



KANGER INTERNATIONAL BERHAD
(COMPANY NO. 1014793-D)

Annual Report



2018

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KANGER BAMBOO

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Corporate Information

Board of Directors

Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan

Non-Independent Non-Executive Chairman

Y.Bhg. Dato' Kuan Ah Hock

Non-Independent Non-Executive Deputy Chairman

Leng Xingmin (冷醒民)

Managing Director

Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail

Executive Director

Chong Amita

Executive Director

Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid

Independent Non-Executive Director

Y.Bhg. Dato' Haji Markiman Bin Kobiran

Independent Non-Executive Director

Wu Wai Kong

Independent Non-Executive Director

Audit Committee

Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid

Chairman/Independent Non-Executive Director

Y.Bhg. Dato' Haji Markiman Bin Kobiran

Member/Independent Non-Executive Director

Wu Wai Kong

Member/Independent Non-Executive Director

Remuneration Committee

Y.Bhg. Dato' Haji Markiman Bin Kobiran

Chairman/Independent Non-Executive Director

Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan

Member/Non-Independent Non-Executive Director

Leng Xingmin 冷醒民

Member/Managing Director

Nomination Committee

Wu Wai Kong

Chairman/Independent Non-Executive Director

Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid

Member/Independent Non-Executive Director

Y.Bhg. Dato' Haji Markiman Bin Kobiran

Member/Independent Non-Executive Director

Company Secretary

Wong Yuet Chyn

MAICSA 7047163

Registered Office

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL) Malaysia

Tel. : (603) 6201 1120

Fax. : (603) 6201 3121 / 6201 5959

Principal Place of Business/ Management Office

3/F, B1 Building
Nanshanzhiyuan, Xueyuan Avenue
1001, Nanshan District
Shenzhen 518055
People's Republic of China

Tel. : (86) 0755 33390005

Fax. : (86) 0755 33390055

Email: business@krbamboo.com

Website: www.krbamboo.com

Auditors

Messrs Ong & Wong Chartered Accountants (AF 0241)

Unit C-20-5, Block C, 20th Floor,
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

Tel. : (603) 2161 1000

Fax. : (603) 2166 9131

Share Registrar

ShareWorks Sdn Bhd

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL) Malaysia

Tel. : (603) 6201 1120

Fax. : (603) 6201 3121 / 6201 5959

Stock Exchange Listing

ACE Market of Bursa Malaysia Securities Berhad

Stock Name: KANGER

Stock Code : 0170

Listed on 23 December 2013



Group Corporate Structure



KANGER INTERNATIONAL BERHAD

Incorporated in Malaysia
Investment Holding

100%

KAR Masterpiece Sdn Bhd

Incorporated in Malaysia

Research and development and trading of bamboo flooring and related products

100%

Kanger Investment (HK) Limited

Incorporated in Hong Kong

Investment holding

100%

Ganzhou Kanger Industrial Co. Ltd

Incorporated in People's Republic of China

Manufacturing and trading of bamboo flooring and related products

100%

Kanger Trading (HK) Co. Limited

Incorporated in Hong Kong

Trading of bamboo flooring, and related products

100%

Yanshan (County) Kanger Bamboo Industry Co. Ltd

Incorporated in People's Republic of China

Manufacturing and trading of bamboo flooring and related products

100%

Shenzhen Kanger Bamboo Wood Co. Ltd

Incorporated in People's Republic of China

Trading of bamboo flooring, bamboo furniture and related products

70%

Shenzhen Juner Development Co. Ltd

Incorporated in People's Republic of China

Investment holding and consultancy

70%

Jingzhou Kanger Holdings Co. Ltd

Incorporated in People's Republic of China

Manufacturing and trading of bamboo products and flooring, provides renovation business, investment property and commercial services



Corporate Milestones

2004

Established Shenzhen Kanger Bamboo Wood Co., Ltd

Recognised as sole authorised bamboo flooring supplier of B&Q China, which is part of Kingfisher Plc Group

Launched environmentally friendly bamboo flooring product under 'Kanger' brand

2007

Invented interlocking system which enables easy installation for some bamboo flooring products

2008

Ventured upstream into the manufacturing of bamboo flooring by acquiring Ganzhou Kanger Industrial Co., Ltd

Commenced construction of manufacturing plant in Ganzhou city, People's Republic of China

Obtained CE marking in recognition for compliance with European Union legislation

2009

Obtained trademark registration for 'Kanger' brand from State Administration for Industry and Commerce of the People's Republic of China

2010

Expanded operations range to include the manufacturing of strand woven bamboo flooring and related products by acquiring Yanshan (County) Kanger Bamboo Industry Co., Ltd

2011

Entered into Research and Development Agreement with Malaysian Forestry Research and Development Board to collaborate on research and development

Launched 'KAR Masterpiece' brand for premium strand woven bamboo flooring and related products

Improved interlocking system to facilitate easier installation of flooring products and obtained a patent for this improved interlocking system

2012

Obtained trademark registration for 'KAR Masterpiece' brand

Established first 'KAR Masterpiece' retail store in Shenzhen, People's Republic of China

2013

Listed on the ACE Market of Bursa Malaysia Securities Berhad

2014

Launched new series of high-end flooring products under its brand 'KAR ACE' and awarded 14 'KAR ACE' dealership in China in 2014

2016

Set up trading company in Hong Kong under Kanger Trading (HK) Co. Limited

Launched new series of bamboo furniture products

2018

Signed distributorship agreement with Classen International GMBH to act as exclusive distributor for Classen's products in China



Board of Directors' Profiles



Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan

Age	66
Gender	Female
Nationality	Malaysian
Qualification	Diploma in Cosmetology from Louisiana State College, the United States of America
Position on our Board	Non-Independent Non-Executive Chairman
Date first appointed to our Board	6 February 2013
Membership of our Board Committees	Member of Remuneration Committee
Working experience	<p>Upon graduation from Louisiana State College, the United States of America in 1974, she worked with various cosmetic companies. In 1985, she started Tjanting Batik Sdn Bhd which is principally involved in the manufacturing and trading of batik, uniforms and corporate gift items. In 1997, she started the 'La Cucur' food outlets specialising in Malaysian delicacies.</p> <p>She is a director of several private limited companies, including Pandan Sutera Sdn Bhd which owns the 'La Cucur' food outlets, Laksamana Resources Sdn Bhd, a company dealing with fertiliser for farming, and Amalgamated Batteries Manufacturing (Sarawak) Sdn Bhd, an automotive and industrial battery manufacturer.</p>
Occupation	Company Director
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders or any companies that have entered into any transactions with our Group	Mother of Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail, Executive Director
Any conflict of interests with our Group	Nil
Interest in securities (as at 1 April 2019)	<p>200,000 ordinary shares and 100,000 warrants</p> <p>16,640,000 ordinary shares and 8,120,000 warrants (Indirect interests by virtue of the shares and warrants held by her spouse)</p>
List of convictions of offences within the past ten years other than traffic offences (if any)	Nil
No. of Board meetings attended in the financial year	5 out of 5

