost and net realisable value. The Group estimates the realisable value of inventories based on an assessment of expected sales prices. Details of inventories are disclosed in Note 11.</p> <p>The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets.</p>	<p>We compared on a test basis, the unit price used in the final inventory listing summary to current price lists, recent sales invoices, or recent vendor invoices.</p> <p>For finished goods manufactured by the company, we compared, on a test basis, inventory carrying amounts and recent selling prices or sales invoices; estimated cost to complete for work-in-process items and estimated costs necessary to make the sale; and ascertained that such carrying amounts are not in excess of net realisable value.</p> <p>We compared the inventory turnover ratio and gross profit percentage of the current period to prior periods.</p>

Information Other Than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

INDEPENDENT
AUDITORS' REPORT
(CONT'D)

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

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

Report on Other Legal and Regulatory Requirements

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY

Firm Number: AF 1411
Chartered Accountants

CHONG YEW HONG

Approved Number: 03532/10/2022 J
Chartered Accountant

KUALA LUMPUR
23 April 2021

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	421,104,142	462,352,786	829,950	1,247,241
Investment properties	5	27,760,000	25,180,000	–	–
Goodwill on consolidation	6	34,671,624	39,048,311	–	–
Investment in subsidiary companies	7	–	–	386,788,160	305,388,162
Investment in associates	8	37,270,689	38,315,335	20,037,796	24,750,000
Other investments	9	24,384	25,320	–	–
		520,830,839	564,921,752	407,655,906	331,385,403
Current Assets					
Contract assets	10	1,634,170	3,337,269	–	–
Inventories	11	95,854,268	104,900,739	–	–
Trade receivables	12	367,757,131	355,710,585	–	–
Other receivables	13	17,196,534	26,473,734	1,629,998	2,771,750
Net investment in lease	14	69,406	78,156	–	–
Amount due from subsidiary companies	15	–	–	88,101,290	146,685,946
Tax recoverable		5,519,593	4,729,984	–	–
Fixed deposits with licensed banks	16	21,041	20,448	–	–
Cash and bank balances		51,249,287	55,927,865	3,152,359	5,616,167
		539,301,430	551,178,780	92,883,647	155,073,863
Assets held for sale	17	11,450,000	54,535,500	–	–
		550,751,430	605,714,280	92,883,647	155,073,863
Total Assets		1,071,582,269	1,170,636,032	500,539,553	486,459,266

**STATEMENTS OF
FINANCIAL POSITION
(CONT'D)**

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
EQUITY					
Share capital	18	325,795,595	325,795,595	325,795,595	325,795,595
Treasury shares	18	–	(4,991,708)	–	(4,991,708)
Reserves	19	124,339,280	102,113,004	37,548,479	8,034,457
<hr/>					
Equity attributable to owners of the parent		450,134,875	422,916,891	363,344,074	328,838,344
Non-controlling interests		(4,846,339)	(795,366)	–	–
<hr/>					
Total Equity		445,288,536	422,121,525	363,344,074	328,838,344
<hr/>					
LIABILITIES					
Non-Current Liabilities					
Amount due to a subsidiary company	15	–	–	82,968,098	82,968,098
Lease liabilities	20	3,203,742	2,358,093	–	70,653
Bank borrowings	21	67,042,739	79,320,574	–	–
Deferred tax liabilities	22	13,571,319	11,360,034	51,662	63,637
<hr/>					
		83,817,800	93,038,701	83,019,760	83,102,388
<hr/>					
Current Liabilities					
Trade payables	23	135,900,063	140,955,703	–	–
Other payables	24	56,236,242	60,615,015	508,305	5,528,271
Amount due to Directors	25	770,033	15,854,652	–	15,550,256
Amount due to a subsidiary company	15	–	–	53,536,808	53,320,427
Lease liabilities	20	1,906,510	3,071,979	70,653	104,180
Bank borrowings	21	346,991,286	434,432,822	–	–
Tax payable		671,799	545,635	59,953	15,400
<hr/>					
		542,475,933	655,475,806	54,175,719	74,518,534
<hr/>					
Total Liabilities		626,293,733	748,514,507	137,195,479	157,620,922
<hr/>					
Total Equity and Liabilities		1,071,582,269	1,170,636,032	500,539,553	486,459,266

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	26	968,760,579	1,056,458,143	7,190,280	17,259,000
Cost of sales		(894,666,761)	(956,380,892)	–	–
Gross profit		74,093,818	100,077,251	7,190,280	17,259,000
Other income		14,822,067	8,614,191	–	–
Gain on disposal of associates		27,787,796	–	27,787,796	–
Fair value adjustment on investment properties		(50,550)	650,000	–	–
Impairment loss on goodwill on consolidation		(4,376,687)	–	–	–
Distribution expenses		(11,447,328)	(10,632,205)	–	–
Administrative expenses		(49,395,647)	(48,159,860)	(6,153,109)	(5,412,781)
Other expenses		(4,560,901)	(4,365,250)	–	–
Net loss on impairment of financial instruments	28	(8,062,807)	(6,049,758)	–	–
Finance costs	27	(18,067,634)	(24,682,236)	(3,821)	(403,474)
Share of results of associates		4,365,556	7,471,031	–	–
Profit before taxation	28	25,107,683	22,923,164	28,821,146	11,442,745
Taxation	29	(8,203,138)	(7,620,728)	(275,470)	(192,206)
Profit for the financial year		16,904,545	15,302,436	28,545,676	11,250,539

**STATEMENTS OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
(CONT'D)**

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Other comprehensive income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Revaluation surplus		-	823	-	-
<i>Item that is or may be reclassified subsequently to profit or loss</i>					
Exchange translation differences for foreign operations		(1,339)	16,922	-	-
Other comprehensive (loss)/ income for the financial year, net of tax		(1,339)	17,745	-	-
Total comprehensive income for the financial year		16,903,206	15,320,181	28,545,676	11,250,539
Profit for the financial year attributable to:					
Owners of the parent		21,259,269	18,049,802	28,545,676	11,250,539
Non-controlling interests		(4,354,724)	(2,747,366)	-	-
		16,904,545	15,302,436	28,545,676	11,250,539
Total comprehensive income attributable to:					
Owners of the parent		21,257,930	18,067,547	28,545,676	11,250,539
Non-controlling interests		(4,354,724)	(2,747,366)	-	-
		16,903,206	15,320,181	28,545,676	11,250,539
Earnings per share					
Basic and diluted earnings per share (sen)	30	4	3		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2020

Group	Note	Attributable to owners of the parent									
		Non-distributable					Distributable				
		Share Capital RM	Treasury Shares RM	Currency Translation Reserve RM	Merger Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM	Non-Controlling Interests RM	Total Equity RM	
At 1 January 2020		325,795,595	(4,991,708)	251,234	(153,191,580)	16,368,496	238,684,854	422,916,891	(795,366)	422,121,525	
Net profit for the financial year		-	-	-	-	-	21,259,269	21,259,269	(4,354,724)	16,904,545	
Other comprehensive income		-	-	(1,339)	-	-	-	(1,339)	-	(1,339)	
Total comprehensive income		-	-	(1,339)	-	-	21,259,269	21,257,930	(4,354,724)	16,903,206	
Realisation of revaluation reserve upon disposal of properties		-	-	-	-	(6,199,284)	6,199,284	-	-	-	
Realisation of reserves upon disposal of a subsidiary company		-	-	-	5,800,296	(755,775)	(5,044,521)	-	-	-	
Transaction with owners:											
Share repurchased	18	-	(7,892,314)	-	-	-	-	(7,892,314)	-	(7,892,314)	
Disposal of treasury shares	18	-	12,884,022	-	-	-	6,532,226	19,416,248	-	19,416,248	
Dividends to owners of the Company	31	-	-	-	-	-	(5,563,880)	(5,563,880)	-	(5,563,880)	
Capital contribution by non-controlling interests		-	-	-	-	-	-	-	303,751	303,751	
Total transactions with owners		-	4,991,708	-	-	-	968,346	5,960,054	303,751	6,263,805	
At 31 December 2020		325,795,595	-	249,895	(147,391,284)	9,413,437	262,067,232	450,134,875	(4,846,339)	445,288,536	

STATEMENTS OF
CHANGES IN EQUITY
(CONT'D)

Group	Note	Attributable to owners of the parent									
		Non-distributable					Distributable				
		Share Capital RM	Treasury Shares RM	Foreign Currency Translation Reserve RM	Merger Reserve RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM	Non- Controlling Interests RM	Total Equity RM	
At 1 January 2019		325,795,595	(4,991,708)	234,312	(153,191,580)	16,367,673	231,646,257	415,860,549	1,952,000	417,812,549	
Effect of adoption of MFRS 16		-	-	-	-	(44,445)	(44,445)	(44,445)	-	(44,445)	
At 1 January 2019, restated		325,795,595	(4,991,708)	234,312	(153,191,580)	16,367,673	231,601,812	415,816,104	1,952,000	417,768,104	
Net profit for the financial year		-	-	-	-	-	18,049,802	18,049,802	(2,747,366)	15,302,436	
Other comprehensive income		-	-	16,922	-	823	-	17,745	-	17,745	
Total comprehensive income		-	-	16,922	-	823	18,049,802	18,067,547	(2,747,366)	15,320,181	
Transactions with owners:											
Dividends to owners of the Company	31	-	-	-	-	-	(10,966,760)	(10,966,760)	-	(10,966,760)	
Total transactions with owners		-	-	-	-	-	(10,966,760)	(10,966,760)	-	(10,966,760)	
At 31 December 2019		325,795,595	(4,991,708)	251,234	(153,191,580)	16,368,496	238,684,854	422,916,891	(795,366)	422,121,525	

**STATEMENTS OF
CHANGES IN EQUITY
(CONT'D)**

	Note	Non-distributable		Distributable	Total Equity RM
		Share Capital RM	Treasury share RM	Retained Earnings RM	
Company					
At 1 January 2020		325,795,595	(4,991,708)	8,034,457	328,838,344
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	28,545,676	28,545,676
Transactions with owners:					
Share repurchased	18	-	(7,892,314)	-	(7,892,314)
Disposal of treasury shares	18	-	12,884,022	6,532,226	19,416,248
Dividends to owners of the Company	31	-	-	(5,563,880)	(5,563,880)
Total transactions with owners		-	4,991,708	968,346	5,960,054
At 31 December 2020		325,795,595	-	37,548,479	363,344,074
At 1 January 2019		325,795,595	(4,991,708)	7,751,707	328,555,594
Effect of adoption of MFRS 16		-	-	(1,029)	(1,029)
At 1 January 2019, as restated		325,795,595	(4,991,708)	7,750,678	328,554,565
Net profit for the financial year, representing total comprehensive income for the financial year		-	-	11,250,539	11,250,539
Transactions with owners:					
Dividends to owners of the Company	31	-	-	(10,966,760)	(10,966,760)
Total transactions with owners		-	-	(10,966,760)	(10,966,760)
At 31 December 2019		325,795,595	(4,991,708)	8,034,457	328,838,344

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash Flows From Operating Activities				
Profit before taxation	25,107,683	22,923,164	28,821,146	11,442,745
Adjustments for:				
Amortisation of other investments	936	936	-	-
Bad debts written off - Trade	1,019,139	584,004	-	-
Deposits written off	41,850	-	-	-
Depreciation of property, plant and equipment	34,306,794	30,613,519	462,800	441,539
Dividend income	-	-	(1,063,080)	(11,500,000)
Fair value adjustment on investment properties	50,550	(650,000)	-	-
(Gain)/Loss on disposal of:				
- A subsidiary company	(3,855,466)	-	-	-
- Investment in associates	(27,787,796)	-	(27,787,796)	-
- Investment properties	-	(610,000)	-	-
- Property, plant and equipment	(156,903)	9,547	-	-
- Assets held for sale	(1,544,500)	(780,000)	-	-
Impairment loss on:				
- Goodwill on consolidation	4,376,687	-	-	-
- Trade receivables	13,639,940	7,036,195	-	-
- Other receivables	42,840	464,777	-	-
Interest expenses	18,067,634	24,682,236	3,821	403,474
Interest income	(2,927,088)	(1,251,996)	-	-
Inventories written down	-	170,000	-	-
Inventories written off	1,692,660	117,292	-	-
Gain on modification of lease contract	(70,368)	-	-	-
Property, plant and equipment written off	400,527	-	-	-
Reversal of impairment loss on trade receivables	(5,619,973)	(1,451,214)	-	-
Share of results of associates	(4,365,556)	(7,471,031)	-	-
Unrealised loss on foreign exchange	69,885	88,747	-	-
Operating profit before working capital changes	52,489,475	74,476,176	436,891	787,758

**STATEMENTS OF
CASH FLOWS
(CONT'D)**

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Changes in working capital:					
Inventories		7,353,811	(16,718,707)	–	–
Trade receivables		(21,170,537)	(23,960,002)	–	–
Other receivables		9,140,666	15,208,125	2,204,832	3,156,706
Net investment in lease		8,750	248,327	–	–
Trade payables		(5,055,640)	4,939,747	–	–
Other payables		6,420,718	1,771,896	446,114	(204,688)
Contract assets/liabilities		1,703,099	(9,859,296)	–	–
Subsidiary companies		–	–	(4,033,180)	(981,000)
		(1,599,133)	(28,369,910)	(1,382,234)	1,971,018
Cash generated from/(used in) operations					
		50,890,342	46,106,266	(945,343)	2,758,776
Interest paid		(18,067,634)	(24,682,236)	(3,821)	(403,474)
Interest received		2,927,088	1,251,996	–	–
Tax paid		(3,823,060)	(8,784,937)	(242,892)	(162,761)
Tax refund		–	3,106,380	–	–
Real property gain tax paid		(1,972,499)	(1,580,173)	–	–
		(20,936,105)	(30,688,970)	(246,713)	(566,235)
Net cash from/(used in) operating activities					
		29,954,237	15,417,296	(1,192,056)	2,192,541
Cash Flows From Investing Activities					
Advance to subsidiary companies		–	–	62,617,836	27,757,393
Additional investment in subsidiary companies		–	–	(81,399,998)	(20,000,000)
Dividends received		–	–	–	11,500,000
Capital contribution by non-controlling interests		303,751	–	–	–
Purchase of property, plant and equipment	4(v)	(12,498,593)	(45,814,824)	(45,509)	(103,229)
Purchase of investment properties		(2,630,550)	(520,000)	–	–
Proceeds from disposal of an associate, net of cash disposed		32,500,000	150,000	32,500,000	–
Proceeds from disposal of a subsidiary company, net of cash disposed	7(c)	20,437,181	–	–	–
Proceeds from disposal of investment properties		–	20,050,000	–	–
Proceeds from disposal of assets held for sale		44,630,000	21,220,000	–	–
Proceeds from disposal of property, plant and equipment		1,163,160	510,900	–	–
Net cash from/(used in) investing activities					
		83,904,949	(4,403,924)	13,672,329	19,154,164

**STATEMENTS OF
CASH FLOWS
(CONT'D)**

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Cash Flows From Financing Activities					
Dividend paid		(11,029,960)	(13,751,700)	(11,029,960)	(13,751,700)
Drawdown of term loans		–	10,134,000	–	–
Net changes on banker acceptance, trust receipt and revolving credits		(86,065,642)	20,837,366	–	–
Increase in fixed deposits pledged		(593)	(1,255)	–	–
Advance from/(Repayment to) subsidiary companies		–	–	216,381	(25,921,878)
(Repayment to)/Advance from Directors		(15,084,619)	15,850,002	(15,550,256)	15,550,256
Payment of lease liabilities		(4,225,816)	(3,168,645)	(104,180)	(89,393)
Repayment of term loans		(12,799,346)	(17,086,837)	–	–
Proceeds from disposal of treasury shares		19,416,248	–	19,416,248	–
Purchase of treasury shares		(7,892,314)	–	(7,892,314)	–
Net cash (used in)/from financing activities		(117,682,042)	12,812,931	(14,944,081)	(24,212,715)
Net (decrease)/increase in cash and cash equivalents		(3,822,856)	23,826,303	(2,463,808)	(2,866,010)
Cash and cash equivalents at the beginning of the financial year		53,547,107	29,787,252	5,616,167	8,482,177
Effect of exchange translation differences on cash and cash equivalents		(1,339)	(66,448)	–	–
Cash and cash equivalents at the end of the financial year		49,722,912	53,547,107	3,152,359	5,616,167
Cash and cash equivalents at the end of the financial year comprises:					
Cash and bank balances		51,249,287	55,927,865	3,152,359	5,616,167
Bank overdrafts	21	(1,526,375)	(2,380,758)	–	–
Fixed deposits with licensed banks	16	21,041	20,448	–	–
		49,743,953	53,567,555	3,152,359	5,616,167
Less: Fixed deposits pledged with licensed banks	16	(21,041)	(20,448)	–	–
		49,722,912	53,547,107	3,152,359	5,616,167

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at No. A-1-9, Wisma Chin Hin, Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur.

The registered office of the Company was located at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur. With effect from 27 January 2021, the Company's registered office has been changed to Level 5, Block B, Dataran PHB, Saujana Resort, Section U2, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company consist of the provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9

The adoption of the new MFRSs, new interpretation and amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

		Effective dates for financial period beginning on or after
Amendments to MFRS 16	Covid-19 – Related Rent Concessions	1 June 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 16	Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	References to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contract – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumption

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations.

The Group recognises revenue over time in the following circumstances:

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

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumption (Cont'd)

Judgements (Cont'd)

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives / depreciation of property, plant and equipment and right-of-use ("ROU") asset

The Group regularly reviews the estimated useful lives of property, plant and equipment and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment and ROU assets. The carrying amounts at the reporting date for property, plant and equipment and ROU assets are disclosed in Note 4.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 6.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumption (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Determination of transaction prices

The Group is required to determine the transaction price in respect of each of its contracts with customers. In making such judgement the Group assesses the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods or services are based on invoiced values or retail price. Discounts are not considered as they are not only given in rare circumstances.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 10.

Provision for expected credit loss of financial assets at amortised cost

The Group review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates, at the end of each reporting period.

The carrying amounts of the Group's and the Company's loan and receivables are disclosed in Note 12, 13, 14 and 15 respectively.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 22.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumption (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2020, the Group and the Company have tax recoverable of RM5,519,593 and Nil (2019: RM4,729,984 and Nil) respectively and tax payable of RM671,799 and RM59,953 (2019: RM545,635 and RM15,400) respectively.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiary companies are consolidated using the acquisition method of accounting except for the business combination which was accounted for under the merger method of accounting as the business combination of these subsidiary companies involved an entity under common control.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(i) Subsidiary companies (Cont'd)

Under the merger method of accounting, the results of subsidiary companies are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Under the acquisition method of accounting, subsidiary companies are fully consolidated from the date on which control is transferred to the Group and de-consolidated from the date that control ceased. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instrument* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary company

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets.

(b) Investment in associates

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

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investment in associates (Cont'd)

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are either stated at cost less accumulated impairment losses or equity method. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets.

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation (Cont'd)

(i) Foreign currency transactions and balances (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss. On disposal of a revalued asset, the amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of buildings is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Capital work-in-progress consists of buildings, plant and machinery and computer software and equipment under construction/installation. The amount is stated at cost and includes capitalisation of interest incurred on borrowings related to property, plant and equipment under installation until the property, plant and equipment are ready for their intended use.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost or valuation of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	2%
Computer equipment and softwares	10% - 34%
Cabins	10%
Cranes	10%
Electrical installation	10%
Fire protection and security system	10%
Furniture and fittings	6.7% - 25%
Motor vehicles	10% - 34%
Moulds	10%
Office equipment	10% - 40%
Plant and machineries	4.79% - 20%
Signboards	6.7% - 10%
Skid tanks	10%
Tools and equipment	4.76% - 34%
Factory equipment	20%
Renovation	10% - 20%
Batching plant	10% - 33%

The residual values, useful lives and depreciation method are reviewed at each reporting period end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

Leasehold land and buildings

The above accounting policies for property, plant and equipment applies to leasehold land and buildings until 31 December 2018. The leasehold land and buildings was depreciated over the remaining lease period.

Following the adoption of MFRS 16 Leases on 1 January 2019, the Group and the Company have reclassified the carrying amount of the leasehold land and buildings to ROU assets. The policy of recognition and measurement of the right-of-use assets is in accordance with Note 3(e).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases

(i) As lessee

The Group and the Company recognise a ROU asset and a lease liability at the lease commencement date. The ROU asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Buildings	2%, or over the lease term, if shorter
Leasehold land	Over the remaining lease period
Plant and machinery	4.79% - 20%
Motor vehicles	10% - 34%

The ROU assets are subject to impairment.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (Cont'd)

(ii) As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured initially at cost, including transaction costs. Subsequently, investment properties are measured at fair value which reflects market conditions at the reporting date. Gains and losses arising from changes in the fair values of investment properties are in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are valued by independent professionally qualified valuers, having appropriate recognised professional qualifications and recent experience in the locations and segments of the investment properties valued. The management team reviewed and discussed the valuations, including valuation processes, performed by the independent valuers for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment properties (Cont'd)

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the reporting period of retirement or disposal.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(g) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables and lease receivables, amount due from subsidiary companies, fixed deposits with licensed banks and cash and bank balances.

(i) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) Fair value through other comprehensive income

The Group and the Company have not designated any financial assets as FVOCI.

(ii) Financial assets at fair value through profit or loss

The Group and the Company have not designated any financial assets at FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Financial assets (Cont'd)

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. The costs of inventories are determined principally by the following methods:

- | | | |
|------|---------------------------------------------------------------------------------------|--------------------------|
| (i) | Inventories of fire door and related accessories and products | First-in-first out basis |
| (ii) | Inventories of cement, precast concrete, autoclaved aerated concrete (AAC) and others | Weighted average basis |

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories (Cont'd)

The cost of raw materials, consumable and engineering stocks and trading inventories represents cost of purchase and other costs incurred in bringing it to their present location and condition. Cost of finished goods and work-in-progress consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(m) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, contract assets, assets held for sale and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Impairment of assets (Cont'd)

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(p) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity as treasury shares until the shares are cancelled, reissued or disposed of. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is deducted against the retained earnings of the Company.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration, net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(s) Revenue recognition

(i) Revenue from contract with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue recognition (Cont'd)

(i) Revenue from contract with customers (Cont'd)

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the proportion of contract costs incurred for the work performed up to the end of the reporting period as a percentage of the estimated total costs of the construction contracts.

(b) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(c) Rendering of services

Revenue from services rendered is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest Income

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

(iv) Management fee

Management fee is recognised on accrual basis when services are rendered.

(v) Dividend income

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

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(u) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period, except for investment properties carried at fair value model. Where investment properties measured using fair value model, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying amounts at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(w) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(x) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment are not depreciated once classified as held for sale.

(y) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT

	At Valuation/At Cost							At 31 December RM
	At 1 January RM	Additions RM	Disposals RM	Disposal of a subsidiary company RM	Reclassification RM	Written off RM		
Group								
2020								
<i>Other property, plant and equipment</i>								
At Valuation								
Freehold buildings	74,519,708	785,217	-	(23,028,030)	954,636	-	-	53,231,531
At Cost								
Freehold land	26,147,747	-	-	-	-	-	-	26,147,747
Computer equipment and softwares	2,851,314	215,817	(12,957)	(4,228)	16,099	-	-	3,066,045
Cabins	381,580	9,650	-	-	-	-	-	391,230
Cranes	460,000	-	-	(460,000)	-	-	-	-
Electrical installation	9,907,610	28,635	-	-	-	-	-	9,936,245
Fire protection and security system	172,803	-	-	-	-	-	-	18,318
Furniture and fittings	3,097,116	30,744	-	(154,485)	-	(110,019)	-	3,007,437
Motor vehicles	40,220,461	896,052	(3,687,305)	(10,404)	-	-	-	37,429,208
Moulds	24,085,856	2,424,236	-	-	-	-	-	26,510,092
Office equipment	6,924,639	323,110	(5,340)	(96,331)	6,542	(364,676)	-	6,847,944
	188,768,834	4,713,461	(3,705,602)	(23,693,478)	977,277	(474,695)		166,585,797

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Valuation/At Cost							At 31 December RM
	At 1 January RM	Additions RM	Disposals RM	Disposal of a subsidiary company RM	Reclassification RM	Written off RM		
Group								
2020								
<i>Other property, plant and equipment</i> (Cont'd)								
At Cost (Cont'd)								
Plant and machineries	207,937,783	790,730	(612,693)	-	267,297	-	208,383,117	
Signboards	126,850	-	-	-	-	(9,230)	117,620	
Skid tanks	9,600	-	-	-	-	-	9,600	
Tool and equipment	2,924,981	-	(16,630)	-	-	-	2,908,351	
Factory equipment	29,994,779	1,536,330	(154,833)	-	-	(7,900)	31,368,376	
Renovation	6,495,508	69,487	-	-	-	(104,604)	6,460,391	
Batching plant	2,215,742	367,235	(212,477)	-	-	(516,049)	1,854,451	
Capital - Work in progress (WIP)	72,025,898	3,781,255	(48,748)	-	(1,266,118)	-	74,492,287	
Right-of-Use Assets								
At Valuation								
Leasehold buildings	35,512,144	364,178	-	-	(2,256)	-	35,874,066	
	357,243,285	6,909,215	(1,045,381)	-	(1,001,077)	(637,783)	361,468,259	

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Valuation/At Cost							At 31 December RM
	At 1 January RM	Additions RM	Disposals RM	Lease modification RM	Disposal of a subsidiary company RM	Reclassification RM	Written off RM	
Group								
2020								
Right-of-Use Assets (Cont'd)								
At Cost								
Leasehold land	27,878,057	-	-	-	-	-	-	27,878,057
Motor vehicles	1,386,097	909,735	-	-	-	-	-	2,295,832
Plant and machineries	964,000	-	-	-	-	-	-	964,000
Lease of land	2,111,142	3,685,286	-	(620,023)	-	-	-	5,176,405
Lease of shophouse and building	323,372	46,532	-	(276,840)	-	-	-	93,064
Lease of plant and machinery	111,305	-	-	-	-	-	-	111,305
Lease of hostel	151,845	77,942	-	(90,737)	-	-	-	139,050
Lease of factory equipment	913,006	111,461	-	-	-	23,800	-	1,048,267
Lease of warehouse, office and factory	4,807,883	330,897	-	-	-	-	-	5,138,780
	584,658,826	16,784,529	(4,750,983)	(987,600)	(23,693,478)	-	(1,112,478)	570,898,816

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1 January RM	Charge for the financial year RM	Accumulated depreciation				Accumulated impairment loss		Carrying amount At 31 December RM
			Disposals RM	Disposal of a subsidiary company RM	Reclassification RM	Written off RM	At 1 January/ December RM	At 31 December RM	
Group									
2020									
Other property, plant and equipment									
At Valuation									
Freehold buildings	2,005,820	1,062,919	-	(1,066,553)	-	-	-	-	51,229,345
At Cost									
Freehold land	-	-	-	-	-	-	-	-	26,147,747
Computer equipment and softwares	1,975,046	352,909	(2,242)	(4,227)	-	-	-	-	744,559
Cabins	97,164	31,566	-	-	-	-	-	-	262,500
Cranes	381,300	42,166	-	(423,466)	-	-	-	-	-
Electrical installation	3,122,888	988,322	-	-	-	-	-	-	5,825,035
Fire protection and security system	132,607	16,115	-	(140,423)	-	-	-	-	10,019
Furniture and fittings	1,717,025	271,847	-	(10,405)	-	(77,503)	-	-	1,106,473
Motor vehicles	29,136,730	3,391,294	(3,370,664)	-	-	-	-	-	8,271,908
Moulds	6,002,015	2,510,437	-	-	-	-	-	-	17,997,640
Office equipment	4,830,160	635,210	(5,337)	(33,373)	-	(282,193)	-	-	1,703,477
	49,400,755	9,302,725	(3,378,243)	(1,678,447)	-	(359,696)	-	-	113,298,703

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1 January RM	Charge for the financial year RM	Accumulated depreciation				Accumulated impairment loss		Carrying amount At 31 December RM
			Disposals RM	Disposal of a subsidiary company RM	Reclassification RM	Written off RM	At 1 January/ December RM	At 31 December RM	
Group									
2020									
<i>Other property, plant and equipment</i> (Cont'd)									
At Cost (Cont'd)									
Plant and machineries	44,445,020	11,741,892	(261,367)	-	105	-	-	55,925,650	152,457,467
Signboards	74,373	10,994	-	-	-	(8,614)	-	76,753	40,867
Skid tanks	9,599	-	-	-	-	-	-	9,599	1
Tool and equipment	2,209,328	642,499	(7,137)	-	-	-	-	2,844,690	63,661
Factory equipment	12,796,884	5,408,083	(53,479)	-	-	(3,028)	-	18,148,460	13,219,916
Renovation	4,560,816	425,899	-	-	-	(70,343)	-	4,916,372	1,544,019
Batching plant	148,296	725,788	(44,500)	-	-	(270,270)	-	559,314	1,295,137
Capital - Work in progress (WIP)	-	-	-	-	-	-	-	-	74,492,287
Right-of-Use Assets									
At Valuation									
Leasehold buildings	1,407,070	727,027	-	(5,008)	(105)	-	1,148,488	2,128,984	32,596,594
	65,651,386	19,682,182	(366,483)	(5,008)	-	(352,255)	1,148,488	84,609,822	275,709,949

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group 2020	At 1 January RM	Charge for the financial year RM	Accumulated depreciation				Disposal of a subsidiary company RM	Written off RM	At 31 December RM	Accumulated impairment loss At 1 January/ December RM	Carrying amount At 31 December RM
			Disposals RM	Lease modification RM							
At Cost											
Leasehold land	983,310	325,121	-	-	-	-	-	1,308,431	-	26,569,626	
Motor vehicles	791,568	433,047	-	-	-	-	-	1,224,615	-	1,071,217	
Plant and machineries	12,050	48,200	-	-	-	-	-	60,250	-	903,750	
Lease of land	1,453,328	1,800,205	-	(475,351)	-	-	-	2,778,182	-	2,398,223	
Lease of shophouse and building	202,398	24,709	-	(157,309)	-	-	-	69,798	-	23,266	
Lease of plant and machinery	7,420	22,260	-	-	-	-	-	29,680	-	81,625	
Lease of hostel	55,485	59,328	-	(45,368)	-	-	-	69,445	-	69,605	
Lease of factory equipment	173,512	322,455	-	-	-	-	-	495,967	-	552,300	
Lease of warehouse, office and factory	2,426,340	2,286,562	-	-	-	-	-	4,712,902	-	425,878	
	121,157,552	34,306,794	(3,744,726)	(678,028)	(1,683,455)	-	(711,951)	148,646,186	1,148,488	421,104,142	

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Valuation/At Cost									
	At 1 January RM	Effect of adoption of MFRS 16 RM	At 1 January, restated RM	Additions RM	Disposals RM	Reclassification RM	Transfer to assets held for sale (Note 17) RM	Other movements RM	Exchange difference RM	At 31 December RM
Group										
2019										
<i>Other property, plant and equipment</i>										
At Valuation										
Freehold buildings	90,763,455	-	90,763,455	7,915,187	-	(58,934)	(24,100,000)	-	-	74,519,708
Leasehold buildings	37,372,469	(37,372,469)	-	-	-	-	-	-	-	-
At Cost										
Freehold land	28,009,247	-	28,009,247	-	-	-	(1,825,500)	(36,000)	-	26,147,747
Leasehold land	27,878,057	(27,878,057)	-	-	-	-	-	-	-	-
Computer equipment and softwares	2,701,496	-	2,701,496	159,370	(9,552)	-	-	-	-	2,851,314
Cabins	197,010	-	197,010	184,570	-	-	-	-	-	381,580
Cranes	460,000	-	460,000	-	-	-	-	-	-	460,000
Electrical installation	9,428,866	-	9,428,866	478,744	-	-	-	-	-	9,907,610
Fire protection and security system	161,928	-	161,928	10,875	-	-	-	-	-	172,803
Furniture and fittings	2,653,116	-	2,653,116	409,193	(980)	35,787	-	-	-	3,097,116
Motor vehicles	40,719,602	(1,386,097)	39,333,505	1,427,085	(540,129)	-	-	-	-	40,220,461
Moulds	18,056,944	-	18,056,944	6,028,912	-	-	-	-	-	24,085,856
Office equipment	6,065,908	-	6,065,908	826,183	(4,550)	37,134	-	-	(36)	6,924,639
	264,468,098	(66,636,629)	197,831,475	17,440,119	(555,211)	13,987	(25,925,500)	(36,000)	(36)	188,768,834

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Valuation/At Cost									
	At 1 January RM	Effect of adoption of MFRS 16 RM	At 1 January, restated RM	Additions RM	Disposals RM	Reclassification RM	Transfer to assets held for sale (Note 17) RM	Other movements RM	Exchange difference RM	At 31 December RM
Group										
2019										
<i>Other property, plant and equipment (Cont'd)</i>										
At Cost (Cont'd)										
Plant and machineries	149,106,753	-	149,106,753	6,729,949	(310,431)	52,411,512	-	-	-	207,937,783
Signboards	138,140	-	138,140	-	(11,290)	-	-	-	-	126,850
Skid tanks	9,600	-	9,600	-	-	-	-	-	-	9,600
Tool and equipment	2,904,602	-	2,904,602	19,380	-	999	-	-	-	2,924,981
Factory equipment	23,501,265	-	23,501,265	6,760,601	(694,330)	427,243	-	-	-	29,994,779
Renovation	6,211,149	-	6,211,149	594,481	(250,122)	-	-	-	-	6,495,508
Batching plant	-	-	-	2,215,742	-	-	-	-	-	2,215,742
Capital - Work in progress (WIP)	114,601,762	-	114,601,762	10,277,877	-	(52,853,741)	-	-	-	72,025,898
Right-of-Use Assets										
At Valuation										
Leasehold buildings	-	37,372,469	37,372,469	1,739,675	-	-	(3,600,000)	-	-	35,512,144
	296,473,271	37,372,469	333,845,740	28,277,705	(1,266,173)	(13,987)	(3,600,000)	-	-	357,243,285