Y.Bhg. Dato' Kuan Ah Hock

Age	55
Gender	Male
Nationality	Malaysian
Qualification	Sijil Pelajaran Malaysia
Position on our Board	Non-Independent Non-Executive Deputy Chairman
Date first appointed to our Board	30 May 2016
Membership of our Board Committees	Nil
Working experience	<p>He started his career in a small-scale construction company in Kuala Lumpur in 1984. In 1989, he started a sole proprietorship under the name of Hock Hup Enterprise specialising in various construction works.</p> <p>In 1994, he established Setiakon Builders Sdn Bhd (Setiakon) with a few partners to undertake bigger construction projects. Over the years, under his stewardship, Setiakon has grown from strength to strength and has undertaken numerous construction projects valued over RM4 billion. In 2007, Setiakon established Setiakon Builders L.L.C Dubai, UAE to expand into overseas market.</p> <p>Besides the construction industry, he also established Kah Fishery Sdn Bhd in 2011 to venture into the fishery industry in Pantai Remis.</p>
Occupation	Company Director
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders or any companies that have entered into any transactions with our Group	Nil
Any conflict of interests with our Group	Nil
Interest in securities (as at 1 April 2019)	52,393,400 ordinary shares (Deemed interests in shares held by Setiakon Builders Sdn Bhd pursuant to Section 8 of the Companies Act 2016)
List of convictions of offences within the past ten (10) years other than traffic offences, if any	Nil
No. of Board meetings attended in the financial year	4 out of 5



Leng Xingmin (冷醒民)

Age	48
Gender	Male
Nationality	Chinese (People's Republic of China)
Qualification	Diploma in Business Administration from the Nanchang University (南昌大学), China
Position on our Board	Managing Director
Date first appointed to our Board	6 February 2013
Membership of our Board Committees	Member of Remuneration Committee
Working experience	<p>He commenced his career in 1991 with the Bureau of Township Enterprises of Xiushui County, Jiangxi, (江西修水县乡镇企业局管理科) as Deputy Chief Management Officer in its Management Division. In 1998, Leng Xingmin started his own business by opening a gas station in Taishan, Guangdong. In 2000, he established Shenzhen Kangdeshun Industrial Development Co., Ltd. (深圳市康得顺实业发展有限公司) which was mainly involved in the trading of ceramic products.</p> <p>Leng Xingmin's involvement in the bamboo flooring industry began in 2004 when his family established Shenzhen Kanger to undertake the trading of bamboo flooring and related products. They subsequently ventured upstream into the manufacturing of bamboo flooring and related products through the acquisitions of Ganzhou Kanger and Yanshan Kanger in 2008 and 2010 respectively. Since his involvement in 2004, Leng Xingmin has been instrumental in the development of our Group, including development and/or improvement of production methods to enhance the quality and/or features of our products.</p>
Occupation	Company Director
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders or any companies that have entered into any transactions with our Group	Nil
Any conflict of interests with our Group	Nil
Interest in securities (as at 1 April 2019)	195,253,091 ordinary shares and 70,033,045 warrants
List of convictions of offences within the past ten (10) years other than traffic offences, if any	Nil
No. of Board meetings attended in the financial year	5 out of 5

Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail

Age	40
Gender	Male
Nationality	Malaysian
Qualification	Bachelor of Business (Honours) in Accounting, Universiti Malaya
Position on our Board	Executive Director
Date first appointed to our Board	6 February 2013
Membership of our Board Committees	Nil
Working experience	<p>He began his career as a Consultant with Thomas International, a human capital consulting company which is part of the Deloitte Kassim Chan group. In 2003, he joined I-HR Consulting Sdn Bhd, where he was responsible for fund raising and provision of outsourcing services to SMEs. In 2004, he joined Kenanga Private Equity Sdn Bhd, a subsidiary company of K & N Kenanga Holdings Berhad, where he was responsible for evaluation of potential investee companies. Thereafter in 2007, he joined KPMG as executive in its business advisory and internal audit division.</p> <p>He started RL Zinean Sdn Bhd which is principally involved in developing and supplying agricultural inputs (fertilizer) for plantations in 2008 and is also involved in the recovery of non-recyclable paper waste through another company, Flexoresearch Malaysia Sdn Bhd since 2010.</p>
Occupation	Company Director
Any other directorships in public companies	OCK Group Berhad
Any family relationships with our Directors and/or major shareholders or any companies that have entered into any transactions with our Group	Son of Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan, Non-Independent Non-Executive Chairman
Any conflict of interests with our Group	Nil
Interest in securities (as at 1 April 2019)	1,018,190 ordinary shares and 509,095 warrants
List of convictions of offences within the past ten (10) years other than traffic offences, if any	Nil
No. of Board meetings attended in the financial year	5 out of 5



Chong Amita

Age	34
Gender	Male
Nationality	Malaysian
Qualification	LLB(Hons) Cardiff University, Wales, United Kingdom
Position on our Board	Executive Director
Date first appointed to our Board	1 June 2014
Membership of our Board Committees	Nil
Working experience	He is a Director of KAR Masterpiece Sdn Bhd, a wholly owned subsidiary of Kanger International Berhad. He is principally involved in researching, developing & promoting the use of sustainable material such as bamboo flooring in Malaysia and other developing countries.
Occupation	Company Director
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders or any companies that have entered into any transactions with our Group	Son of Madam Lim Lai Choy, a substantial shareholder of the Company
Any conflict of interests with our Group	Nil
Interest in securities (as at 1 April 2019)	1,200,024 ordinary shares and 600,012 warrants 600,000 ordinary shares and 300,000 warrants (Indirect interests through his spouse)
List of convictions of offences within the past ten (10) years other than traffic offences, if any	Nil
No. of Board meetings attended in the financial year	5 out of 5



Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid

Age	63
Gender	Male
Nationality	Malaysian
Qualification	<p>Bachelor of Science in Agribusiness, Universiti Pertanian Malaysia</p> <p>Masters of Science, University of London</p> <p>Diplome Etude Approfondie and Doctor of Science in Management, University of Aix-Marseille, France</p> <p>Fellow, CPA Australia (FCPA)</p> <p>Chartered Accountant, the Malaysian Institute of Accountants</p>
Position on our Board	Independent Non-Executive Director
Date first appointed to our Board	6 February 2013
Membership of our Board Committees	<p>Chairman of Audit Committee</p> <p>Member of Nomination Committee</p>
Working experience	<p>He began his career in Sumitomo Corporation as executive in 1979 and subsequently joined Malaysian Industrial Development Authority (MIDA) as economist in the same year. In 1980, Datuk Seri Dr. Md. Zabid Bin Haji. Abdul Rashid joined Universiti Pertanian Malaysia and was its Head of Department of Management Studies (1995-1997), Deputy Dean of the Faculty of Economics and Management (1995-1997), Founding Dean of the Malaysian Graduate School of Management (1997-2001) and Chief Operating Officer of the Malaysian Graduate School of Management Foundation 1997-2002. He retired from Universiti Pertanian Malaysia in 2003 and joined Open University Malaysia where he held the positions of Director of Centre for Graduate Studies and Professor of Management of the Faculty of Business and Management until 2006.</p>
Occupation	CEO, Yayasan Pendidikan Tun Abdul Razak (PINTAR)
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders or any companies that have entered into any transactions with our Group	Nil
Any conflict of interests with our Group	Nil



Interest in securities (as at 1 April 2019)	Nil
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List of convictions of offences within the past ten (10) years other than traffic offences, if any	Nil
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No. of Board meetings attended in the financial year	5 out of 5
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Y.Bhg. Dato' Haji Markiman Bin Kobiran