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At Valuation/At Cost							At 31 December RM		
	At 1 January RM	Effect of adoption of MFRS 16 RM	At 1 January, restated RM	Additions RM	Disposals RM	Reclassification RM	Transfer to assets held for sale (Note 17) RM		Other movements RM	Exchange difference RM
Group										
2019										
Right-of-Use Assets (Cont'd)										
At Cost										
Leasehold land	-	27,878,057	27,878,057	-	-	-	-	-	-	27,878,057
Motor vehicles	-	1,386,097	1,386,097	-	-	-	-	-	-	1,386,097
Plant and machineries	-	-	-	964,000	-	-	-	-	-	964,000
Lease of land	-	1,281,725	1,281,725	829,417	-	-	-	-	-	2,111,142
Lease of shophouse and building	-	46,532	46,532	276,840	-	-	-	-	-	323,372
Lease of plant and machinery	-	-	-	111,305	-	-	-	-	-	111,305
Lease of hostel	-	34,352	34,352	117,493	-	-	-	-	-	151,845
Lease of factory equipment	-	-	-	913,006	-	-	-	-	-	913,006
Lease of warehouse, office and factory	-	2,892,206	2,892,206	1,915,677	-	-	-	-	-	4,807,883
	560,941,369	4,254,815	565,196,184	50,845,562	(1,821,384)	-	(29,525,500)	(36,000)	(36)	584,658,826

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1 January RM	Effect of adoption of MFRS 16 RM	Accumulated depreciation					At 31 December RM
			At 1 January, restated RM	Charge for the financial year RM	Disposals RM	Reclassification RM		
Group								
2019								
<i>Other property, plant and equipment</i>								
At Valuation								
Freehold buildings	860,374	-	860,374	1,145,446	-	-	-	2,005,820
Leasehold buildings	701,411	(701,411)	-	-	-	-	-	-
At Cost								
Freehold land	-	-	-	-	-	-	-	-
Leasehold land	680,082	(680,082)	-	-	-	-	-	-
Computer equipment and softwares	1,623,981	-	1,623,981	355,243	(4,178)	-	-	1,975,046
Cabins	71,977	-	71,977	25,187	-	-	-	97,164
Cranes	335,300	-	335,300	46,000	-	-	-	381,300
Electrical installation	2,141,045	-	2,141,045	981,843	-	-	-	3,122,888
Fire protection and security system	116,293	-	116,293	16,314	-	-	-	132,607
Furniture and fittings	1,451,217	-	1,451,217	262,671	(620)	3,757	-	1,717,025
Motor vehicles	26,408,488	(514,400)	25,894,088	3,753,009	(510,367)	-	-	29,136,730
Moulds	4,003,866	-	4,003,866	1,998,149	-	-	-	6,002,015
Office equipment	4,253,329	-	4,253,329	585,090	(3,902)	(4,357)	-	4,830,160
	42,647,363	(1,895,893)	40,751,470	9,168,952	(519,067)	(600)		49,400,755

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Accumulated depreciation						
	At 1 January RM	Effect of adoption of MFRS 16 RM	At 1 January, restated RM	Charge for the financial year RM	Disposals RM	Reclassification RM	At 31 December RM
Group 2019							
Other property, plant and equipment (Cont'd)							
At Cost (Cont'd)							
Plant and machineries	32,949,993	-	32,949,993	11,568,243	(73,216)	-	44,445,020
Signboards	67,294	-	67,294	11,972	(4,893)	-	74,373
Skid tanks	9,599	-	9,599	-	-	-	9,599
Tool and equipment	1,565,942	-	1,565,942	642,786	-	600	2,209,328
Factory equipment	8,737,125	-	8,737,125	4,696,266	(636,507)	-	12,796,884
Renovation	4,159,833	-	4,159,833	468,237	(67,254)	-	4,560,816
Batching plant	-	-	-	148,296	-	-	148,296
Capital - Work in progress (WIP)	-	-	-	-	-	-	-
Right-of-Use Assets							
At Valuation							
Leasehold buildings	-	701,411	701,411	705,659	-	-	1,407,070
	47,489,786	701,411	48,191,197	18,241,459	(781,870)	600	65,651,386

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	At 1 January RM	Effect of adoption of MFRS 16 RM	Accumulated depreciation				At 31 December RM
			At 1 January, restated RM	Charge for the financial year RM	Disposals RM	Reclassification RM	
Group 2019							
Right-of-Use Assets (Cont'd)							
At Cost							
Leasehold land	-	680,082	680,082	303,228	-	-	983,310
Motor vehicles	-	514,400	514,400	277,168	-	-	791,568
Plant and machineries	-	-	-	12,050	-	-	12,050
Lease of land	-	863,472	863,472	589,856	-	-	1,453,328
Lease of shophouse and building	-	23,266	23,266	179,132	-	-	202,398
Lease of plant and machinery	-	-	-	7,420	-	-	7,420
Lease of hostel	-	7,361	7,361	48,124	-	-	55,485
Lease of factory equipment	-	-	-	173,512	-	-	173,512
Lease of warehouse, office and factory	-	813,722	813,722	1,612,618	-	-	2,426,340
	90,137,149	1,707,821	91,844,970	30,613,519	(1,300,937)	-	121,157,552

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Accumulated impairment loss			Carrying amount	
	At 1 January RM	Effect of adoption MFRS 16 RM	At 1 January, restated / At 31 December RM	At 31 December RM	At 1 January, restated RM
Group 2019					
<i>Other property, plant and equipment</i>					
<u>At Valuation</u>					
Freehold buildings	–	–	–	72,513,888	89,903,081
Leasehold buildings	1,148,488	(1,148,488)	–	–	–
<u>At Cost</u>					
Freehold land	–	–	–	26,147,747	28,009,247
Leasehold land	–	–	–	–	–
Computer equipment and softwares	–	–	–	876,268	1,077,515
Cabins	–	–	–	284,416	125,033
Cranes	–	–	–	78,700	124,700
Electrical installation	–	–	–	6,784,722	7,287,821
Fire protection and security system	–	–	–	40,196	45,635
Furniture and fittings	–	–	–	1,380,091	1,201,899
Motor vehicles	–	–	–	11,083,731	13,439,417
Moulds	–	–	–	18,083,841	14,053,078
Office equipment	–	–	–	2,094,479	1,812,579
Plant and machineries	–	–	–	163,492,763	116,156,760
Signboards	–	–	–	52,477	70,846
Skid tanks	–	–	–	1	1
Tool and equipment	–	–	–	715,653	1,338,660
Factory equipment	–	–	–	17,197,895	14,764,140
Renovation	–	–	–	1,934,692	2,051,316
Batching plant	–	–	–	2,067,446	–
Capital - Work in progress (WIP)	–	–	–	72,025,898	114,601,762
<i>Right-of-Use Assets</i>					
<u>At Valuation</u>					
Leasehold buildings	–	1,148,488	1,148,488	32,956,586	35,522,570
	1,148,488	–	1,148,488	429,811,490	441,586,060

**NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)**

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Accumulated impairment loss			Carrying amount	
	At 1 January RM	Effect of adoption MFRS 16 RM	At 1 January, restated / At 31 December RM	At 31 December RM	At 1 January, restated RM
Group 2019 Right-of-Use Assets (Cont'd)					
At Cost					
Leasehold land	–	–	–	26,894,747	27,197,975
Motor vehicles	–	–	–	594,529	871,697
Plant and machineries	–	–	–	951,950	–
Lease of land	–	–	–	657,814	418,253
Lease of shophouse and building	–	–	–	120,974	23,266
Lease of plant and machinery	–	–	–	103,885	–
Lease of hostel	–	–	–	96,360	26,991
Lease of factory equipment	–	–	–	739,494	–
Lease of warehouse, office and factory	–	–	–	2,381,543	2,078,484
	1,148,488	–	1,148,488	462,352,786	472,202,726

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Other property, plant and equipment					Right-of-use assets		Total RM
	Office equipment RM	Computer software RM	Renovation RM	Signboard RM	Motor vehicles RM	Lease of warehouse , office and factory RM		
Company 2020 Cost								
At 1 January	373,715	230,280	475,475	26,900	1,125,166	372,256	2,603,792	
Additions	25,509	20,000	-	-	-	-	45,509	
At 31 December	399,224	250,280	475,475	26,900	1,125,166	372,256	2,649,301	
Accumulated depreciation								
At 1 January	124,812	116,494	145,484	11,174	760,341	198,246	1,356,551	
Charge for the financial year	37,639	45,193	47,547	2,690	225,034	104,697	462,800	
At 31 December	162,451	161,687	193,031	13,864	985,375	302,943	1,819,351	
Carrying amount								
At 31 December	236,773	88,593	282,444	13,036	139,791	69,313	829,950	

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Other property, plant and equipment					Right-of-use assets			Total RM
	Office equipment RM	Computer software RM	Renovation RM	Signboard RM	Motor vehicles RM	Lease of warehouse , office and factory RM			
Company 2019 Cost									
At 1 January	339,976	187,380	448,885	26,900	1,125,166	–	–	2,128,307	
Effect of adoption of MFRS 16	–	–	–	–	–	162,862	–	162,862	
At 1 January, as restated	339,976	187,380	448,885	26,900	1,125,166	162,862	–	2,291,169	
Additions	33,739	42,900	26,590	–	–	209,394	–	312,623	
At 31 December	373,715	230,280	475,475	26,900	1,125,166	372,256	–	2,603,792	
Accumulated depreciation									
At 1 January	89,093	73,711	99,357	8,484	535,308	–	–	805,953	
Effect of adoption of MFRS 16	–	–	–	–	–	109,059	–	109,059	
At 1 January, as restated	89,093	73,711	99,357	8,484	535,308	109,059	–	915,012	
Charge for the financial year	35,719	42,783	46,127	2,690	225,033	89,187	–	441,539	
At 31 December	124,812	116,494	145,484	11,174	760,341	198,246	–	1,356,551	
Carrying amount									
At 31 December	248,903	113,786	329,991	15,726	364,825	174,010	–	1,247,241	

**NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)**

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(i) Assets pledged as securities to financial institutions

The net carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 21, details as follows:

	2020 RM	Group 2019 RM
Freehold buildings	40,175,416	26,036,000
Leasehold buildings	17,581,369	29,897,351
Freehold land	193,750	193,750
Leasehold land	20,042,243	45,093,781
	77,992,778	101,220,882

(ii) Assets held under finance lease arrangement

As at 31 December 2020, the net carrying amount of leased property, plant and equipment of the Group under finance lease arrangement are as follows:

	2020 RM	Group 2019 RM
Plant and machineries	903,750	951,950
Motor vehicles	849,849	594,529
	1,753,599	1,546,479

Leased assets are pledged as security for the related finance lease liabilities.

(iii) The remaining lease period of the leasehold land ranged from 46 to 89 years (2019: 47 to 90 years).

(iv) The net carrying amount of property, plant and equipment which were registered under related parties' name and hold in trust are as follows:

	2020 RM	Group 2019 RM
Motor vehicles	-	9,174

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (v) Purchase of property, plant and equipment

The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year acquired under finance lease financing and cash payments are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Aggregate costs	16,784,529	50,845,562	45,509	312,623
Less: Lease liabilities recognised	(3,480,936)	(4,163,738)	–	(209,394)
Finance lease financing	(805,000)	(867,000)	–	–
Cash payments	12,498,593	45,814,824	45,509	103,229

- (vi) Revaluation of property, plant and equipment

Buildings of subsidiary companies were revalued on 31 December 2018, by the independent firm of professional valuer, Messrs. CH Williams Talhar & Wong Sdn. Bhd. and Messrs. VPC Alliance (KL) Sdn. Bhd..

The fair value of buildings is within level 2 of the fair value hierarchy. The fair value was determined by based on market comparable approach that reflects recent transaction price for similar properties.

There have been no changes to the valuation technique during the financial year.

There was no transfer between Level 1 and Level 2 during the financial year.

Had the buildings been carried at historical cost less accumulated depreciation and impairment loss, its carrying amounts would have been RM50,288,514 (2019: RM51,718,129).

- (vii) The net carrying amount of property, plant and equipment of the Group that in the progress of issuance of strata title are as follows:

	Group	
	2020 RM	2019 RM
Freehold buildings	16,550,799	16,896,400

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

5. INVESTMENT PROPERTIES

	2020 RM	Group 2019 RM
At 1 January	25,180,000	68,460,000
Additions	2,630,550	520,000
Disposals	–	(19,440,000)
Transfer to assets held for sale (Note 17)	–	(25,010,000)
Changes in fair value recognised in profit or loss	(50,550)	650,000
At 31 December	27,760,000	25,180,000
Included in the above are:		
At fair value		
Freehold land and building	4,500,000	2,800,000
Leasehold land and building	23,260,000	22,380,000
	27,760,000	25,180,000

(a) Investment properties under leases

Investment properties comprise a number of freehold land and building, leasehold land and buildings and warehouse that are leased to third parties. Each of the leases contains a cancellable period ranging from two (2) to three (3) years. Subsequent renewals are negotiated with the lessee on an average renewal period of two (2) years. No contingent rents are charged.

(b) Fair value basis of investment properties

The investment properties are valued at fair value based on market values determined by the independent firm of professional valuer, Messrs. CH Williams Talhar & Wong Sdn. Bhd. amounting to RM27,760,000 (2019: RM25,180,000). The fair values are within level 2 of the fair value hierarchy. The fair values have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

There were no transfer between levels during current and previous financial year.

The decrease in fair value of RM50,550 (2019: increase in fair value of RM650,000) was recognised in the current year profit or loss.

(c) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	2020 RM	Group 2019 RM
Lease income	3,175,772	3,998,550
Direct operating expenses:		
- Income generating investment properties	(207,852)	(236,854)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

5. INVESTMENT PROPERTIES (CONT'D)

- (d) Investment properties pledged as securities to licensed banks

Investment properties of the Group amounting to RM22,510,000 (2019: RM24,510,000) have been pledged to secure banking facilities granted to the Group as disclosed in Note 21.

6. GOODWILL ON CONSOLIDATION

	2020 RM	Group 2019 RM
At cost		
At 1 January/31 December	39,048,311	39,048,311
Accumulated impairment losses		
At 1 January	-	-
Recognised for the financial year	4,376,687	-
At 31 December	4,376,687	-
Carrying amount		
At 31 December	34,671,624	39,048,311

The aggregate carrying amounts of goodwill allocated to each cash-generating unit ("CGU") are as follows:

	2020 RM	Group 2019 RM
Midah Industries Sdn. Bhd.	8,481,006	10,601,257
Epic Diversity Sdn. Bhd.	1,025,743	1,282,179
MI Polymer Concrete Pipes Sdn. Bhd.	19,074,631	19,074,631
Kempurna Sdn. Bhd.	371,829	371,829
Saujana Vision Sdn. Bhd.	5,718,415	7,718,415
	34,671,624	39,048,311

The recoverable amounts of CGUs in respect of the goodwill were determined based on value-in-use ("VIU") calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a five to ten-year period.

Key assumptions used in the VIU calculations for the goodwill impairment assessment is gross profit margin. The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

A pre-tax discount rates of 4.9% (2019: 6.4%) were applied in determining the recoverable amounts of the CGUs. The discount rate used is pre-tax and reflect the specific risks relating to the respective CGU. A reasonable possible change in the key assumptions would not result in any impairment.

Based on the impairment test, an impairment loss of RM4,376,687 (2019: Nil) was recognised in the current year's profit or loss.

**NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)**

7. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2020 RM	2019 RM
At cost		
Unquoted share in Malaysia		
At 1 January	305,388,162	285,388,162
Additions	81,399,998	20,000,000
At 31 December	386,788,160	305,388,162

Details of the subsidiary companies are as follows:

Name of Company	Place of business/ Country of Incorporation	Effective Interest		Principal Activities
		2020 %	2019 %	
PP Chin Hin Sdn. Bhd.	Malaysia	100	100	Dealing in cement, hardware and general trading, letting of properties, hire purchase financing, property development and transport
Chin Hin Concrete Holdings Sdn. Bhd.	Malaysia	100	100	Provision of management services
Metex Steel Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of welded mesh and wire products
Starken AAC Sdn. Bhd.	Malaysia	100	100	Manufacturing and sales of AAC products and transportation
CH Home Three Sixty Sdn. Bhd. (formerly known as Chin Hin Digital Sdn. Bhd. and Chin Hin BIM Sdn. Bhd.)	Malaysia	100	100	Dealing in E-Commerce digital marketing, online advertising and software programming
Midah Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading in wood products

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Place of business/ Country of Incorporation	Effective Interest		Principal Activities
		2020 %	2019 %	
Held through PP Chin Hin Sdn. Bhd.				
- PP Chin Hin Pte. Ltd.*	Singapore	100	100	Wholesale of construction material, hardware, plumbing, heating equipment and supplies of NEC products
- C&H Transport Sdn. Bhd.	Malaysia	100	100	Transportation
Held through Starken AAC Sdn. Bhd.				
- Starken Drymix Solutions Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of plaster and mortar products
- G-Cast Concrete Sdn. Bhd.	Malaysia	100	100	Manufacture and sale of precast concrete products
- Green Cement Sdn. Bhd.	Malaysia	100	100	Manufacturing and trading of construction building materials
- Starken AAC 2 Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of Industrialised Building System components including but not limited to wall panel, beam, column and slab
- MI Polymer Concrete Pipes Sdn. Bhd.	Malaysia	100	100	Manufacturing and supplying of pipes
- G-Cast UHPC Sdn. Bhd.	Malaysia	70	70	Manufacture and sale of ultra-high performance concrete products
- Starken Paint Sdn. Bhd.	Malaysia	100	-	Distributor and manufacturing of paints and related products
Held through MI Polymer Concrete Pipes Sdn. Bhd.				
- MI Polymer Concrete Pipes (S) Pte. Ltd.*	Singapore	100	100	Trading, import and export of polymer concrete products

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Place of business/ Country of Incorporation	Effective Interest		Principal Activities
		2020 %	2019 %	
Held through Metex Steel Sdn. Bhd.				
- Metex Asia Sdn. Bhd.	Malaysia	100	100	Assembly and erection of prefabricated constructions on the site
- Ace Logistic Sdn. Bhd.	Malaysia	-	100	Investment holding
- Metex Modular Sdn. Bhd.	Malaysia	70	70	Manufacture of prefabricated buildings mainly of steel
Held through Metex Modular Sdn. Bhd.				
Saujana Vision Sdn. Bhd.	Malaysia	49	49	Building contractor of construction works
Held through Chin Hin Concrete Holdings Sdn. Bhd.				
- Chin Hin Concrete (North) Sdn. Bhd.	Malaysia	100	100	Manufacturing, selling, distribution and transporting ready mixed concrete
- Chin Hin Concrete (KL) Sdn. Bhd.	Malaysia	100	100	Manufacturing, selling, distribution and transporting ready mixed concrete
Held through Midah Industries Sdn. Bhd.				
- Epic Diversity Sdn. Bhd.	Malaysia	100	100	Dealing in consumer products including lock set, alarm system and other related business
- Kempurna Sdn. Bhd.	Malaysia	100	100	Manufactures metal doors and window frames
- Midah Industries (North) Sdn. Bhd.	Malaysia	51	51	Wholesale of logs, swan timber, plywood, veneer related products and variety of goods without any particular specialisation as well as installation of doors, windows door and window frames of wood or other materials, fitted kitchens, staircases, shop fittings and furniture

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of Company	Place of business/ Country of Incorporation	Effective Interest		Principal Activities
		2020 %	2019 %	
Held through CH Home Three Sixty Sdn. Bhd. (formerly known as Chin Hin Digital Sdn. Bhd. and Chin Hin BIM Sdn. Bhd.)				
- CH Floorsmith Sdn. Bhd.	Malaysia	100	-	Dormant
- CH Yohaus Sdn. Bhd.	Malaysia	70	-	Dormant

* *Subsidiary company not audited by UHY*

(a) Material partly-owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interest:

Name of Company	Proportion of ownership interests and voting rights held by non- controlling interests		Loss allocated to non- controlling interests		Accumulated non- controlling interests	
	2020 %	2019 %	2020 RM	2019 RM	2020 RM	2019 RM
G-Cast UHPC Sdn. Bhd.	30	30	(2,337,763)	(904,139)	(3,350,762)	(1,012,999)
Metex Modular Sdn. Bhd. and its subsidiary company	30	30	(1,889,448)	(1,573,454)	(1,399,074)	490,374
					(4,749,836)	(522,625)
Individually immaterial subsidiaries with non-controlling interests					(96,503)	(272,741)
Total non-controlling interests					(4,846,339)	(795,366)

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Material partly-owned subsidiary companies (Cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	G-Cast UHPC Sdn. Bhd.		Metex Modular Sdn. Bhd. and its subsidiary company	
	2020 RM	2019 RM	2020 RM	2019 RM
Summarised statements of financial position				
Non-current assets	4,086,004	4,698,514	70,940,077	73,263,139
Current assets	4,797,355	9,249,569	9,405,494	5,689,378
Non-current liabilities	(513,780)	(850,517)	(100,878)	(100,467)
Current liabilities	(19,547,482)	(16,482,926)	(80,952,535)	(73,120,015)
Net (liabilities)/assets	(11,177,903)	(3,385,360)	(707,842)	5,732,035
Summarised statements of profit or loss and other comprehensive income				
Revenue	4,111,748	9,491,548	11,087	1,170,459
Loss for the financial year	(7,792,543)	(3,014,666)	(6,439,877)	(9,110,651)
Total comprehensive loss for the financial year	(7,792,543)	(3,014,666)	(6,439,877)	(9,110,651)
Summarised statements of cash flows				
Net cash (used in)/from operating activities	(3,114,646)	(8,880,424)	(68,995)	15,799,980
Net cash used in investing activities	(57,119)	(574,662)	-	(2,946,906)
Net cash from/(used in) financing activities	2,592,192	9,952,362	(27,345)	(711,665)
Net (decrease)/increase in cash and cash equivalents	(579,573)	497,276	(96,340)	12,141,409

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies

During the financial year

- (i) On 10 February 2020, Midah Industries Sdn. Bhd. ("MISB"), a wholly owned subsidiary company of the Company increased its issued and paid-up capital from RM500,000 to RM16,800,000 by issuance of 16,300,000 new ordinary shares for consideration of RM16,300,000 to the Company by way of capitalisation of amount owing. Consequently, MISB remained as a wholly owned subsidiary company of the Company.
- (ii) On 25 February 2020, Starken AAC Sdn. Bhd. ("SAAC"), a wholly owned subsidiary company of the Company increased its issued and paid-up capital from RM50,000,000 to RM115,000,000 by issuance of 65,000,000 new ordinary shares for consideration of RM65,000,000 to the Company by way of capitalisation of amount owing. Consequently, SAAC remained as a wholly owned subsidiary company of the Company.
- (iii) On 23 July 2020, CH Home Three Sixty Sdn. Bhd. ("CHHTS") (formerly known as Chin Hin Digital Sdn. Bhd. and Chin Hin BIM Sdn. Bhd.), a wholly owned subsidiary company of the Company increased its issued and paid-up capital from RM2 to RM100,000 by issuance of 99,998 new ordinary shares for consideration of RM99,998 to the Company by way of capitalisation of amount owing. Consequently, CHHTS remained as a wholly owned subsidiary company of the Company.

In the previous financial year

On 1 May 2019, Metex Steel Sdn. Bhd. ("MSSB"), a wholly owned subsidiary company of the Company increased its issued and paid-up capital from RM30,000,000 to RM50,000,000 by issuance of 20,000,000 new ordinary shares for consideration of RM20,000,000 to the Company by way of capitalisation of amount owing. Consequently, MSSB remained as a wholly owned subsidiary company of the Company.

Subsequent to the financial year

- (i) On 5 January 2021, CH Home Three Sixty Sdn. Bhd. (formerly known as Chin Hin Digital Sdn. Bhd. and Chin Hin BIM Sdn. Bhd.), a wholly owned subsidiary company of the Company, incorporated a 60% owned subsidiary company, KLOE Design Sdn. Bhd. with cash subscription of RM60.
- (ii) On 11 February 2021, Green Cement Sdn. Bhd., a wholly owned subsidiary company of SAAC, incorporated a 55% owned subsidiary company, Green Integrated Base Stabiliser Sdn. Bhd. with cash subscription of RM55.

(c) Disposal of a subsidiary company

On 8 November 2019, Metex Steel Sdn. Bhd. ("MSSB") a wholly owned subsidiary of the Company entered into a conditional share sale agreement ("CSSA") with PP Chin Hin Realty Sdn Bhd ("PP CH Realty") for disposal of 100% equity interest in Ace Logistic Sdn Bhd ("ALSB") to PP CH Realty for a total cash consideration of RM20,800,000. The disposal was completed on 10 November 2020.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) Disposal of a subsidiary company (Cont'd)

The effect of the disposal of ALSB on the financial position of the Group as at the date of disposal was as follows:

	2020 RM
Property, plant and equipment	22,010,023
Trade and other receivables	66,844
Tax recoverable	6,600
Cash and bank balances	362,819
Other payables	(5,333,411)
Deferred tax liabilities	(168,341)
Total net assets disposed	16,944,534
Gain on disposal	3,855,466
Proceeds from disposal	20,800,000
Less: Cash and bank balances disposed	(362,819)
Net cash inflows from disposal	20,437,181

8. INVESTMENT IN ASSOCIATES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Quoted shares, at cost in Malaysia	24,750,000	24,900,000	24,750,000	24,750,000
Share of post-acquisition reserves	17,232,893	13,565,335	-	-
Disposal of associate	(4,712,204)	(150,000)	(4,712,204)	-
	37,270,689	38,315,335	20,037,796	24,750,000
Market value of quoted shares			200,922,120	97,824,460

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

Name of Company	Place of business/ Country of Incorporation	Effective Interest		Principal Activities
		2020 %	2019 %	
Direct interest:				
Solarvest Holdings Berhad*#	Malaysia	25.2	33.6	Investment holding
Indirect interest: Held through Solarvest Holdings Berhad				
Atlantic Blue Sdn. Bhd.*	Malaysia	25.2	33.6	Provision of EPCC services for solar PV systems and investment in solar PV plant
Solarvest Asset Management Sdn. Bhd.*	Malaysia	25.2	33.6	Dormant
Solarvest Corp *	Philippines	25.2	–	Dormant
Indirect interest: Held through Atlantic Blue Sdn. Bhd.				
Powertrack Sdn. Bhd.*	Malaysia	25.2	33.6	Provision of design, testing and commissioning and operations and maintenance of solar PV system
Solarvest Energy Sdn. Bhd.*	Malaysia	25.2	33.6	Provision of EPCC services for solar PV systems
Indirect interest: Held through Solarvest Energy Sdn. Bhd.				
Solarvest Energy (SR) Sdn. Bhd.*	Malaysia	18	23.5	Provision of EPCC services for solar PV systems
Solarvest (Taiwan) Corporate Limited *	Taiwan	25.2	–	Dormant
Indirect interest: Held through Solarvest (Taiwan) Corporate Limited				
Tailai Energy Co. Ltd *	Taiwan	12.9	–	Renewable energy service provider

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)**8. INVESTMENT IN ASSOCIATES (CONT'D)**

Details of the associates are as follows: (Cont'd)

* Associate not audited by UHY

Solarvest Holdings Berhad ("Solarvest") was incorporated on 20 September 2017, a private limited company with an issued and paid-up capital of RM2 comprising two (2) ordinary shares. On 26 November 2019, Solarvest was converted into a public limited liability company and assumed its present name of Solarvest Holdings Berhad.

On 30 January 2019, there was a capital restructuring whereby Solarvest obtained full control of co Atlantic Blue Sdn. Bhd. ("ABSB") by issuing 291,795,555 new ordinary shares of Solarvest for a total purchase consideration of RM26,261,600 to the ABSB's vendors, in exchange for the shares in the ABSB. The vendors of Solarvest have the same interest in the Company as they had in ABSB and there are no change to the assets and liabilities as a result of establishment of Solarvest.

On 30 September 2019, Solarvest issued its prospectus in relation to the public issue of 98,828,000 new ordinary shares ("Public Issue") at an issue price of RM0.35 per share in conjunction with the Solarvest's listing on the ACE market of Bursa Malaysia Securities Berhad. Thereafter, Solarvest successfully listed its entire enlarged share capital of 390,623,655 shares on the ACE market of Bursa Malaysia Security Berhad on 26 November 2019.

Upon the listing exercise of Solarvest, the Company's shareholding reduced from 45% to 33.6% as at 31 December 2019.

Upon partially disposal of shareholding in Solarvest by the Company in June 2020, and completion of private placement of issuance 32,000,000 new ordinary shares by Solarvest in November 2020, the Company's shareholding reduced from 33.6% to 25.2%

On 5 February 2020, Solarvest Energy Sdn. Bhd., an associate of the Company, incorporated a new subsidiary company with the name "Solarvest (Taiwan) Corporate Limited" ("STCL") with the registered share capital of TWD1,000,000 (equivalent to RM139,750) only represented by 1,000,000 ordinary shares in STCL.

On 12 February 2020, Solarvest Asset Management Sdn. Bhd. ("SAMSB") an associate of the Company increased its issued and paid-up capital from RM100 to RM2,000,000. Solarvest Holdings Berhad ("Solarvest") has subscribed for an additional 1,999,900 shares in SAMSB. Consequently, the SAMSB remained as a wholly owned subsidiary company of Solarvest.

On 6 November 2020, Solarvest (Taiwan) Corporate Limited acquired 306,000 ordinary shares, representing 51% of equity interest in Tailai Energy Co. Ltd for a total cash consideration of TWD3,060,000 (equivalent to RM445,230).

On 17 December 2020, Solarvest incorporated a newly 99.99% owned subsidiary company, namely Solarvest Corp with 9,726,805 ordinary shares for cash subscription of RM860,106.

Disposal of associatesDuring the financial year

On 4 June 2020, the Company disposed of 20,000,000 ordinary shares in Solarvest to 2 individuals for a total cash consideration of RM24,000,000. On 26 June 2020, the Company disposed of 5,000,000 ordinary shares in Solarvest to a Director of the Company, namely Datuk Seri Chiau Beng Teik, JP for a total cash consideration of RM8,500,000. Upon completion of the disposals, the Company's shareholding in Solarvest reduced from 33.6% to 27.2%.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. INVESTMENT IN ASSOCIATES (CONT'D)

Details of the associates are as follows:

In the previous financial year

On 31 December 2019, Saujana Vision Sdn. Bhd. ("SVSB"), a 70% owned subsidiary company of Metex Modular Sdn. Bhd., disposed of its entire equity interest in Coco Tech Sdn. Bhd. ("CTSB") for a total cash consideration of RM150,000.

Summarised financial informations of the Group's associates, Solarvest Holdings Berhad and its subsidiary companies ("SHB and its subsidiary companies") are set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

(a) Summarised statements of financial position

	Solarvest and its subsidiary companies	
	2020	2019
	RM	RM
Summarised statements of financial position		
Non-current assets	23,291,700	35,770,001
Current assets	216,628,210	194,031,422
Non-current liabilities	(14,761,840)	(14,055,675)
Current liabilities	(77,258,510)	(101,712,013)
Net assets	147,899,560	114,033,735
Interest in associate	25.2%	33.6%
Group's share of net assets	37,270,689	38,315,335
Carrying value of the Group's interest in associates	37,270,689	38,315,335

(b) Summarised statements of profit or loss and other comprehensive income

	Solarvest and its subsidiary companies	
	2020	2019
	RM	RM
Summarised statements of profit or loss and other comprehensive income		
Revenue	212,476,157	244,320,854
Profit for the financial year	14,032,431	15,780,518
Total comprehensive income for the financial year	14,032,431	15,780,518

There are no commitment nor contingent liabilities relating to the Group's interest in the associates.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

9. OTHER INVESTMENTS

	2020 RM	Group 2019 RM
Club memberships		
At cost		
At 1 January/31 December	32,028	32,028
Accumulated amortisation		
At 1 January	6,708	5,772
Amortisation for the financial year	936	936
At 31 December	7,644	6,708
Carrying amount		
At 31 December	24,384	25,320

10. CONTRACT ASSETS

	2020 RM	Group 2019 RM
Contract costs incurred to date	14,705,383	8,290,116
Attributable profits or losses	(2,066,145)	465,733
Less: Provision for foreseeable losses	(715,324)	(294,338)
	11,923,914	8,461,511
Less: Progress billings	(10,289,744)	(5,124,242)
	1,634,170	3,337,269
Presented as:		
Contract assets	1,634,170	3,337,269

Contract assets primarily relate to the Group's rights to consideration for work performed but not yet billed at the reporting date for its contracted project activities. The amount due from contract customers will be transferred to trade receivables when the rights become unconditional.

The costs incurred to date on construction contracts include the following costs during the financial year:

	2020 RM	Group 2019 RM
Staff cost	1,216,799	1,575,881

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

10. CONTRACT ASSETS (CONT'D)

Contract value yet to be recognised as revenue

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM2,883,406 (2019: RM4,056,145). The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 12 - 24 months.

11. INVENTORIES

	2020 RM	Group 2019 RM
At cost		
Raw materials	24,733,638	27,579,749
Work-in-progress	4,843,412	1,713,703
Finished goods	59,559,340	68,152,568
Consumables	5,758,310	6,087,161
Engineering stocks	-	327,703
Scrap	49,801	75,775
	94,944,501	103,936,659
At net realisable value		
Finished goods	909,767	964,080
	95,854,268	104,900,739
Recognised in profit or loss:		
Inventories recognised as cost of sales	794,253,694	852,336,187
Inventories written down	-	170,000
Inventories written off	1,692,660	117,292

12. TRADE RECEIVABLES

	2020 RM	Group 2019 RM
Trade receivables		
- Third parties	390,745,872	357,443,596
- Related parties	190,060	14,105,660
	390,935,932	371,549,256
Less: Accumulated impairment losses	(23,178,801)	(15,838,671)
	367,757,131	355,710,585

Trade receivables are non-interest bearing and are generally on 60 to 90 days (2019: 60 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on case by case basis.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

12. TRADE RECEIVABLES (CONT'D)

Related parties refer to companies in which certain Directors of the Company have substantial financial interests.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Credit impaired RM	Lifetime allowance RM	Total RM
2020			
At 1 January	14,350,360	1,488,311	15,838,671
Impairment loss recognised	13,472,595	167,345	13,639,940
Impairment loss reversed	(4,821,300)	(798,673)	(5,619,973)
Written off	(679,837)	–	(679,837)
At 31 December	22,321,818	856,983	23,178,801
2019			
At 1 January	9,075,172	1,262,345	10,337,517
Impairment loss recognised	6,429,566	606,629	7,036,195
Impairment loss reversed	(1,070,551)	(380,663)	(1,451,214)
Written off	(83,915)	–	(83,915)
Exchange difference	88	–	88
At 31 December	14,350,360	1,488,311	15,838,671

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly. Reversal of an impairment loss is recognised when the amount is recovered.

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	Gross amount RM	Loss allowance RM	Net Amount RM
2020			
Neither past due nor impaired	166,017,553	(55,248)	165,962,305
<i>Past due not impaired:</i>			
Less than 30 days	68,688,486	(71,729)	68,616,757
31 to 60 days	56,135,085	(89,795)	56,045,290
More than 60 days	77,772,990	(640,211)	77,132,779
	202,596,561	(801,735)	201,794,826
	368,614,114	(856,983)	367,757,131
Individual impaired	22,321,818	(22,321,818)	–
	390,935,932	(23,178,801)	367,757,131

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing as at the end of the financial year is as follows: (Cont'd)

	Gross amount RM	Loss allowance RM	Net Amount RM
2019			
Neither past due nor impaired	219,802,434	(89,757)	219,712,677
<i>Past due not impaired:</i>			
Less than 30 days	50,121,104	(49,310)	50,071,794
31 to 60 days	29,461,258	(67,857)	29,393,401
More than 60 days	57,814,100	(1,281,387)	56,532,713
	137,396,462	(1,398,554)	135,997,908
	357,198,896	(1,488,311)	355,710,585
Individual impaired	14,350,360	(14,350,360)	–
	371,549,256	(15,838,671)	355,710,585

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 December 2020, trade receivables of RM201,794,826 (2019: RM135,997,908) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM22,321,818 (2019: RM14,350,360), related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

13. OTHER RECEIVABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables				
- Third parties	3,151,306	10,888,282	-	2,500,824
- Related parties	248,209	164,952	8,310	-
	3,399,515	11,053,234	8,310	2,500,824
Less: Accumulated impairment losses	(479,977)	(437,137)	-	-
	2,919,538	10,616,097	8,310	2,500,824
Dividend receivables	-	-	1,063,080	-
Deposits	4,529,802	4,377,964	17,500	14,500
Prepayments	6,516,177	5,417,203	541,108	247,281
GST recoverable	3,231,017	6,062,470	-	9,145
	17,196,534	26,473,734	1,629,998	2,771,750

Related parties refer to companies in which certain Directors of the Group have substantial financial interests. The amount due from related parties represent unsecured, non-interest bearing and repayable on demand.

Movements in the allowance for impairment losses of other receivables are as follows:

	Group	
	2020 RM	2019 RM
Credit Impaired		
At 1 January	437,137	20,514
Impairment losses recognised	42,840	464,777
Written off	-	(48,154)
At 31 December	479,977	437,137

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. NET INVESTMENT IN LEASE

	2020 RM	Group 2019 RM
Minimum lease receivable		
Within one year	88,631	99,481
Less: Future finance income receivable	(19,225)	(21,325)
<hr/>		
Present value of minimum lease receivable	69,406	78,156
<hr/>		
Present value of minimum lease receivable		
Within one year	69,406	78,156
<hr/>		
Analysed as:		
Repayable within twelve months	69,406	78,156
<hr/>		

Hire purchase facilities granted to customer are based on credit procedures and policies set by the Group in accordance with Hire-Purchase Act 1967.

The net investment in lease of the Group is bearing interest rate ranging from 5% to 18% (2019: 5% to 18%) per annum.

15. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

Current assets and current liabilities

These represent non-trade in nature, unsecured, non-interest bearing and are repayable on demand.

Non-current liabilities

This represents non-trade in nature, unsecured, interest bearing at rate of Nil (2019: 3.00%) per annum and repayable after twelve months.

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits of the Group have been pledged with licensed banks as security for credit facilities granted to the Group as disclosed in Note 21.

The interest rates and maturities of deposits are 1.85% (2019: 2.50%) per annum and 365 days (2019: 365 days).

The fixed deposits are held in trust by certain Directors of a subsidiary company.

**NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)**

17. ASSETS HELD FOR SALE

	2020 RM	Group 2019 RM
At 1 January	54,535,500	20,440,000
Transfer from property, plant and equipment (Note 4)	–	29,525,500
Transfer from investment property (Note 5)	–	25,010,000
Disposals	(43,085,500)	(20,440,000)
At 31 December	11,450,000	54,535,500

- (a) In June and October 2018, PP Chin Hin Sdn. Bhd., a subsidiary company of the Company entered into several sale and purchase agreements with third parties to dispose of number of properties for a total cash consideration of RM21,220,000. The disposal was completed in August 2019 and resulted a gain of RM780,000.
- (b) In September and November 2019, PP Chin Hin Sdn. Bhd., a subsidiary company of the Company entered into several sale and purchase agreements with third parties to dispose of numbers of properties for a total cash consideration of RM56,230,000. Included in these properties that classified as assets held for sale:
- (i) assets held for sale at net carrying amount of RM43,085,500 with disposal cash consideration of RM44,630,000. The disposal was completed in November and December 2020 and resulted a gain of RM1,544,500.
- (ii) assets held for sale at net carrying amount of RM11,450,000 with disposal cash consideration of RM11,600,000. The disposal was completed in February 2021.

18. SHARE CAPITAL

	Group/Company		Amount	
	2020 Units	2019 Units	2020 RM	2019 RM
Ordinary shares with no par value				
Issued and fully paid shares				
At 1 January/At 31 December	556,388,000	556,388,000	325,795,595	325,795,595

Included in the share capital is share premium amounting to RM7,655,532 that was not utilised on or before its expiry date of 30 January 2019.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the treasury shares that are held by the Company, all rights are suspended until those shares are reissued.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

18. SHARE CAPITAL (CONT'D)

Treasury shares

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 15 July 2020, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

	Group and Company			
	2020		2019	
	Number of shares	Amount RM	Number of shares	Amount RM
At 1 January	6,320,000	4,991,708	6,320,000	4,991,708
Purchase of own share	7,760,000	7,892,314	–	–
Disposal of own share	(14,080,000)	(12,884,022)	–	–
At 31 December	–	–	6,320,000	4,991,708

During the financial year, the Company repurchased 7,760,000 (2019: Nil) of its issued share capital from the open market at an average price of RM1.02 (2019: Nil) per share including transaction costs. The purchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares.

During the financial year, the Company disposed of its entire treasury shares of 14,080,000 shares for a total consideration of RM19,416,248 (after deducting transaction costs) in the open market at an average price of RM1.38 per share.

19. RESERVES

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable					
Merger reserve	(a)	(147,391,284)	(153,191,580)	–	–
Revaluation reserve	(b)	9,413,437	16,368,496	–	–
Foreign currency translation reserve	(c)	249,895	251,234	–	–
Distributable					
Retained earnings		262,067,232	238,684,854	37,548,479	8,034,457
		124,339,280	102,113,004	37,548,479	8,034,457

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

19. RESERVES (CONT'D)

The nature of reserves of the Group and the Company is as follows:

(a) Merger reserve

The merger arises from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the merger method of accounting.

(b) Revaluation reserve

This is in respect of revaluation surplus net of deferred tax arising from the revaluation of the Group's buildings and is non-distributable.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

20. LEASE LIABILITIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	5,430,072	–	174,833	–
- Effect of adoption of MFRS 16	–	3,567,979	–	54,832
At 1 January, restated	5,430,072	3,567,979	174,833	54,832
Additions	4,285,936	5,030,738	–	209,394
Lease modifications	(379,940)	–	–	–
Payments	(4,225,816)	(3,168,645)	(104,180)	(89,393)
At 31 December	5,110,252	5,430,072	70,653	174,833
Presented as:				
Non-Current	3,203,742	2,358,093	–	70,653
Current	1,906,510	3,071,979	70,653	104,180
	5,110,252	5,430,072	70,653	174,833

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. LEASE LIABILITIES (CONT'D)

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Within one year	2,086,633	3,302,914	71,500	108,000
Later than one year and not later than two years	2,129,107	1,610,235	–	71,500
Later than two years and not later than five years	1,312,937	829,293	–	–
	5,528,677	5,742,442	71,500	179,500
Less: Future finance charges	(418,425)	(312,370)	(847)	(4,667)
Present value of lease liabilities	5,110,252	5,430,072	70,653	174,833

The Group leases various land and buildings, machineries and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

21. BANK BORROWINGS

	2020 RM	Group 2019 RM
Non-Current Secured		
Term loans	67,042,739	79,320,574
Current Secured		
Bank overdrafts	1,526,375	2,380,758
Revolving credits	93,331,369	101,100,134
Bankers' acceptance	230,626,000	308,693,274
Trust receipts	217,769	447,372
Term loans	21,289,773	21,811,284
	346,991,286	434,432,822
	414,034,025	513,753,396

The bank borrowings are secured by the following:

- Legal charge over the land and building and investment properties as disclosed in Notes 4 and 5 respectively;
- Pledge of fixed deposits of the Group as disclosed in Note 16;
- Corporate guarantee by the Company;

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

21. BANK BORROWINGS (CONT'D)

The bank borrowings are secured by the following: (Cont'd)

- (d) Joint and several guaranteed by certain Company's Directors;
- (e) Corporate guarantee by certain subsidiary companies;
- (f) Debentures incorporating fixed charges over all present and future assets of the certain subsidiary companies; and

The maturity of bank borrowings is as follows:

	2020 RM	Group 2019 RM
Within one year	346,991,286	434,432,822
Later than one year and not later than two years	18,284,530	18,096,403
Later than two years and not later than five years	44,720,954	48,240,698
Later than five years	4,037,255	12,983,473
	414,034,025	513,753,396

The range of interest rates per annum is as follows:

	2020 %	Group 2019 %
Bank overdrafts	6.15 - 7.65	6.80 - 8.50
Revolving credits	3.06 - 5.35	4.15 - 5.40
Bankers' acceptance	1.96 - 4.35	3.63 - 5.40
Trust receipts	7.44 - 8.69	8.69 - 8.94
Term loans	2.71 - 6.44	3.96 - 6.73

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. DEFERRED TAX LIABILITIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	11,360,034	11,364,977	63,637	60,092
Disposal of a subsidiary company	(168,341)	–	–	–
Recognised in other comprehensive income	–	(823)	–	–
Recognised in profit or loss (Note 29)	2,408,622	67,582	(6,316)	5,339
Over provision in prior years (Note 29)	(28,996)	(71,702)	(5,659)	(1,794)
At 31 December	13,571,319	11,360,034	51,662	63,637

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities	37,346,341	36,412,713	51,662	63,637
Deferred tax assets	(23,775,022)	(25,052,679)	–	–
	13,571,319	11,360,034	51,662	63,637

The movements and components of deferred tax liabilities and assets prior to offsetting are as follows:

Deferred tax liabilities

	Accelerated capital allowances RM	Revaluation of investment property RM	Revaluation of property, plant and equipment RM	Total RM
Group				
At 1 January 2020	33,521,213	731,287	2,160,213	36,412,713
Recognised in profit or loss	1,822,266	(206,287)	(485,014)	1,130,965
Disposal of a subsidiary company	–	–	(168,341)	(168,341)
Over provision in prior years	(28,996)	–	–	(28,996)
At 31 December 2020	35,314,483	525,000	1,506,858	37,346,341
At 1 January 2019	28,499,412	539,287	2,212,070	31,250,769
Recognised in profit or loss	5,093,503	192,000	(51,034)	5,234,469
Recognised in other comprehensive income	–	–	(823)	(823)
Over provision in prior years	(71,702)	–	–	(71,702)
At 31 December 2019	33,521,213	731,287	2,160,213	36,412,713

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

22. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax liabilities (Cont'd)

	Accelerated capital allowances RM
Company	
At 1 January 2020	63,637
Recognised in profit or loss	(11,975)
At 31 December 2020	51,662
At 1 January 2019	60,092
Recognised in profit or loss	3,545
At 31 December 2019	63,637

Deferred tax assets

	Unabsorbed capital allowances RM	Unutilised tax losses RM	Unutilised reinvestment allowances RM	Total RM
Group				
At 1 January 2020	20,206,603	3,312,087	1,533,989	25,052,679
Recognised in profit or loss	(185,610)	(418,953)	(673,094)	(1,277,657)
At 31 December 2020	20,020,993	2,893,134	860,895	23,775,022
At 1 January 2019	17,367,778	2,416,725	101,289	19,885,792
Recognised in profit or loss	2,838,825	895,362	1,432,700	5,166,887
At 31 December 2019	20,206,603	3,312,087	1,533,989	25,052,679

Deferred tax assets have not been recognised in respect of the following items:

	2020 RM	Group 2019 RM
Unabsorbed capital allowances	13,994,967	7,490,482
Unutilised tax losses	29,602,090	11,531,204
Other temporary differences	343,540	52,894
	43,940,597	19,074,580

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses. With effect from year of assessment 2019, unutilised tax losses are allowed to be carried forward up to a maximum of seven consecutive years of assessment under the current tax legislation. The other temporary differences do not expire under the current tax legislation.

23. TRADE PAYABLES

	2020 RM	Group 2019 RM
Trade payables		
- Third parties	131,905,699	136,352,061
- Related parties	3,994,364	4,603,642
	135,900,063	140,955,703

Credit terms of trade payables of the Group ranged from 14 to 120 days (2019: 14 to 120 days) depending on the term of the contracts.

Related parties refer to companies in which certain Directors of the Company have substantial financial interests.

24. OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables				
- Third parties	21,168,000	32,849,112	451,305	191
- Related parties	5,557,998	290,843	-	-
	26,725,998	33,139,955	451,305	191
Dividend payable	-	5,466,080	-	5,466,080
Deposit received	5,104,143	2,368,787	-	-
Accruals	24,321,387	19,595,077	57,000	62,000
GST payable	84,714	45,116	-	-
	56,236,242	60,615,015	508,305	5,528,271

Related parties refer to companies in which certain Directors of the Company have substantial financial interests. The amount due to related parties represents unsecured, non-interest bearing and repayable on demand.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

25. AMOUNT DUE TO DIRECTORS

This represents unsecured advances, non-interest bearing and is repayable on demand.

26. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers:				
- Sales of goods	955,594,063	1,039,382,494	-	-
- Services rendered	10,119,019	12,423,711	-	-
- Construction contract revenue	56,637	1,170,459	-	-
- Interest income from net investment in lease	2,100	19,043	-	-
- Management fees received	-	-	6,127,200	5,759,000
	965,771,819	1,052,995,707	6,127,200	5,759,000
Revenue from other sources:				
- Dividend income	-	-	1,063,080	11,500,000
- Lease income from investment properties	2,988,760	3,462,436	-	-
	2,988,760	3,462,436	1,063,080	11,500,000
	968,760,579	1,056,458,143	7,190,280	17,259,000

Timing of revenue recognition:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At a point in time	965,715,182	1,051,825,248	-	-
Over time	56,637	1,170,459	6,127,200	5,759,000
Total revenue from contracts with customers	965,771,819	1,052,995,707	6,127,200	5,759,000

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

26. REVENUE (CONT'D)

Breakdown of the Group is revenue from contract with customers:

2020	Investment holding and management services RM	Manufacturing of fire rated door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh and metal roofing systems RM	Modular building solutions RM	Total RM
Major goods and services:								
Sales of goods	-	28,588,049	530,421,480	59,136,546	249,951,809	87,496,179	-	955,594,063
Services rendered	-	-	10,119,019	-	-	-	-	10,119,019
Construction contract revenue	45,550	-	-	-	-	-	11,087	56,637
Interest income from net investment in lease	-	-	2,100	-	-	-	-	2,100
Total revenue from contracts with customers	45,550	28,588,049	540,542,599	59,136,546	249,951,809	87,496,179	11,087	965,771,819
Geographical market:								
Malaysia	45,550	28,588,049	529,000,369	59,136,546	211,959,136	85,025,566	11,087	913,766,303
Singapore	-	-	11,542,230	-	32,017,510	2,470,613	-	46,030,353
Australia	-	-	-	-	1,678,653	-	-	1,678,653
Philippines	-	-	-	-	4,148,669	-	-	4,148,669
Others	-	-	-	-	147,841	-	-	147,841
Total revenue from contracts with customers	45,550	28,588,049	540,542,599	59,136,546	249,951,809	87,496,179	11,087	965,771,819

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

26. REVENUE (CONT'D)

Breakdown of the Group is revenue from contract with customers: (Cont'd)

	Investment holding and management services RM	Manufacturing of fire rated door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh and metal roofing systems RM	Modular building solutions RM	Total RM
2019								
Major goods and services:								
Sales of goods	-	36,758,141	566,314,358	63,990,449	267,814,102	104,505,444	-	1,039,382,494
Services rendered	581,114	-	11,842,597	-	-	-	-	12,423,711
Construction contract revenue	-	-	-	-	-	-	1,170,459	1,170,459
Interest income from net investment in lease	-	-	19,043	-	-	-	-	19,043
Total revenue from contracts with customers	581,114	36,758,141	578,175,998	63,990,449	267,814,102	104,505,444	1,170,459	1,052,995,707
Geographical market:								
Malaysia	581,114	36,758,141	567,198,195	63,990,449	234,491,891	94,074,672	1,170,459	988,264,921
Singapore	-	-	10,977,803	-	32,763,855	10,430,772	-	54,172,430
Australia	-	-	-	-	297,754	-	-	297,754
Philippines	-	-	-	-	180,574	-	-	180,574
Others	-	-	-	-	80,028	-	-	80,028
Total revenue from contracts with customers	581,114	36,758,141	578,175,998	63,990,449	267,814,102	104,505,444	1,170,459	1,052,995,707