Age	61
Gender	Male
Nationality	Malaysian
Qualification	Bachelors of Law (LLB. Hons), Universiti Malaya
Position on our Board	Independent Non-Executive Director
Date first appointed to our Board	8 June 2015
Membership of our Board Committees	Chairman of Remuneration Committee Member of Audit Committee Member of Nomination Committee
Working experience	He is the Principal Partner Messrs Markiman & Associates from 1989 onwards. He was also the Member of Parliament of Hulu Langat from 2004 to 2008, Chairman of Commercial Vehicle Licensing Board of Peninsular Malaysia from 2006 to 2009 and Political Secretary to the Honourable Home Affairs Minister and the Honourable Defence Minister from 2009 to 2014.
Occupation	Advocate & Solicitor
Any other directorships in public companies	Tri-Mode System (M) Berhad
Any family relationships with our Directors and/or major shareholders or any companies that have entered into any transactions with our Group	Nil
Any conflict of interests with our Group	Nil
Interest in securities (as at 1 April 2019)	Nil
List of convictions of offences within the past ten (10) years other than traffic offences, if any	Nil
No. of Board meetings attended in the financial year	5 out of 5



Wu Wai Kong

Age	34
Gender	Male
Nationality	Malaysian
Qualification	<p>International Financial Manager Program, INTL Financial Management Association, Shanghai, China</p> <p>BA (Honours) International Hospitality Management, Higher Diploma in Hospitality & International Hotel Management, AH&LA Higher Diploma, Swiss Hotel Management School, Switzerland</p> <p>Diploma in Hotel Management, Sunway University</p> <p>High School Diploma, Catholic High School</p>
Position on our Board	Independent Non-Executive Director
Date first appointed to our Board	23 August 2018
Membership of our Board Committees	<p>Chairman of Nomination Committee</p> <p>Member of Audit Committee</p>
Working experience	<p>From October 2006 to September 2007, he worked as Food and Beverage Management Trainee in Frenchmans Creek Golf and Country Club in Palm Beach, Florida. From October 2007 to October 2008 he worked as Room Division Management Trainee in Intercontinental Buckhead in Atlanta, Georgia.</p> <p>From January 2009 to December 2009 (Singapore), he worked as Operation Executive in Global Education Link Pte Ltd, Singapore. His job scopes include transport coordination, guest tour scheduling, tour destination booking, guest accommodation and guest communications.</p> <p>From February 2010 to March 2013, he was the Business Operation Manager with Excel Print & Pack Sdn Bhd, in-charged all operations area such as purchasing, production, delivery and ensure daily operations run smoothly and solving issues, and supervised and monitored 50 employees in factory.</p> <p>From April 2013 to April 2016, he was the Managing Partner of Vittle Tree (M) Sdn Bhd, managing the company's overall operations, sales, administration and accounts. He was also involved in French fries factory set-up and developed sales network and distribution to South East Asia.</p>



Occupation	Assistant General Manager, PBA (China) Co.,Ltd by PBA Group Singapore Partner, China Economy Financial Holding Co.,Ltd
Any other directorships in public companies	Nil
Any family relationships with our Directors and/ or major shareholders or any companies that have entered into any transactions with our Group	Nil
Any conflict of interests with our Group	Nil
Interest in securities (as at 1 April 2019)	Nil
List of convictions of offences within the past ten (10) years other than traffic offences, if any	Nil
No. of Board meetings attended in the financial year	1 out of 1 since his appointment



Key Senior Management's Profiles



Ji Chuanhu (季传虎)

Age	44
Gender	Male
Nationality	Chinese (People's Republic of China)
Qualification	Anqing Normal University, majoring in Accounting
Position	Chief Financial Officer
Date first appointed	2 March 2017
Working experience	Upon graduation from Anqing Normal University in 1995, he joined Anhui Kailin Co. Ltd. as Accounting Supervisor. From 1998 to 2002, he joined Shenzhen Foxconn group of companies as Supervisor of Operations and Management. Subsequently, from 2002 to 2009, he joined Gaodian Garment (ShenZhen) Co. Ltd. as its Finance Manager. From 2009 to 2016, he was appointed as the Group Finance Manager of Ming Fai Industrial ShenZhen Co. Ltd., which parent company is listed on the Hong Kong Stocks Exchange.
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders or any companies that have entered into any transactions with our Group	Nil
Any conflict of interests with our Group	Nil
List of convictions of offences within the past ten (10) years other than traffic offences, if any	Nil



Shen Shanzi (沈珊子)

Age	41
Gender	Male
Nationality	Chinese (People's Republic of China)
Qualification	Diploma in Business Management, Nanchang University
Position	Head of Production, Ganzhou Kanger Industrial Co., Ltd
Date first appointed	1 July 2010
Working experience	He began his career with Shenzhen Taiwei Footwear Co., Ltd. in 2000 as Head of Production and Trading Departments where he was in charge of product development and management. He joined Shenzhen Minghaifeng Footwear Co., Ltd. as its director of Production and Trading Departments in 2008 prior to joining to our Group in 2010.
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders or any companies that have entered into any transactions with our Group	Nil
Any conflict of interests with our Group	Nil
List of convictions of offences within the past ten (10) years other than traffic offences, if any	Nil



Chairman's Statement

To our Shareholders,

On behalf of our Board of Directors, it gives me great pleasure to present to you our Annual Report and Audited Financial Statements for the financial year ended 31 December 2018 (“**FYE 2018**”).

Performance Overview

FYE 2018 was a testing year for the Group as our performance was largely impacted by a difficult operating landscape. Challenges faced came from multiple fronts which then ultimately affected the results of the Group.

China's economic 'slowdown' effected our sales as in 2018, the Chinese economy expanded at only 6.6 percent, the weakest pace since 1990. China's GDP Annual Growth Rate in China averaged 9.55 percent from 1989 until 2018.

The ongoing trade war between the US and China has also impacted our sales as the world market awaits the outcome between the two economic giants.

In 2018, the Group reported a net loss of RM1.71 million compared to profit of RM7.30 million in 2017. Our net earnings per share from continuing operations recorded for FYE 2018 was 0.45 sen (Financial year ended 31 December 2017 the (“**FYE 2017**”): 0.97 sen).

The decrease in revenue by 14.1% for the FYE 2018 as compared to FYE 2017 was mainly due to the decrease in sales of bamboo related products by RM9.3 million.

Overall, the Group recorded loss before taxation and loss after taxation for FYE 2018 mainly due to the decrease in revenue, expenses incurred in relation to the drawdown of redeemable convertible notes in 2018 and property, plant and equipment written off of Yanshan factory of RM1.06 million.

Corporate Development

Despite the challenging year faced in 2018, the Group is optimistic and charging full steam ahead with our belief in a sustainable future with bamboo.

In June 2018, the Group had announced our collaboration with Jingzhou County Industrial Park Construction Investment Co Ltd in a deal that is estimated to start at RMB150 million. Kanger is laying the ground work for future investments in bamboo plantations and eco tourism.

Market Review and Business Outlook

During the last twenty (20) years, bamboo has developed an exceptionally valuable and often superior substitute for other wood products. Bamboo poses a high potential to replace wood in many industrial applications and thereby contribute to the saving and restoration of the world's forests in the long term. Consumers are becoming more aware of the importance of protecting the environment and bamboo is one of the solutions towards such ideology. Bearing growing awareness of the benefits and the aesthetic value of bamboo, bamboo flooring has become one of the trending choices in the flooring material industry as a greener and more sustainable choice. China's strong economic growth has led to increasingly affluent consumers who now have the purchasing power as well as the willingness to pay to enhance individual lifestyles for greater comfort and pleasure. The modernisation and urbanisation of the country has also caused a growth in China's property construction industry, an industry that the bamboo flooring market is dependent on for the consumption of its products. Under its 13th Five-Year Plan (2016-2020), China aims to double its 2010 GDP and the 2010 per capita income of both urban and rural residents by 2020 and will focus more on green and low-carbon industries. This is envisaged to positively affect the bamboo flooring market. In addition, bamboo flooring products are increasingly welcomed by the consumer due to merits like environmental friendliness and high price-to-performance ratio.

Corporate Governance

Our Board and our Management are always committed to carrying out the best practices of corporate governance throughout our business activities and operations, based on the recommendations of Best Practices as enshrined in the Malaysian Code on Corporate Governance. We believe that this is a fundamental part of fulfilling our responsibilities to protect all our stakeholders' interest and values and to enhance the business prosperity of our Group. Our Board believes in maintaining at all times high standards of transparency, accountability and integrity in our activities, business practices, operation effectiveness, efficiency and competitiveness.

We are confident that this will ensure sustainable growth and long-term shareholders' value.

Corporate Social Responsibility

As a green products manufacturer, we are mindful of the impact of our operations have on the society and environment. Our Group's key corporate social responsibility platforms continue to be in the areas of environment, employees and training. We will continue to identify activities where our support can make a real difference.

Acknowledgement and Appreciation

On Behalf of our Board, I would like to thank our shareholders, business partners, bankers and regulatory authorities for your invaluable support and assistance throughout the year. We look forward to your continued support as we journey ahead together to another promising year.

I would like to take the opportunity to welcome Mr. Wu Wai Kong to our Board during the financial year. He carries invaluable experience and expertise in his field and I am confident that he will contribute positively to our Group.

I would also like to thank my fellow Board Members for your commitment to our Group and, to the management and staff, my heartfelt thanks for your loyalty, dedication and commitment to our Group.

**Yang Mulia Dato' Paduka Sharipah Hishmah
Binti Dato' Sayed Hassan**

Non-Independent Non-Executive Chairman



Management Discussion and Analysis



Company Profile

Our Group is principally involved in the manufacturing and trading of bamboo flooring, bamboo furniture, laminated flooring and their related products. Our main factory is located in Ganzhou (赣州), located in Jiangxi Province, People's Republic of China ("PRC"). We also have our main sales office in Shenzhen (深圳), Guangdong Province, PRC and Hong Kong. In addition, we have also established a research and development company in Malaysia, namely KAR Masterpiece Sdn Bhd.

Beside PRC, we also concentrate our sales globally. For the past three years, our export sales contributed approximately 50% of our sales. Our principal export markets include countries in North America, Europe and Asia.

Over the years, we have been the recipient of various accreditations and/or awards in recognition of amongst others, our quality products and customer service with the most recent being Ganzhou Leading Enterprise' (赣州龙头企业) by the Ganzhou Municipal Government (赣州市人民政府). In addition, our commitment to quality and environmentally responsible practices have also enabled us to obtain the ISO 9001:2008 certification for our Quality Management System and the ISO 14001:2004 certification for our environmental management system.



Financial Performance (Including Discontinued Operations)

Revenue

The decrease in revenue by 19.5% or RM14.3 million for the financial year ended 31 December 2018 ("FYE 2018") as compared to the corresponding year ended 31 December 2017 ("FYE 2017") (including discontinued operations) was mainly due to:-

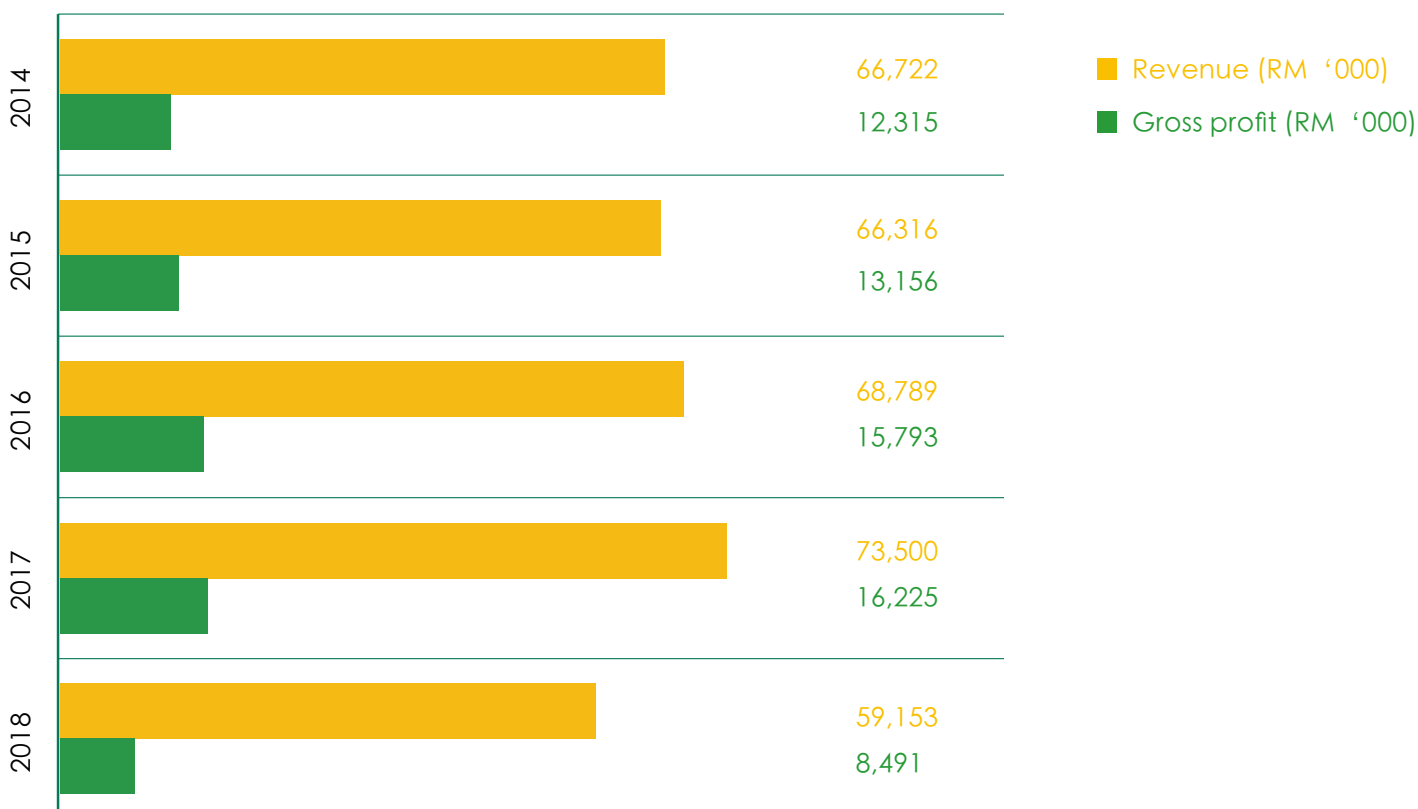
- reduction in sales on bamboo related products by RM9.3 million as a result of decrease in demand from customers; and
- decrease in sales of Yanshan (County) Bamboo Industry Co. ("Yanshan Kanger"), Ltd, our wholly-owned subsidiary, by RM5.0 million, following the closure of our Yanshan factory.