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. FINANCE COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest expenses on:				
Bankers' acceptance	8,591,764	11,106,383	-	-
Revolving credits	4,543,938	5,167,898	-	-
Term loans	4,125,729	5,471,471	-	-
Bank overdrafts	496,553	942,316	-	-
Trust receipts	26,406	37,136	-	-
Lease liability	274,001	209,744	3,821	2,607
Advance by related parties	-	1,743,174	-	-
Others	9,243	4,114	-	400,867
	18,067,634	24,682,236	3,821	403,474

28. PROFIT BEFORE TAXATION

Profit before taxation is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- Statutory				
- Current year	354,500	407,713	47,000	47,000
- Over provision in prior years	(12,360)	(10,770)	-	(3,000)
- Non-statutory				
- Current year	5,000	5,000	5,000	5,000
Amortisation of other investments	936	936	-	-
Bad debts written off				
- Trade	1,019,139	584,004	-	-
Bad debts recovered	(57,112)	(186,353)	-	-
Deposit written off	41,850	-	-	-
Depreciation of property plant and equipment	34,306,794	30,613,519	462,800	441,539
Non-executive Directors' remunerations				
- Fee	225,000	240,000	225,000	240,000
- Other emoluments	38,250	35,705	38,250	35,705

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

28. PROFIT BEFORE TAXATION (CONT'D)

Profit before taxation is determined after charging/(crediting) amongst other, the following items: (Cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Net loss on impairment of financial instruments:				
- Impairment loss on				
- Trade receivables	13,639,940	7,036,195	-	-
- Other receivables	42,840	464,777	-	-
- Reversal of impairment loss on trade receivables	(5,619,973)	(1,451,214)	-	-
	8,062,807	6,049,758	-	-
Impairment loss on goodwill on consolidation	4,376,687	-	-	-
Inventories written down	-	170,000	-	-
Inventories written off	1,692,660	117,292	-	-
Lease expenses relating to short-term leases	2,284,127	4,192,437	14,588	11,952
Lease expenses relating to low-value asset	223,230	429,773	32,610	15,760
Loss on foreign exchange				
- Realised	228,439	235,506	-	-
- Unrealised	69,885	88,747	-	-
Management fee income	(60,000)	-	-	-
Property, plant and equipment written off	400,527	-	-	-
Gain on modification on lease contract	(70,368)	-	-	-
Fair value adjustment on investment properties	50,550	(650,000)	-	-
(Gain)/Loss on disposal of:				
- A subsidiary company	(3,855,466)	-	-	-
- Investment in associates	(27,787,796)	-	(27,787,796)	-
- Investment properties	-	(610,000)	-	-
- Property, plant and equipment	(156,903)	9,547	-	-
- Assets held for sale	(1,544,500)	(780,000)	-	-
Interest income from bank	(68,373)	(588,478)	-	-
Interest income from fixed deposits	(593)	(1,255)	-	-
Interest income from overdue account	(2,856,022)	(643,220)	-	-
Interest income from net investment lease	(2,100)	(19,043)	-	-
Lease income	(177,810)	(830,852)	-	-
Other income from solar power panels	(2,767,192)	(3,052,930)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

29. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Tax expenses recognised in profit or loss:				
Income Tax				
- Current year taxation	3,876,505	5,980,572	222,954	171,401
- (Over)/Under provision in prior years	(25,492)	64,103	64,491	17,260
Real property gain tax	1,972,499	1,580,173	-	-
	5,823,512	7,624,848	287,445	188,661
Deferred tax:				
Origination and reversal of temporary differences	2,408,622	67,582	(6,316)	5,339
Over provision in prior years	(28,996)	(71,702)	(5,659)	(1,794)
	2,379,626	(4,120)	(11,975)	3,545
Tax expenses for the financial year	8,203,138	7,620,728	275,470	192,206

Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expenses applicable to profit before taxation at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before taxation	25,107,683	22,923,164	28,821,146	11,442,745
At Malaysian statutory tax rate of 24% (2019: 24%)	6,025,846	5,501,559	6,917,075	2,746,259
Non taxable income	(9,475,181)	(1,251,678)	(6,924,210)	(2,760,000)
Expenses not deductible for tax purposes	3,735,477	2,997,293	223,773	190,481
Utilisation of current year reinvestment allowances	(606,228)	(3,645,978)	-	-
Real property gain tax	1,972,499	1,580,173	-	-
Utilisation of previously unrecognised deferred tax assets	-	(847,500)	-	-
Deferred tax assets not recognised	5,967,844	2,782,365	-	-

**NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)**

29. TAXATION (CONT'D)

A reconciliation of income tax expenses applicable to profit before taxation at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows: (Cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Income under partial tax exemption scheme	(34,942)	(93,537)	-	-
Effect of differentiate of tax rate	(25,687)	(94,417)	-	-
Effect of share of results of associates	697,998	700,047	-	-
(Over)/Under provision of taxation in prior years	(25,492)	64,103	64,491	17,260
Over provision of deferred tax in prior years	(28,996)	(71,702)	(5,659)	(1,794)
Tax expenses for the financial year	8,203,138	7,620,728	275,470	192,206

The Group has unutilised tax losses, unabsorbed capital allowances, and unutilised reinvestment allowances amounting to RM41,185,975, RM95,090,871 and RM3,637,969 (2019: RM26,536,985, RM82,989,224 and RM10,079,634) respectively, available to carry forward to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

30. EARNINGS PER SHARE

The basic earnings per share is calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year. The weighted average number of ordinary shares in issue excludes the weighted average of treasury shares held by the Company.

	Group	
	2020 RM	2019 RM
Profit attributable to owners of the parent	21,259,269	18,049,802
Weighted average number of ordinary shares in issue		
Issued ordinary shares at 1 January	556,388,000	556,388,000
Effect of treasury shares held	(10,413,743)	(6,320,000)
Effect of treasury shares sold	3,104,669	-
Weighted average number of ordinary shares at 31 December	549,078,926	550,068,000
Basic earnings per share (sen)	4	3

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any dilutive potential ordinary shares in issue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. DIVIDENDS

	Group/Company	
	2020	2019
	RM	RM
Dividends recognised as distribution to ordinary shareholders of the Company:		
First interim single tier dividend in respect of the financial year ended		
- 31 December 2019 (single tier dividend of RM0.01 per ordinary share)	-	5,500,680
- 31 December 2020 (single tier dividend of RM0.01 per ordinary share)	5,563,880	-
Second interim single tier dividend in respect of the financial year ended		
- 31 December 2019 (single tier dividend of RM0.01 per ordinary share)	-	5,466,080
	5,563,880	10,966,760

Subsequent to the financial year end, on 26 February 2021, the Directors declared a second interim dividend of RM0.01 per ordinary share with the total amounting to RM5,563,880 computed based on 556,388,000 ordinary shares in respect of the financial year ended 31 December 2020. The financial statements for the current financial year do not reflect these dividends. Upon declaration, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2021.

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

NOTES TO
THE FINANCIAL STATEMENTS
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32. STAFF COSTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, wages and other emoluments	58,752,160	55,585,308	3,886,194	3,411,803
Defined contribution plans	6,761,624	6,281,696	469,126	405,586
Other benefits	2,183,544	2,341,665	130,007	146,862
	67,697,328	64,208,669	4,485,327	3,964,251

Included in staff costs is aggregate amount of remuneration received and receivables by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors of the Company				
Salaries and other emoluments	2,022,240	1,987,004	-	-
Defined contribution plans	258,934	255,581	-	-
	2,281,174	2,242,585	-	-
Directors of the subsidiary companies				
Salaries and other emoluments	2,496,773	2,366,873	-	-
Defined contribution plans	297,552	287,038	-	-
	2,794,325	2,653,911	-	-
	5,075,499	4,896,496	-	-

NOTES TO
THE FINANCIAL STATEMENTS
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33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes:

	At 1 January 2020 RM	Financing cash flows RM	Dividend Declared RM	Lease modification RM	New leases RM	At 31 December 2020 RM
Group						
Lease liabilities	5,430,072	(4,225,816)	-	(379,940)	4,285,936	5,110,252
Term loans	101,131,858	(12,799,346)	-	-	-	88,332,512
Other borrowings	410,240,780	(86,065,642)	-	-	-	324,175,138
Dividend payable	5,466,080	(11,029,960)	5,563,880	-	-	-
Amount due to Directors	15,854,652	(15,084,619)	-	-	-	770,033
	538,123,442	(129,205,383)	5,563,880	(379,940)	4,285,936	418,387,935
Company						
Dividend payable	5,466,080	(11,029,960)	5,563,880	-	-	-
Lease liabilities	174,833	(104,180)	-	-	-	70,653
	5,640,913	(11,134,140)	5,563,880	-	-	70,653

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONT'D)

The table below details changes in the liabilities of the Group arising from financing activities, including both cash and non-cash changes: (Cont'd)

	At 1 January 2019 RM	Effect of Adoption of MFRS 16 RM	At 1 January 2019, restated RM	Financing cash flows RM	Dividend Declared RM	New leases RM	At 31 December 2019 RM
Group							
Finance lease liabilities	976,540	(976,540)	-	-	-	-	-
Lease liabilities	-	3,567,979	3,567,979	(3,168,645)	-	5,030,738	5,430,072
Term loans	108,084,695	-	108,084,695	(6,952,837)	-	-	101,131,858
Other borrowings	389,403,414	-	389,403,414	20,837,366	-	-	410,240,780
Dividend payable	8,251,020	-	8,251,020	(13,751,700)	10,966,760	-	5,466,080
Amount due to Directors	4,650	-	4,650	15,850,002	-	-	15,854,652
	506,720,319	2,591,439	509,311,758	12,814,186	10,966,760	5,030,738	538,123,442
Company							
Dividend payable	8,251,020	-	8,251,020	(13,751,700)	10,966,760	-	5,466,080
Lease liabilities	-	54,832	54,832	(89,393)	-	209,394	174,833
	8,251,020	54,832	8,305,852	(13,841,093)	10,966,760	209,394	5,640,913

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

34. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances as disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company during the reporting periods are as follows:

	2020 RM	Group	2019 RM
Transactions with companies in which Directors of the Company has substantial financial interests			
- Transportation services rendered	4,292,429		5,024,790
- Sales of goods	677,009		1,990,596
- Purchase of goods	7,135,389		8,878,335
- Lease received/receivables	610,160		999,158
- Lease paid/payables	381,630		242,500
- Hotel accommodation paid	588		9,440
- Other income	223,886		196,926
	13,321,091		17,341,745
Transactions with a Director of the Company			
- Proceeds from disposal of shares in associate	8,500,000		-

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

34. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant related party transactions (Cont'd)

	Company	
	2020 RM	2019 RM
Transactions with subsidiary companies		
- Dividend income	–	11,500,000
- Management fee income	6,127,200	5,759,000
- Lease expenses	80,800	66,240
- Interest expenses	3,200	1,760
	6,211,200	17,327,000
Transactions with a Director of the Company		
- Proceeds from disposal of shares in associate	8,500,000	–
Transactions with associate		
- Dividend income	1,063,080	–
Transactions with companies in which Directors of the Company has substantial financial interests		
- Lease expenses	23,380	23,152
- Interest expenses	620	848

(c) Compensation of key management personnel

Remuneration of Directors and other member of key management are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries, fees and other other emoluments	5,185,770	3,079,091	–	–
Defined contribution plans	411,007	374,591	–	–
	5,596,777	3,453,682	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has seven (7) reportable segments as follows:

Investment holding and management services	Investment holding and provision of management services
Manufacturing of fire rated door	Manufacturing and sales of fire rated door
Distribution of building materials and provision of logistics	Trading and distribution of building materials, letting of properties and hire purchase financing
Ready-mixed concrete	Distribution of ready-mixed concrete
Manufacturing of AAC and precast concrete products	Manufacturing and sales of precast concrete products
Manufacturing of wire mesh and metal roofing systems	Manufacture and sales of wire mesh and metal roofing system
Modular building solutions	Manufacture of prefabricated buildings mainly of metal

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Investment holding and provision of management services are being managed by three different companies within the Group. These operating segments have been aggregated to form a reportable segment as management services taking into account the following factors:

- These operating segments have similar long-term gross profit margin;
- The nature of the services and production processes are similar; and
- The methods used to render the services to the customers are similar.

Other non-reportable segments comprise operations related to rental of investment properties. None of these segments met the quantitative thresholds for reporting segments in 31 December 2019 and 2020.

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 profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

	Investment holding and management services RM	Manufacturing of fire rated door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh and metal roofing systems RM	Modular building solutions RM	Adjustments and elimination RM	As per consolidated financial statements RM
Group 2020									
Revenue									
External customers	45,550	28,588,049	543,531,359	59,136,547	249,951,809	87,496,179	11,086	-	968,760,579
Inter-segment	11,690,280	4,608,453	2,527,425	87,873	37,525,664	28,071,653	341,719	(84,853,067)	-
Total revenue	11,735,830	33,196,502	546,058,784	59,224,420	287,477,473	115,567,832	352,805	(84,853,067)	968,760,579
Results									
Segment results	30,778,651	(2,694,154)	11,199,964	(3,690,262)	18,596,796	7,294,546	(3,987,397)	(15,761,295)	41,736,849
Interest income	(60)	(28,720)	(2,589,783)	(159,310)	(1,276,802)	(700,149)	(174,091)	2,001,827	(2,927,088)
Finance costs	(4,512)	(43,083)	(6,814,364)	(345,684)	(11,574,798)	(351,748)	(2,171,498)	3,238,053	(18,067,634)
Share of results of associates	-	-	-	-	-	-	-	4,365,556	4,365,556
Profit/(Loss) before tax	30,774,079	(2,765,957)	1,795,817	(4,195,256)	5,745,196	6,242,649	(6,332,986)	(6,155,859)	25,107,683
Taxation	(274,637)	(275,091)	(1,631,595)	(97,130)	(4,631,122)	(1,040,392)	34,827	(287,998)	(8,203,138)
Net profit/(loss) for the financial year	30,499,442	(3,041,048)	164,222	(4,292,386)	1,114,074	5,202,257	(6,298,159)	(6,443,857)	16,904,545

NOTES TO
THE FINANCIAL STATEMENTS
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35. SEGMENT INFORMATION (CONT'D)

	Investment holding and management services RM	Manufacturing of fire rated door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh and metal roofing systems RM	Modular building solutions RM	Adjustments and elimination RM	As per consolidated financial statements RM
Group 2020									
Assets									
Segment assets	516,015,376	42,248,591	419,305,805	63,525,086	664,263,608	169,983,065	160,374,590	(983,548,931)	1,052,167,190
Capital expenditure	302,942	1,010,372	4,654,972	514,139	13,510,679	268,764	-	(846,789)	19,415,079
Total assets	516,318,318	43,258,963	423,960,777	64,039,225	677,774,287	170,251,829	160,374,590	(984,395,720)	1,071,582,269
Total liabilities	138,763,293	14,639,733	228,710,171	30,016,690	430,079,972	92,853,932	159,487,526	(468,257,584)	626,293,733
Non-cash items									
Amortisation	-	936	-	-	-	-	-	-	936
Depreciation	498,861	1,540,084	1,833,304	3,086,632	22,542,957	4,266,839	323,063	215,054	34,306,794
Other non-cash items	(27,787,796)	156,891	6,371,892	1,388,873	(2,717,514)	(3,452,100)	548,864	7,789,962	(17,700,928)

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

	Investment holding and management services RM	Manufacturing of fire rated door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh and metal roofing systems RM	Modular building solutions RM	Adjustments and elimination RM	As per consolidated financial statements RM
Group 2019									
Revenue									
External customers	581,114	36,758,141	581,695,435	63,990,449	267,814,102	104,505,444	1,113,458	-	1,056,458,143
Inter-segment	17,259,705	6,535,958	5,943,886	184,175	64,821,613	32,211,447	5,523,456	(132,480,240)	-
Total revenue	17,840,819	43,294,099	587,639,321	64,174,624	332,635,715	136,716,891	6,636,914	(132,480,240)	1,056,458,143
Results									
Segment results	11,776,372	144,638	16,850,421	(5,459,355)	40,038,735	2,824,278	3,203,632	(27,992,356)	41,386,365
Interest income	-	(67,683)	(952,022)	(89)	(674,155)	(514,397)	(111,936)	1,068,286	(1,251,996)
Finance costs	(403,474)	(76,539)	(9,056,632)	(375,180)	(12,381,990)	(1,306,671)	(2,296,375)	1,214,625	(24,682,236)
Share of results of associates	-	-	-	-	-	-	-	7,471,031	7,471,031
Profit/(Loss) before tax	11,372,898	416	6,841,767	(5,834,624)	26,982,590	1,003,210	795,321	(18,238,414)	22,923,164
Taxation	(181,380)	(191,329)	(2,515,072)	323,170	(3,555,262)	(311,285)	(489,523)	(700,047)	(7,620,728)
Net profit/(loss) for the financial year	11,191,518	(190,913)	4,326,695	(5,511,454)	23,427,328	691,925	305,798	(18,938,461)	15,302,436