Our Group's revenue based on the geographical location of our customers is as follows (including discontinued operations):

	FYE 2018 RM '000	FYE 2017 RM '000
PRC	30,636	33,616
Export:		
Malaysia	8,407	8,613
New Zealand	7,016	4,980
Mexico	1,769	4,586
United Arab Emirates	2,856	4,369
Bangladesh	801	3,357
Canada	149	2,646
Others*	7,519	11,333
Total	59,153	73,500

*Includes countries in Europe, Asia and South America.

Overall, export sales contributed 48.21% in FYE 2018 as compared to 54.26% in FYE 2017.



Gross Profit

Our Group recorded gross profit of RM8.49 million in FYE 2018, as compared to 16.23 million in FYE 2017. The decrease in gross profit was mainly due to the decrease in turnover and reduction in gross profit margin. Gross profit margin recorded in FYE 2018 was 14.35%, as compared to 22.07% in FYE 2017. The decrease in gross profit margin in 2018 was mainly due to the closure of our Yanshan factory wherein our inventories in Yanshan factories were sold below costs.

(Loss)/ Profit Before Tax

For FYE 2018, our Group recorded loss before tax of RM1.83 million, as compared to profit before tax of 7.67 million in FYE 2017. This was mainly due to the decrease in revenue and gross profit in FYE 2018 as well as increase in administrative expenses in FYE 2018.

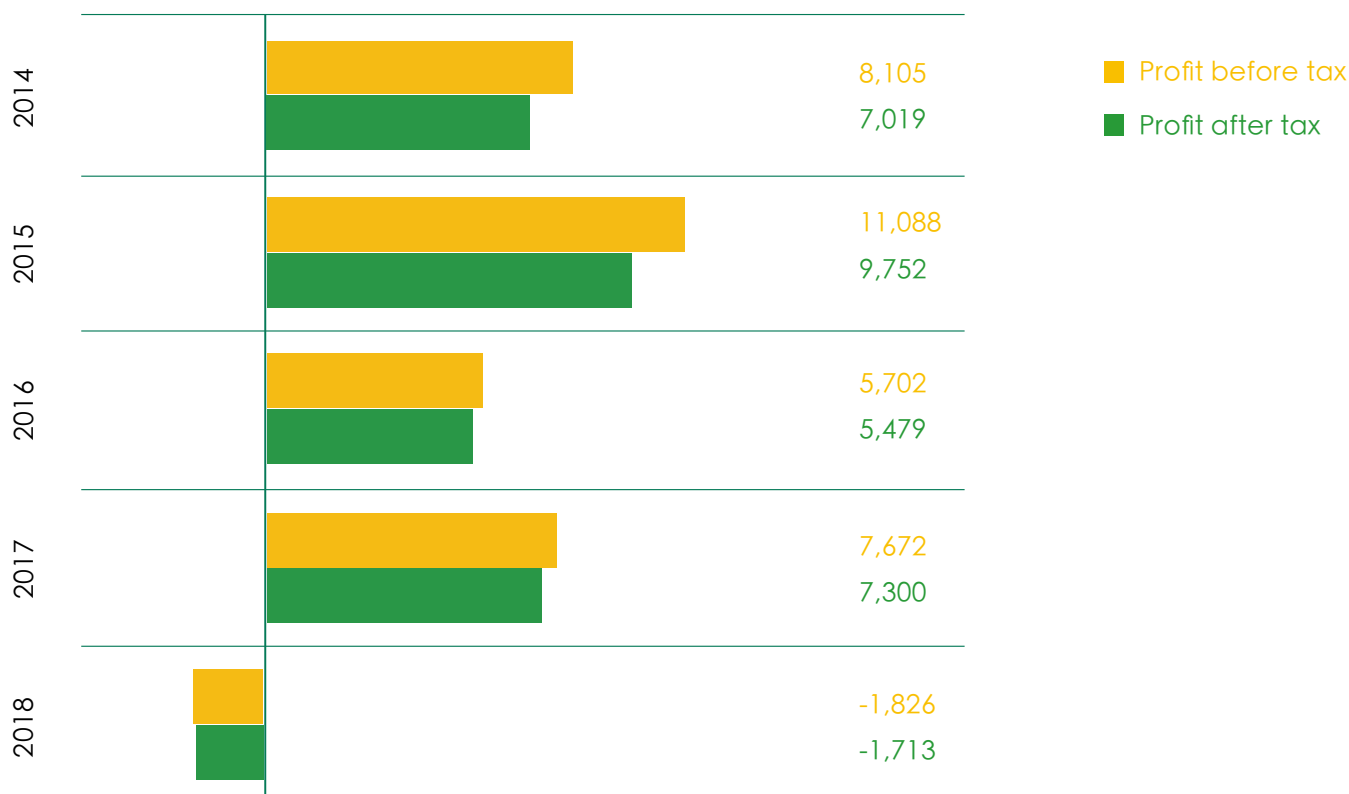
A comparison of the operating expenses between FYE 2018 and FYE 2017 is as follows:-

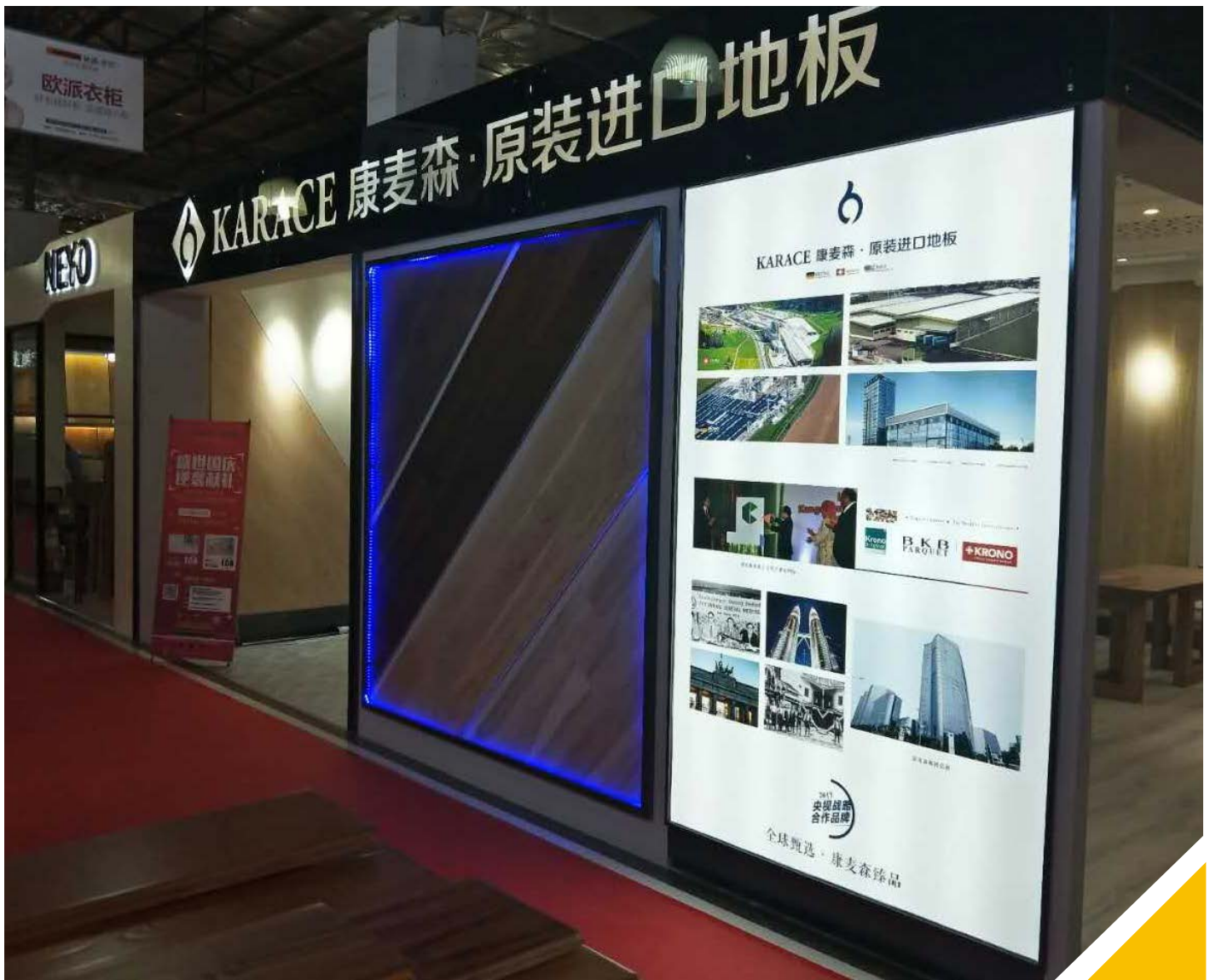
	FYE 2018 RM '000	FYE 2017 RM '000
Administrative expenses	7,763	5,420
Selling and distribution expenses	2,181	2,194
Other operating expenses	6	196
Finance costs	934	917

Administrative expenses increased by RM2.34 million or 43.23% in FYE 2018 as compared to FYE 2017 mainly due to expenses incurred in relation to the drawdown of redeemable convertible notes and property, plant and equipment written off of Yanshan factory of RM1.06 million in FYE 2018.

(Loss)/ Profit After Tax

For FYE 2018, our Group recorded loss after tax of RM1.71 million, as compared to profit after tax of RM7.30 million recorded in FYE 2017, mainly due to the reasons highlighted above. The PRC income tax is computed in accordance with the relevant laws and regulations in the PRC. The applicable income tax rate is 25% for the FYE 2018, except for our Group's subsidiary, Ganzhou Kanger Industrial Co., Ltd, which currently enjoys a preferential tax rate of 15%. In addition, Kanger Trading (HK) Co. Limited currently enjoys 0% tax rate in Hong Kong as it is an export company and derives its income overseas.





Property, Plant and Equipment

Property, plant and equipment increased by RM10.52 million or 13.89% in FYE 2018 as compared to FYE 2017 mainly due to construction cost incurred in FYE 2018 for our commercial properties in Ganzhou.

Trade Receivables

Trade receivables increased by RM3.16 million or 9.38% in FYE 2018 as compared to FYE 2017 mainly due to increase in sales in Kanger Trading (HK) Co., Limited in November and December 2018 which had yet to be collected in December 2018.

Other Receivables

Other receivables increased by RM13.66 million or 70.10% in FYE 2018 as compared to FYE 2017 mainly due to prepayment of RM8.69 million to our contractors for the construction of the commercial building in Ganzhou in FYE 2018.

Capital Structure and Capital Resources

Our Group's cash and cash equivalent increased by RM0.87 million to RM10.92 million while bank borrowings increased by RM6.41 million to RM61.42 million in FYE 2018. Going forward, our group's main capital expenditure is the construction of the commercial building in Ganzhou and this will be financed via bank borrowings, issuance of redeemable convertible notes and/or internally generated funds. Our Group remains prudent in maintaining a sound financial position that enables the execution of our strategic objectives in creating value over the coming years.

Known Trends and Events

The principal business of our Group was not significantly affected by seasonal or cyclical factors save for the long Chinese New Year holidays in the PRC in the financial quarter ended 31 March 2018.

Discontinued Operations

Our factory in Yanshan County, Jiangxi Province, People's Republic of China ("**PRC**"), owned by Yanshan Kanger, was closed down during the financial year due to directives issued by the local authorities in PRC to industrial plants so as to cut emissions that would affect air quality. Our Group had entered into a compensation agreement with YanShan County Industry and Information Technology Committee ("**YanShan Government**"), a committee under the YanShan County People's Government, following the directive to cease the operations of our factory in YanShan, wherein the Yanshan Government will compensate our group RMB1,070,000 following the closure.



Known Major Risks Affecting Our Group

Disruption in Supply and/or Price Fluctuation of Bamboo Materials

The major raw material our Group is using is raw bamboo. Currently our bamboo materials are sourced within the Jiangxi province of China where our Ganzhou manufacturing facilities are located. However, bamboo cutters are not encouraged to harvest bamboo during the spring season, that is from January to March, to avoid potential damage to the growth of new bamboo or shoots during this season.

As such, should we face a shortage of bamboo materials and our suppliers are unable to fulfil our requirements, our operations and financial performance could be adversely affected. However, over the years of operations, we have not faced any shortage of bamboo materials as we have capacity to stockpile sufficient quantities of bamboo materials for our requirements and / or pay deposits to our supplier to secure our bamboo materials supply, if required. We have also established good business relationships with our major suppliers, the majority of whom we have been dealing with for more than seven years, and have not experienced any material disruption in the supply of bamboo materials from our suppliers nor any material increase in the price of bamboo materials. In addition, we do not foresee any major difficulty in sourcing the required quantities of bamboo materials as bamboos grow in abundance in the Jiangxi province and there are a number of bamboo cutters and/or distributors whom we can source from should the need arises.

Competition within Our Industry

We operate in the bamboo flooring industry which is fragmented with approximately 200 bamboo manufacturers spread across PRC. Thus, there can be no assurance that we will continue to be able to compete successfully with the other competitors and/or new entrants in the future. Our success will depend on our ability to compete effectively against these competitors in terms of amongst others, product quality, product range and customer service.

In mitigating this risk, we intend to continue our focus on improving the quality of our existing products and accelerate the development of new products through research and development. We will also continue to widen our domestic distribution network through the appointment of third party dealers to increase awareness of our products and our brands and thereby, expand our business.



Competition from Substitute Flooring Products

Bamboo flooring can be substituted with a variety of other flooring materials. Their closest substitutes are other wood flooring types, including solid wood, engineered solid wood, laminate wood and cork flooring. Substitution and preference across various flooring materials are based on aesthetic and functional factors as well as price/cost requirements.

However, it is anticipated that increasing awareness of the benefits of bamboo as a renewable source and substitute for other wood species will result in greater demand for bamboo flooring.

As part of our efforts to increase demand for our products, we have launched new series of bamboo flooring products, bamboo wall panelling, bamboo doors and bamboo furniture over the years, with different features and/or aesthetics to cater for different consumer preferences and requirements as well as different pricing to cater for different segments of the market. Further, to complement bamboo as an environmentally friendly material, we are committed to 'green' operating practices, whereby our environment management system has been accredited as being ISO 14001:2004 compliant.



Future Plans

In line with the bright outlook of the bamboo industry, our Group has identified the following main strategies to continue to grow its businesses:-

- a. Expansion of our Group's flooring products with the launching of new series of bamboo flooring products;
- b. Enhancing our Group's flooring products to focus more on 'green' strand woven products;
- c. Expansion of our Group's product portfolio to include bamboo furniture marketed under the 'KAR-ACE' brand;
- d. Expansion of our Group's presence by increasing the number of appointed dealers and number of sales and marketing channels; and
- e. Diversification of our Group's principal activities to include property investment and management which will provide our Group with additional income and cash flows. The property under construction is expected to be completed this year.