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

	Investment holding and management services RM	Manufacturing of fire rated door RM	Distribution of building materials and provision of logistics RM	Ready-mixed concrete RM	Manufacturing of AAC and precast concrete products RM	Manufacturing of wire mesh and metal roofing systems RM	Modular building solutions RM	Adjustments and elimination RM	As per consolidated financial statements RM
Group 2019									
Assets									
Segment assets	499,170,734	40,817,358	486,975,695	66,376,946	619,458,852	187,370,907	141,936,796	(918,153,080)	1,123,954,208
Capital expenditure	109,529	2,798,308	196,834	2,672,596	37,951,170	83,944	11,542,853	(8,673,410)	46,681,824
Total assets	499,280,263	43,615,666	487,172,529	69,049,542	657,410,022	187,454,851	153,479,649	(926,826,490)	1,170,636,032
Total liabilities	158,284,732	30,256,688	292,086,706	30,734,621	536,051,838	115,259,211	146,294,426	(560,453,715)	748,514,507
Non-cash items									
Amortisation	-	936	-	-	-	-	-	-	936
Depreciation	502,477	1,652,259	1,767,186	2,691,850	19,598,940	4,270,154	419,917	(289,264)	30,613,519
Other non-cash items	-	197,357	1,699,799	2,408,843	795,852	(680,160)	45,208	512,449	4,979,348

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

35. SEGMENT INFORMATION (CONT'D)

- (A) Other non-cash items consist of following as presented in the respective notes to the financial statements:

	2020 RM	Group 2019 RM
Other non-cash items:		
Inventories written down	–	170,000
Inventories written off	1,692,660	117,292
Property, plant and equipment written off	400,527	–
Bad debts written off	1,019,139	584,004
Deposit written off	41,850	–
Fair value adjustment on investment properties	50,550	(650,000)
Unrealised loss on foreign exchange	69,885	88,747
(Gain)/Loss on disposal of:		
- A subsidiary company	(3,855,466)	–
- Investment in associates	(27,787,796)	–
- Investment properties	–	(610,000)
- Property, plant and equipment	(156,903)	9,547
- Assets held for sale	(1,544,500)	(780,000)
Gain on modification of lease contract	(70,368)	–
Impairment loss on:		
- Goodwill on consolidation	4,376,687	–
- Trade receivables	13,639,940	7,036,195
- Other receivables	42,840	464,777
Reversal of impairment loss on trade receivables	(5,619,973)	(1,451,214)
	(17,700,928)	4,979,348

Adjustment and eliminations

Interest income, finance costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Capital expenditure consists of additions of property, plant and equipment and investment properties.

Inter-segment revenues are eliminated on consolidation.

Major customers

No disclosure on major customer information as no customer represents equal or more than ten percent of Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

35. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2020 RM	2019 RM	2020 RM	2019 RM
Group				
Malaysia	916,755,063	1,001,727,357	520,830,836	564,921,749
Singapore	46,030,353	54,172,430	3	3
Australia	1,678,653	297,754	–	–
Philippines	4,148,669	180,574	–	–
Others	147,841	80,028	–	–
	968,760,579	1,056,458,143	520,830,839	564,921,752

Non-current assets for this purpose consist of property, plant and equipment and investment properties.

36. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	At amortised cost	
	2020 RM	2019 RM
Group		
Financial Assets		
Trade receivables	367,757,131	355,710,585
Other receivables	7,449,340	14,994,061
Net investment in lease	69,406	78,156
Fixed deposits with licensed banks	21,041	20,448
Cash and bank balances	51,249,287	55,927,865
	426,546,205	426,731,115

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	At amortised cost	
	2020 RM	2019 RM
Group		
Financial Liabilities		
Trade payables	135,900,063	140,955,703
Other payables	56,151,528	60,569,899
Amount due to Directors	770,033	15,854,652
Lease liabilities	5,110,252	5,430,072
Bank borrowings	414,034,025	513,753,396
	611,965,901	736,563,722
Company		
Financial Assets		
Other receivables	1,088,890	2,515,324
Amount due from subsidiary companies	88,101,290	146,685,946
Cash and bank balances	3,152,359	5,616,167
	92,342,539	154,817,437
Financial Liabilities		
Other payables	508,305	5,528,271
Amount due to subsidiary companies	136,504,906	136,288,525
Amounts due to Directors	–	15,550,256
Lease liabilities	70,653	174,833
	137,083,864	157,541,885

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for bankers' guarantee issued in favour of third parties for securing contract performance and financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Group's maximum exposure in this respect is RM3,363,932 (2019: RM4,120,052) while the Company's maximum exposure is RM404,072,815 (2019: RM513,568,070), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

There are no significant changes as compared to previous financial year.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

**NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)**

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2020						
Financial liabilities						
Trade payables	135,900,063	-	-	-	135,900,063	135,900,063
Other payables	56,151,528	-	-	-	56,151,528	56,151,528
Amount due to Directors	770,033	-	-	-	770,033	770,033
Lease liabilities	2,987,842	2,130,295	1,240,299	-	6,358,436	5,110,252
Bank borrowings	347,485,352	18,598,547	42,497,109	6,719,272	415,300,280	414,034,025
Financial guarantee*	3,363,932	-	-	-	3,363,932	-
	546,658,750	20,728,842	43,737,408	6,719,272	617,844,272	611,965,901

* Based on the maximum amount that can be called for under the financial guarantee contract.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2019						
Financial liabilities						
Trade payables	140,955,703	-	-	-	140,955,703	140,955,703
Other payables	60,569,899	-	-	-	60,569,899	60,569,899
Amount due to Directors	15,854,652	-	-	-	15,854,652	15,854,652
Lease liabilities	3,163,004	1,701,476	828,065	-	5,692,545	5,430,072
Bank borrowings	435,232,717	18,589,562	48,944,343	13,065,687	515,832,309	513,753,396
Financial guarantee*	4,120,052	-	-	-	4,120,052	-
	659,896,027	20,291,038	49,772,408	13,065,687	743,025,160	736,563,722

* Based on the maximum amount that can be called for under the financial guarantee contract.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2020					
Financial liabilities					
Other payables	508,305	–	–	508,305	508,305
Amount due to subsidiary companies	53,536,808	82,968,098	–	136,504,906	136,504,906
Lease Liabilities	71,500	–	–	71,500	70,653
Financial guarantee*	404,072,815	–	–	404,072,815	–
	458,189,428	82,968,098	–	541,157,526	137,083,864
2019					
Financial liabilities					
Other payables	5,528,271	–	–	5,528,271	5,528,271
Amount due to subsidiary companies	53,320,427	42,300,509	42,300,509	137,921,445	136,288,525
Amount due to Directors	15,550,256	–	–	15,550,256	15,550,256
Lease Liabilities	108,000	71,500	–	179,500	174,833
Financial guarantee*	513,568,070	–	–	513,568,070	–
	588,075,024	42,372,009	42,300,509	672,747,542	157,541,885

* Based on the maximum amount that can be called for under the financial guarantee contract.

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Chinese Renminbi ("RMB"), Australian Dollar ("AUD") and Thai Baht ("THB").

	USD RM	SGD RM	Denominated in				Total RM
			EUR RM	RMB RM	AUD RM	THB RM	
2020							
Cash and bank balances	136,317	4,581,469	-	-	-	-	4,717,786
Trade receivables	4,044,259	13,855,784	-	-	250,786	-	18,150,829
Other receivables	-	65,523	-	-	-	-	65,523
Trade payables	(112,522)	(2,975,491)	(457,594)	(128,738)	-	(418,113)	(4,092,458)
Other payables	-	(470,524)	-	-	-	-	(470,524)
	4,068,054	15,056,761	(457,594)	(128,738)	250,786	(418,113)	18,371,156
2019							
Cash and bank balances	108,107	4,310,438	-	-	-	-	4,418,545
Trade receivables	5,342,846	16,669,663	-	93	147,153	-	22,159,755
Other receivables	-	-	-	32,708	-	-	32,708
Trade payables	(283,957)	(5,665,850)	-	-	-	(232,095)	(6,181,902)
Other payables	-	(231,904)	(28,479)	(14,316)	-	-	(274,699)
	5,166,996	15,082,347	(28,479)	18,485	147,153	(232,095)	20,154,407

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's profit before taxation to a reasonably possible change in the USD, SGD, EUR, RMB, AUD and THB exchange rates against RM, with all other variables held constant.

Group	2020		2019	
	Change in currency rate	Effect on profit before tax	Change in currency rate	Effect on profit before tax
	RM	RM	RM	RM
USD	Strengthened 10%	406,805	Strengthened 10%	516,700
	Weakened 10%	(406,805)	Weakened 10%	(516,700)
SGD	Strengthened 10%	1,505,676	Strengthened 10%	1,508,235
	Weakened 10%	(1,505,676)	Weakened 10%	(1,508,235)
EUR	Strengthened 10%	(45,759)	Strengthened 10%	(2,848)
	Weakened 10%	45,759	Weakened 10%	2,848
RMB	Strengthened 10%	(12,874)	Strengthened 10%	1,849
	Weakened 10%	12,874	Weakened 10%	(1,849)
AUD	Strengthened 10%	25,079	Strengthened 10%	14,715
	Weakened 10%	(25,079)	Weakened 10%	(14,715)
THB	Strengthened 10%	(41,811)	Strengthened 10%	(23,210)
	Weakened 10%	41,811	Weakened 10%	23,210

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk

The Group's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2020 RM	Group	2019 RM
Fixed rate instruments			
Financial asset			
Fixed deposits with licensed banks	21,041		20,448
<hr/>			
Financial liability			
Lease liabilities	5,110,252		5,430,072
<hr/>			
Floating rate instruments			
Financial liability			
Bank borrowings	414,034,025		513,753,396
<hr/>			

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

36. FINANCIAL INSTRUMENTS (CONT'D)**(b) Financial risk management objectives and policies (Cont'd)****(iii) Market risk (Cont'd)****(b) Interest rate risk (Cont'd)**

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was: (Cont'd)

	Company	
	2020 RM	2019 RM
Fixed rate instruments		
Financial liability		
Lease liabilities	70,653	174,833

Interest rate risk sensitivity analysisFair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/ (decreased) the Group's profit before taxation by RM4,140,344 (2019: RM5,137,534), arising mainly as a result of lower/ higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

37. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total loan and borrowings	414,034,025	513,753,396	-	-
Less: Fixed deposits with licensed banks	(21,041)	(20,448)	-	-
Less: Cash and bank balances	(51,249,287)	(55,927,865)	(3,152,359)	(5,616,167)
Net debts/(cash)	362,763,697	457,805,083	(3,152,359)	(5,616,167)
Total equity	450,134,875	422,916,891	363,344,074	328,838,344
Gearing ratio (times)	0.81	1.08	#	#

The gearing ratio is not applicable as the Company does not has any loan and borrowings as at 31 December 2019 and 2020.

There were no changes in the Group's approach to capital management during the financial year.

38. CAPITAL COMMITMENT

Capital expenditure

As at the reporting date, the Group has the following commitments for the acquisition of the property, plant and equipment.

	2020 RM	Group 2019 RM
Authorised and contracted for: Property, plant and equipment	3,572,357	4,034,346

NOTES TO
THE FINANCIAL STATEMENTS
(CONT'D)

39. FINANCIAL GUARANTEES

	Group	
	2020 RM	2019 RM
Unsecured		
Bankers' guarantee issued in favour of third parties	3,363,932	4,120,052
	Company	
	2020 RM	2019 RM
Unsecured		
Corporate guarantees given to the licensed banks for credit facility granted to subsidiary companies	404,072,815	513,568,070

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS

(a) Impact of COVID-19 Pandemic

On 11 March 2020, the World Health Organization declared the Covid-19 outbreak as a pandemic in recognition of its rapid spread cross the globe. The Covid-19 outbreak has resulted in travel restrictions, quarantines, lockdowns and other precautionary measures imposed by various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Company operates.

On 16 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") from 18 March 2020 and subsequently entered into various phases of the MCO until 31 March 2021 to curb the spread of the Covid-19 pandemic in Malaysia.

The pandemic caused some reduction in revenue, especially sales contributed by distribution of building materials, manufacturing of AAC and precast concrete products and manufacturing of wire mesh and metal roofing system. As the COVID-19 pandemic situation is still evolving as at the date of authorisation of the financial statements, the ultimate impact of the COVID-19 is highly uncertain and subject to change. The Group and the Company will continuously monitor the impact of COVID-19 on their operations and their financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the potential impact of the outbreak on the Group's and Company's operation.

(b) Proposed Bonus Issue and Proposed Private Placement

On 28 December 2020, the Company announced that:

- (i) the Company had on 28 December 2020 entered into a sale and purchase agreement with Divine Inventions Sdn. Bhd. and Directors, namely Datuk Seri Chiau Beng Teik, JP and Chiau Haw Choon to acquire 176,608,435 ordinary shares in Chin Hin Group Property Berhad ("CHGP"), representing 51.5% equity interest in CHGP and 37,561,700 warrants in CHGP, for total cash consideration of RM88,860,000; and
- (ii) the Company proposed to undertake bonus issue of up to 278,194,000 new ordinary shares in the Company, on the basis of 1 Bonus share for every 2 ordinary shares in the Company held at an entitlement date to be determine later.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENTS (CONT'D)

(b) Proposed Bonus Issue and Proposed Private Placement (Cont'd)

On 29 December 2020, the Company announced that the Company proposed to undertake a private placement of up to 20% of the issued ordinary shares of the Company.

On 19 February 2021, the Company announced that Bursa Securities had via its letter dated 19 February 2021 approve the following:

- (i) 278,194,000 new ordinary shares to be issued pursuant to the Proposed Bonus Issue;
- (ii) Up to 166,916,400 new ordinary shares to be issued pursuant to the Proposed Private Placement after the Proposed Bonus Issue.

On 17 March 2021, the Company announced that the Proposed Bonus Issue had been obtained approval from shareholders of the Company at an extraordinary general meeting on 17 March 2021.

On 1 April 2021, the Company announced that the Bonus Issue was completed with the listing of and quotation for 278,193,996 Bonus Shares on the Main Market of Bursa Securities on 1 April 2021.

As of the date of this report, the Proposed Private Placement is conditional approval from shareholders of the Company at an extraordinary general meeting to be convened.

- (c) On 8 March 2021, the Company entered into a conditional share sale agreement ("SSA") with third parties to acquire 80,000,000 ordinary shares in Signature International Berhad ("Signature"), representing approximately 30.45% equity interest in Signature, for a total cash consideration of RM93,600,000. The acquisition was completed on 8 March 2021.
- (d) On 12 March 2021, Starken AAC Sdn. Bhd., a wholly owned subsidiary company of the Company, completed its subscription of 30% equity interest in Starken Philippines Inc. for a total cash consideration of RM388,135 (PHP 3,300,000).

41. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of Directors on 23 April 2021.