We are aware of the challenging year ahead for our operations due to the development in the global economic environment. Nevertheless, our Group will continually strive to maintain our growth momentum going forward.



Corporate Sustainability Statement

Our Approach to Sustainability

We perceive corporate sustainability as our commitment to create long term value for our shareholders, employees, customers, community and the environment, as a whole, through innovation and overall operational excellence.

To embrace all these, we act with a purpose and conduct our business in a way that protects and preserves the environment, supports our employees and in return contribute to the society.

Governance Structure

The sustainability is currently governed by our Board to ensure accountability, oversight and review in the identification and management of sustainability matters.

Scope

The Corporate Sustainability Statement focuses on our Group's major business operations for the financial year ended 31 December 2018.

Identifying Material Sustainability Matters

We are manufacturers of bamboo flooring and related products and we consume natural resources, mainly raw bamboo. In the manufacturing process, we will inadvertently produce waste which affects the environment. We strive to work closely with our suppliers, employees and customers to minimise the impact to the environment. We identified the material sustainability matters that relate to our Group as follows:-

A. Environment

(i) Environmental-friendly practices

In our effort to continue our environmental-friendly practices, we have been accredited as 'Environmental Building Materials Products' (工程装修无毒害绿色产品) by the China Construction Building Materials Standards Research Center (中国建设建材标准研究中心) and ISO 14001:2004 by Beijing BTIHEA Certification Co., Ltd (北京傅天亚认证有限公司) for our environmental management system.

We believe bamboo products provide an environmentally-friendly alternative to wood products due to the quick regrowth cycle of bamboo. We are continuously conducting research and development activities to develop new bamboo related products as substitute for wood-based products.

Significant importance towards preserving the environment and conservation of resources are prioritised. We observe environmental friendly practices in our daily operations to use energy and resources in a sustainable manner. Similarly great efforts are expended to seek continuous improvement in our operation to achieve sustainability and the same time protects the environment.

We embraced fundamental aspects of environmental sustainability in terms of our design, material selection and manufacturing process. We focus to minimise and eliminate waste as a key tenet of our strategies moving forward.

In 2018, we shutdown our plant in Yanshan following directives issued by the local authorities in PRC to industrial plants in the area so as to cut emissions that would affect air quality. Whilst the shutdown of our plant affected our profitability in the short term, we support the directives of the local authorities as we believe this would help to preserve environment in the long term.





B. Social

(i) Learning and development

We provide induction training for new staff to familiarise themselves with the new environment. To ensure continuity, we continuously identify key talents to be trained as part of our succession planning. We encourage our employees to work together in harmony to achieve a common vision. Every employee is given equal opportunity to rise up in their positions through hard work and dedication.

(ii) Talent attraction and retention

We acknowledge the contribution of our employees in driving the performance of our business. We recognise good talents and reward them accordingly with promotions and incentives.

(iii) Employee safety, health and well-being

Since we export our products to other countries, we are bound to comply with the internationally-accepted standard and code of conduct to ensure a positive working environment which is safe and clean, in which people are treated with dignity and respect.

We provide a safe, hygienic and friendly working condition for our employees and do not subject them to

dangerous working practices. Our safety policy outlines the safety measures to be observed by our employees. The factory employees are also provided with hostels attached with necessary facilities, meeting the basic needs of the employees and is kept clean and safe.

(iv) Promoting Diversity

We remain committed to diversity and support firmly the multi ethnic, multi religion and gender free practice in the working environment.

As at 31 December 2018, majority of our employees of our Group comprised foreigners as the factories are based in the People's Republic of China.

Moving Forward

We are committed to promote good corporate governance standards and building sustainability. We shall explore to establish a Sustainability Committee to assist our Board in overseeing our Group's principles, policies, and strategies pertaining to Sustainability. This may include establishing new policies and procedures, identifying various sustainability matters, measures, action plans and indicators to manage the identified sustainability matters.

Corporate Governance Overview Statement

Our Board of Directors ("**Board**") is fully committed to the principles and recommendations made in the Malaysian Code on Corporate Governance which took effect on 26 April 2017 ("**MCCG**"). This ensures that the best practices of corporate governance including accountability and transparency are adhered to by us to achieve long term financial performance and growth as our Board is mindful of its accountability to our shareholders and various stakeholders.

Our Board is pleased to report to the shareholders, our application of the three (3) key principles of the MCCG during the financial year ended 31 December 2018 ("**FYE 2018**"):

- a. Board leadership and effectiveness;
- b. Effective audit and risk management; and
- c. Integrity in corporate reporting and meaningful relationship with stakeholders.

Principle A: Board Leadership and Effectiveness

Part 1 – Board Responsibilities

1.0 Intended Outcome

- Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company

1.1 Strategic Aims, Values and Standards

Our Board is responsible for the leadership, oversight and long term success of our Group. Our Board has established a Board Charter to provide guidance and clarity for Directors and Management with regard to the functions reserved for Board and those to be delegated to Management.

Our Board has reserved a formal schedule of matters for its decision making to ensure that direction and control of our Group are firmly in its hands.

As part of its efforts to ensure the effective discharge of its duties, our Board has delegated certain functions to respective Board Committees with each operating within it a clearly defined Terms of Reference ("**TOR**"). The Chairman of each Committee will report to our

Board on the outcome of the Committee's meetings which also include the key issues deliberated at the Committee's meetings.

Our Board has put in place the following Board Committees to assist in carrying out its fiduciary duties:-

- a. Audit Committee ("**AC**");
- b. Nomination Committee ("**NC**");
- c. Remuneration Committee ("**RC**"); and

All of these Committees have written TOR clearly outlining their objectives, duties and powers. The final decisions on all matters are determined by our Board as a whole.

1.2 The Chairman of Our Board

Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan is our Non-Independent Non-Executive Chairman and her overall responsibility is to instil good corporate governance practices, provide leadership and ensure effectiveness of our Board. Her profile is set out in the Board of Director's Profile of this Annual Report.

Our Chairman's responsibilities include:

- a. leadership of our Board;
- b. overseeing the effective discharge of our Board's



- supervisory role;
- c. facilitating the effective contribution of all Directors;
- d. conducting our Board's function and meetings;
- e. briefing all the Directors in relation to issues arising at meetings;
- f. scheduling regular and effective evaluations of our Board's performance; and
- g. promoting constructive and respectful relations between Board members and the Management.

1.3 Separation of the Position of Chairman and Managing Director

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to our Board and overall conduct of our Board. The Managing Director is responsible for the development of the corporate goals and objectives and the setting of strategies to achieve them.

The roles and responsibilities of the Chairman and Managing Director are spelt out in our Board Charter as disclosed in our website at www.krbamboo.com.

1.4 The Company Secretary

The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in our statutory register. The Company Secretary also keeps abreast of the evolving capital market environment, regulatory changes and developments in Corporate Governance through continuous training, and updates our Board on the latest regulatory updates.

Our Board has ready and unrestricted access to the advice and services of the Company Secretary, who is considered capable of carrying out the duties to which the post entails.