TOP 10 PROPERTIES

No.	Title No:	Property Address:	Tenure	Description of property/ Existing use	Category of land use/Land area/Built-up area (sq metre)	Revaluation Date	Approximate Age of Building	Audited Net Book Value
1	GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor	GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor	Freehold	Description of property: Land & factory building Existing use: Starken AAC 2 Factory	Category of land use: N/A Land area: 204,745m ² Built-up area: 26,709m ²	31/12/2018	3	52,979,739
2	Individual title held under PN 97898, Lot 40023 (formerly known as HS(D)) 45098, PT No. 16047, Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor	Plot 6, Jalan Bunga Azalea 1/2, Kawasan Industri Jalan Bunga Azalea, 48200 Serendah, Selangor	Leasehold 99 years expiring 7 July 2109	Description of property: Land and Factory Building Existing use: Starken AAC & G-Cast Concrete Factory	Category of land use: Industrial Land area: 83,190.5m ² Built-up area: 17,554m ²	31/12/2020	6	35,748,766
3	GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor	GRN 42280, Lot 89, Mukim Kota Tinggi, Daerah Kota Tinggi, Johor	Freehold	Description of property: Land & factory building Existing use: G-Cast Concrete Factory	Category of land use: N/A Land area: 204,745m ² Built-up area: 6,413m ²	N/A	2	7,288,177
4	PN 218833, Lot 12473, Mukim Bidor, Batang Padang, Perak	Lot 12461, Kawasan Penusahaan Bidor, Perak, 35500 Bidor, Perak, Malaysia	Leasehold 99 years expiring 5 March 2096	Description of property: Factory Building Existing use: Factory	Category of land use: Industrial Land area: 75,072m ² Built-up area: 3,613m ²	31/12/2018	4	5,402,118
5	PN 218731, Lot 12448, Mukim Bidor, Batang Padang, Perak	Lot 12461, Kawasan Penusahaan Bidor, Perak, 35500 Bidor, Perak, Malaysia	Leasehold 99 years expiring 5 March 2096	Description of property: Factory Building Existing use: Factory	Category of land use: Industrial Land area: 75,072m ² Built-up area: 3,617m ²	31/12/2018	3	4,583,772
6	PN 46794, Lot 30118, No. Bangunan M1-B, No. Tingkat 1, No. Petak 47, Mukim Setapak, Negeri Wilayah Persekutuan Kuala Lumpur	No. 15-0, No. 15-1, No. 15-2, and No. 15-3, Blok B, Platinum Walk, No. 2, Jalan Langkawi, Danau Kota 53300 Setapak, Kuala Lumpur	Leasehold 99 years expiring 20 November 2106	Description of property: Four Storey Shophouse unit Existing use: Partly Tenanted By Third Parties and Partly vacant	Category of land use: Building Land area: 112.5m ² Built-up area: 450m ²	31/12/2020	13	3,100,000

**TOP 10
PROPERTIES
(CONT'D)**

No.	Title No:	Property Address:	Tenure	Description of property/ Existing use	Category of land use/Land area/Built-up area (sq metre)	Revaluation Date	Approximate Age of Building	Audited Net Book Value
7	PN 46794, Lot 30118, No. Bangunan M1-B, No. Tingkat 2, No. Petak 57, Mukim Setapak, Negeri Wilayah Persekutuan Kuala Lumpur	No. 13A-0, No. 13A-1, No. 13A-2, and No. 13A-3, Blok B, Platinum Walk, No. 2, Jalan Langkawi, Danau Kota 53300 Setapak, Kuala Lumpur	Leasehold 99 years expiring 20 November 2106	Description of property: Four Storey Shophouse unit Existing use: Partly Tenanted By Third Parties and Partly vacant	Category of land use: Building Land area: 118.6m ² Built-up area: 474.5m ²	31/12/2020	13	2,950,000
8	H.S.(D) 56274, PTD 47840, Mukim Simpang Kanan, Daerah Batu Pahat, Johor	PLO 321, Jalan Wawasan 15, Taman Perindustrian, Sri Gading, 83300 Batu Pahat, Johor	Leasehold 60 years expiring 23 January 2067	Description of property: Land & factory building Existing use: Factory	Category of land use: Industrial Land area: 4,047m ² Built-up area: 2,197m ²	N/A	4	2,948,286
9	Geran 268186, Lot 114234, Mukim Pulau, Daerah Johor Bahru, Negeri Johor	No. 90, Jalan Sutera Tanjung 8/4, Taman Sutera Utama, 8000 Johor Bahru	Freehold	Description of property: Three Storey Shophouse Unit Existing use: Partly Tenanted by Third Parties and Partly Office	Category of land use: Building Land area: 178m ² Built-up area: 530.09 m ²	N/A	11	2,496,000
10	HSM 13217, PT15196 (formerly known as GM 4140, Lot 46197), Mukim Petaling, Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur	Units J-0-06 and J-1-06 Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur	Freehold	Description of property: Two Storey Shophouse Unit Existing use: Partly Tenanted by Our Related Parties and Partly Tenanted by Third Parties	Category of land use: Building Land area: 122.5m ² Built-up area: 367.43m ²	31/12/2018	10	1,920,000

STATISTICS OF SHAREHOLDINGS

AS AT 7 APRIL 2021

SHARE CAPITAL

Total Number of Issued Shares	:	834,581,996
Issued Share Capital	:	RM325,795,595.00
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 7 APRIL 2021

	No. of holders	% of shareholders	No. of holdings	% of shares
1 – 99	22	1.55	861	0.00
100 - 1,000	153	10.81	70,724	0.01
1,001 - 10,000	750	52.97	3,193,000	0.38
10,001 - 100,000	330	23.30	9,473,036	1.14
100,001 to less than 5% of issued shares	156	11.02	547,089,525	65.58
5% and above of issued shares	5	0.35	274,379,700	32.89
	1,416	100.00	834,206,846 ^(a)	100.00

(a) Excluding a total of 375,150 as treasury shares as at 7 April 2021.

SUBSTANTIAL SHAREHOLDERS AS AT 7 APRIL 2021

	Direct	%	Indirect	%
1 Divine Inventions Sdn Bhd	306,761,850	36.77	–	–
2 PP Chin Hin Realty Sdn Bhd	–	–	306,761,850 ^(a)	36.77
3 Datuk Seri Chiau Beng Teik, JP	212,044,050	25.42	306,761,850 ^(a)	36.77
4 Datin Seri Wong Mee Leng	–	–	306,761,850 ^(a)	36.77
5 Chiau Haw Choon	29,356,050	3.52	306,761,850 ^(a)	36.77

(a) Deemed interested interest in the shares held by Divine Inventions Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

DIRECTORS' INTERESTS IN SHARES AS AT 7 APRIL 2021

	Direct	%	Indirect	%
1 Datuk Seri Chiau Beng Teik, JP	212,044,050	25.42	306,761,850 ^(a)	36.77
2 Chiau Haw Choon	29,356,050	3.52	306,761,850 ^(a)	36.77
3 Lee Hai Peng	2,061,000	0.25	–	–
4 Yeoh Chin Hoe	150,000	0.02	–	–
5 Datuk Cheng Lai Hock	150,000	0.02	–	–
6 Mohd Yusri Bin Md Yusof	–	–	–	–
7 Shelly Chiau Yee Wern (Alternate Director to Datuk Seri Chiau Beng Teik)	–	–	–	–

(a) Deemed interested interest in the shares held by Divine Inventions Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

STATISTICS OF SHAREHOLDINGS (CONT'D)

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 7 APRIL 2021)

		No. of shares	% of shares
1.	MALAYSIA NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (50-00023-000)	75,000,000	8.99
2.	DIVINE INVENTIONS SDN BHD	56,100,750	6.73
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK	54,010,800	6.48
4.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT- AMBANK (M) BERHAD FOR DIVINE INVENTIONS SDN.BHD.(SMART)	46,950,000	5.63
5.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATUK CHIAU BENG TEIK (MGN-CBT0006M)	42,318,150	5.07
6.	DESIRAN REALITI SDN BHD	39,346,500	4.72
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN. BHD. (MY3789)	37,500,000	4.50
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHIAU BENG TEIK (SMART)	28,050,000	3.36
9.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK	24,876,900	2.98
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR DATO' ONG CHOO MENG (PB)	24,150,000	2.90
11.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK	23,443,050	2.81
12.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (THIRD PARTY)	22,500,000	2.70
13.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (015151)	22,500,000	2.70
14.	RHB NOMINEES (TEMPATAN) SDN BHD BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD	22,500,000	2.70
15.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR CHIAU HAW CHOON	17,581,050	2.11
16.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK (MY2975)	15,652,800	1.88
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIAU BENG TEIK (514440532080)	15,000,000	1.80
18.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD (SWAP)	11,819,200	1.42

**STATISTICS OF
SHAREHOLDINGS
(CONT'D)**

**LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (CONT'D)
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 7 APRIL 2021)**

	No. of shares	% of shares
19. M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (M&A)	11,061,900	1.33
20. M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD	7,500,000	0.90
21. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR CHIAU HAW CHOON (SMART)	7,275,000	0.90
22. CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN SENG (MP0474)	7,200,000	0.86
23. MOHD SALLEH BIN HASHIM	6,750,000	0.81
24. JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AH CHAI (MARGIN)	6,390,000	0.77
25. HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG (DATO)	6,345,750	0.76
26. ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KEH CHUAN SENG (7001511)	6,083,550	0.73
27. YAYASAN GURU TUN HUSSEIN ONN	5,846,850	0.70
28. MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DIVINE INVENTIONS SDN BHD (MGN-CBT0006M)	5,149,200	0.62
29. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHUM ANG KIA (DATO')	5,070,000	0.61
30. UOBM NOMINEES (TEMPATAN) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR CHEW HUN SENG	5,000,000	0.60
TOTAL	658,971,450	79.07

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh (7th) Annual General Meeting (“AGM”) of Chin Hin Group Berhad (“Chin Hin” or “the Company”) will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting (“RPV”) Facilities from the broadcast venue at Chin Hin Culture Centre, No. F-0-1 and F-0-2 Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Tuesday, 8 June 2021 at 10.00 a.m. for the purpose of transacting the following businesses:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note 1)
2. To approve the payment of Directors’ fees of up to RM300,000 to be divided amongst the Directors in such manner as the Directors may determine and others benefits payable of up to RM200,000 for the period commencing from 7th AGM until the conclusion of the next Annual General Meeting of the Company. (Ordinary Resolution 1)
3. To re-elect Mohd Yusri Bin Md Yusof who retires pursuant to Clause 114 of the Company’s Constitution. (Ordinary Resolution 2)
4. To re-elect the following directors who retire pursuant to Clause 105 of the Company’s Constitution :
 - (a) Lee Hai Peng; and (Ordinary Resolution 3)
 - (b) Yeoh Chin Hoe. (Ordinary Resolution 4)
5. To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

As Special Business:

To consider and, if thought fit, to pass the following resolutions:

6. **Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016** (Ordinary Resolution 6)

THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (“the Act”), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Malaysia Securities Berhad (“Bursa Securities”) on 16 April 2020 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued.

AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until 31 December 2021, as empowered by Bursa Securities pursuant to its letter dated 16 April 2020 to grant additional temporary relief measures to listed corporations, notwithstanding Section 76(3) of the Act, duly varied and adopted by the Directors of the Company pursuant to Section 76(4) of the Act.

NOTICE OF
ANNUAL GENERAL MEETING
(CONT'D)

7. **Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** (Ordinary Resolution 7)

THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Part A, Section 2.4 of the Circular to Shareholders dated 30 April 2021 for the purposes of Paragraph 10.09, Chapter 10 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

- (i) the transactions are necessary for the day to day operations of the Company's subsidiary in the ordinary course of business, at arm's length, on normal commercial terms and are on terms not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;
- (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until:
 - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
 - (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340 (2) of the Companies Act, 2016 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

- (iii) disclosure is made in the annual report of the Company of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the mandate during the current financial year, and in the annual reports for the subsequent financial years during which a shareholder's mandate is in force, where:
 - (a) the consideration, value of the assets, capital outlay or costs of the aggregated transactions is equal to or exceeds RM1.0 million; or
 - (b) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%,

whichever is the higher;

and amongst other, based on the following information:

- (a) the type of the Recurrent Related Party Transactions made; and

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- (b) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationships with Chin Hin Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

8. **Proposed Renewal of Share Buy-Back Authority for the Purchase of its Own Ordinary Shares (“Proposed Share Buy-Back Authority”)** (Ordinary Resolution 8)

THAT subject to the compliance with Section 127 of the Companies Act, 2016 (“the Act”) and all other applicable laws, rules and regulations, approval be and is hereby given to the Company, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad (“Bursa Securities”) as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares to be purchased and held pursuant to this resolution does not exceed 10% of the existing issued share capital of the Company including the shares previously purchased and retained as treasury shares (if any) and the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the total retained profits of the Company, upon such terms and conditions as set out in the Circular to Shareholders dated 30 April 2021.

AND THAT such authority shall commence immediately upon the passing of this Ordinary Resolution and until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM is required by law to be held unless revoked or varied by Ordinary Resolution in the general meeting of the Company but so as not to prejudice the completion of a purchase made before such expiry date, in any event in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities (“Listing Requirements”) and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to retain the ordinary shares in the Company so purchased by the Company as treasury shares and/or to cancel them and/or to resell them and/or to distribute them as share dividends in such manner as may be permitted and prescribed by the provisions of the Listing Requirements and any other relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary to enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as the Directors may deem fit and expedient in the interests of the Company.

9. To transact any other ordinary business of the Company for which due notice shall have been given.

NOTICE OF
ANNUAL GENERAL MEETING
(CONT'D)

BY ORDER OF THE BOARD

Tan Tong Lang
(MAICSA7045482/SSM PC No.201908002253)
Thien Lee Mee
(LS0009760/SSM PC No.201908002254)
Company Secretaries

Selangor Darul Ehsan
Date: 30 April 2021

NOTES ON APPOINTMENT OF PROXY

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at <https://web.vote2u.app>.
2. A member entitled to participate and vote at the general meeting may appoint up to two (2) proxies to participate and vote in his stead. A proxy may but need not be a member of the Company.
3. The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
4. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
5. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.
6. The Form of Proxy or other instruments of appointment must be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
7. For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 1 June 2021 will be entitled to participate, speak and vote at the said meeting or appoint proxies to participate, speak and vote on his stead.
8. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

EXPLANATORY NOTES :

1. Audited Financial Statements for the Financial Year Ended 31 December 2020

The Agenda No. 1 is meant for discussion only as Section 340(1)(a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and does not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. Ordinary Resolution 1 : To Approve the Payment of Directors' Fees and Other Benefits Payable

The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and its Committees held for the period commencing from 7th AGM until the next Annual General Meeting for the Company.

3. Ordinary Resolution 6 : Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

Bursa Malaysia Securities Berhad has via their letter dated 16 April 2020 granted several additional temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021 ("Extended Utilisation Period") and thereafter, the 10% general mandate will be reinstated.

The proposed Ordinary Resolution 6, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 20% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, inclusive of the Extended Utilisation Period, pursuant to Section 76(4) of the Companies Act, 2016 from its shareholders at the forthcoming 7th AGM of the Company.

The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the Extended Utilisation Period, i.e. by 31 December 2021.

As at the date of this Notice, the Company has not issued any new shares pursuant to the General Mandate granted to the Directors at the 6th Annual General Meeting held on 15 July 2020 and which will lapse at the conclusion of the 7th Annual General Meeting. A renewal of this General Mandate is being sought at the 7th Annual General Meeting under the proposed Ordinary Resolution 6.

NOTICE OF
ANNUAL GENERAL MEETING
(CONT'D)

4. Ordinary Resolution 7 : Proposed New Shareholders' Mandate and Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

5. Ordinary Resolution 8: Proposed Renewal of Share Buy-Back Authority for the Purchase of its Own Ordinary Shares

The proposed Ordinary Resolution 8, if passed, will empowers the Company to purchase its own ordinary shares of up to 10% of the total issued share capital of the Company for the time being by utilising the funds allocated out of the retained profits of the Company. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03 (3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 6 as stated in the Notice of Annual General Meeting of the Company for the details.

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CHIN HIN GROUP BERHAD
Company Registration No. 201401021421 (1097507-W)

NUMBER OF SHARES HELD	CDS ACCOUNT NO.

Form of Proxy

I / We (Full Name in Block Letters) _____

NRIC No. / Passport No. / Company Registration No. _____

of _____

email address _____ Mobile No. _____

being a member / members of CHIN HIN GROUP BERHAD hereby appoint: _____

_____ NRIC No. / Passport No. _____

of _____

email address _____ Mobile No. _____

and/or _____ NRIC No. / Passport No. _____

of _____

email address _____ Mobile No. _____

You are required to fill in the contact no. and email address to participate the Seventh (7th) Annual General Meeting, otherwise, we are unable to register you as the participate of the meeting.

or failing *him/her, the Chairman of the meeting as my / our proxy to vote and act on my / our behalf at the Seventh (7th) Annual General Meeting of Chin Hin Group Berhad ("Chin Hin" or "the Company") will be held and conducted by way of virtual meeting entirely through live streaming via Remote Participation and Voting ("RPV") Facilities from the broadcast venue at Chin Hin Culture Centre, No. F-0-1 and F-0-2 Pusat Perdagangan Kuchai, No. 2, Jalan 1/127, Off Jalan Kuchai Lama, 58200 Kuala Lumpur on Tuesday, 8 June 2021 at 10.00 a.m. and at any adjournment thereof.

No.	Resolutions		For	Against
1.	To approve the payment of Directors' fees and other benefits payable.	Ordinary Resolution 1		
2.	To re-elect Mohd Yusri Bin Md Yusof as Director.	Ordinary Resolution 2		
3.	To re-elect Lee Hai Peng as Director.	Ordinary Resolution 3		
4.	To re-elect Yeoh Chin Hoe as Director.	Ordinary Resolution 4		
5.	To re-appoint Messrs UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
6.	To approve the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Ordinary Resolution 6		
7.	To approve the Proposed Shareholders' Mandate.	Ordinary Resolution 7		
8.	To approve the Proposed Share Buy-Back Authority.	Ordinary Resolution 8		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolution as he/she may think fit.)

Signed this _____ day of _____, 2021.

Signature : _____
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
No. of Shares:

Percentage :

Second Proxy
No. of Shares:

Percentage :

NOTES ON APPOINTMENT OF PROXY

- Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at this virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn Bhd via its Vote2U online website at <https://web.vote2u.app>.
- A member entitled to participate and vote at the general meeting may appoint up to two (2) proxies to participate and vote in his stead. A proxy may but need not be a member of the Company.
- The Form of Proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its officer, attorney or other person duly authorised in writing.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The Form of Proxy or other instruments of appointment must be deposited at the office of the Company's Share Registrar at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.
- For the purpose of determining a member who shall be entitled to attend the meeting, only a member whose name appear in the Record of Depositors as at 1 June 2021 will be entitled to participate, speak and vote at the said meeting or appoint proxies to participate, speak and vote on his stead.
- Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the resolution set out above will be put to vote by way of poll.



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Stamp

**THE SHARE REGISTRAR OF
CHIN HIN GROUP BERHAD
COMPANY REGISTRATION NO. 201401021421 (1097507-W)**
Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya, Selangor
Malaysia

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CHIN HIN GROUP BERHAD

201401021421 (1097507-W)

*A-1-9, Pusat Perdagangan Kuchai
No. 2, Jalan 1/127, off Jalan Kuchai Lama
58200 Kuala Lumpur, Wilayah Persekutuan*

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