Protocol for seeking of professional advisory services

Where applicable, our Directors whether as a full board or in their individual capacity, are encouraged to seek independent professional advice from the following parties:-

- For corporate and/or governance matters, the Company Secretary;
- For audit and/or audit-related matters, any representatives of the audit engagement team of the External Auditors or the Internal Auditors;
- For any other specific issues where professional advice is required to enable our Board to discharge its duties in connection with specific matters, our Board may proceed to do so, with prior consultation

with the Managing Director, in relation to the quantum of fees to be incurred. The appointment and removal of Company Secretary is a matter for the Board as a whole.

1.5 Meeting materials

Agenda and discussion papers are circulated at minimum seven (7) days prior to our Board and Board Committee meetings to allow the Directors and Committee Members to study, evaluate the matters to be discussed and subsequently make effective decisions. Procedures have been established concerning the content, presentation and timely delivery of papers for each meeting of our Board and Board Committee meetings as well as matters arising from such meetings. Actions or updates on all matters arising from any meetings are reported in the subsequent meeting.

In between Board meetings, approvals on matters requiring the sanction of our Board are sought by way of circular resolutions enclosing all the relevant information to enable our Board to make informed decisions. All circular resolutions approved by our Board are tabled for notation at the subsequent Board meeting. Our Board also perused the decisions deliberated by the Board Committees through minutes of these Committees. The Chairman of the respective Board Committees is responsible for informing our Board at the Directors' Meetings of any salient matters noted by the Committees and which may require our Board's direction.



2.0 Intended Outcome

- There is demarcation of responsibilities between the board, board committees and management.
- There is clarity in the authority of the board, its committees and individual directors.

2.1 Board Charter

The Board Charter sets out the role, composition and responsibilities of our Board. It outlines processes and procedures for our Board and its committees in discharging their stewardship effectively and efficiently.

The specific duties of our Board and a formal schedule of matters reserved for our Board and those delegated to the Management are spelt out in our Board Charter as disclosed in our website at www.krbamboo.com. It is the practice of our Board to deliberate on significant matters that concern the overall Group business strategy, acquisition or divestment, major capital expenditure and significant financial matters as well review of the financial and operating performance of our Group.

The Board Charter is disclosed in our website at www.krbamboo.com.

3.0 Intended Outcome

- 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 behaviour and practice in the company.

3.1 Code of Conduct

Our Group has in place codes of ethics for Directors and employees based on four elements which are sincerity, integrity, responsibility and corporate responsibility. The Code of Conduct is disclosed in our our website at www.krbamboo.com.

We recognise that any genuine commitment to detecting and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conduct must include a mechanism whereby employees can report their concerns freely without fear of reprisal or intimidation. Any report received will be investigated and appropriate actions shall be taken by Human Resources Department.

3.2 Whistleblowing Policy

Our Board has also established a whistleblowing policy to provide an opportunity for all employees of our Group and members of the public to disclose any improper conduct within our Group, and to provide protection for employees and members of the public who report such feedback. The whistleblowing policy is disclosed in our website at www.krbamboo.com.



Part 2 – Board Composition

4.0 Intended Outcome

- Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

4.1 Board Composition

We are led by an experienced Board, comprising one (1) Non-Independent Non-Executive Chairman, one (1) Non-Independent Non-Executive Deputy Chairman, one (1) Managing Director, two (2) Executive Directors and three (3) Independent Non-Executive Directors. The current composition of our Board provides an effective Board with a mix of industry specific knowledge, broad-based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct. The roles of the Non-Independent Non-Executive Chairman, the Managing Director, the Executive Directors and the Independent Non-Executive Directors are separated and each has a clearly accepted division of responsibilities to ensure a balance of power and authority.

Whilst we support the recommendation made under the Recommendation 4.1 of the MCCG, our Board views the number of its Independent Directors as adequate to provide the necessary check and balance to our Board's decision-making process. The Independent Non-Executive Directors have fulfilled their role as Independent Directors through objective participation in Board deliberations and the exercise of unbiased and independent judgement.

The biographical details of the Board members are set out in the Board of Directors' Profile section of this Annual Report.

4.2 Tenure of Independent Director

Our Board has not developed a policy which limits the tenure of our Independent Directors to nine (9) years. However, our Board is mindful that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on our Board as a Non-Independent Director pursuant to the MCCG. Otherwise, our Board will justify and seek shareholders' approval at the Annual General Meeting ("AGM") in the event our Board retains such Director as an Independent Director. If our Board continues to retain the Independent Director after the twelfth (12th) year, our Board will seek annual shareholders' approval through a two-tier voting process

and the manner to obtain the shareholders' approval on the resolution shall follow the MCCG.

Our Board further recognises that tenure is not an absolute indicator of a Director's decreased independence and objectivity. Independent judgement and the continued ability to act in our best interests and the minority shareholders demonstrated through active participation at meetings should also be considered.

The independence of Directors is measured based on the criteria prescribed under the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgement or the ability to act in our best interests.

None of the Independent Directors has served more than nine (9) years on our Board as at the date of this Statement.

4.3 Diversity of the Board and Senior Management

The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.

Our Board believes that there is no detriment to us in not adopting a formal gender, ethnicity and age group diversity policy as we is committed to provide fair and equal opportunities and nurturing diversity within our Group.

Notwithstanding with the above, our Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.

In identifying suitable candidates for appointment to our Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on our Board.

4.4 Gender Diversity

Although presently there is no any gender diversity policy, our Board will strive to maintain female composition in line with the recommendation of the Code, in recognition of the contributions that female board members can bring to our Board and our Group.

Currently, the Chairman is our only female Director. Nevertheless, our Group is an equal opportunity employer

and all appointments and employments are based on merits and are not driven by any racial or gender bias.

4.5 Board Appointment

Appointment of the Board

Our Board believes that individuals who are nominated by our Board to be a Director should have demonstrated notable or significant achievements in business, education or public service; should possess the requisite intelligence, education and experience to make a significant contribution to our Board and bring a range of skills, diverse perspectives and backgrounds to its deliberations and should have the highest ethical standards, a strong sense of professionalism and intense dedication to serving the interests of the shareholders. In identifying candidates for appointment to our Board, our Board may rely on recommendation from existing Board members, major shareholder, management or independent sources.

The Nomination Committee oversees the selection criteria and recruitment process and recommend to our Board, candidates for any directorships recommended by our Board or shareholders taking into consideration the candidates’:-

- a. age and gender;
- b. competencies, commitment, contribution and performance;
- c. professionalism;
- d. integrity;
- e. expected contribution to our Group.

The candidate is then recommended to our Board for approval before his/her appointment.

Re-election of Directors

In accordance with our Constitution, one-third of the Directors retires from office every year at the AGM and subsequently offers themselves for re-election by the shareholders. Directors who are appointed by our Board are subject to election by our shareholders at the AGM held following their appointments. In addition, any Director who are to be appointed either to fill a casual vacancy or as an additional Director, shall hold office only until the next AGM and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Our Board has concurred the same and resolved that Yang Mulia Dato’ Paduka Sharipah Hishmah Binti Dato’ Sayed Hassan, Y. Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid, Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail and Wu Wai Kong be recommended to the

shareholders for approval at the forthcoming AGM 2019.

4.6 Nomination Committee

The NC comprises wholly of Independent Non-Executive Directors, as follows:-

Name	Position	No. of NC Meetings attended/ held for the FYE 2017
Wu Wai Kong <i>Independent Non-Executive Director</i>	Chairman	1/1 since his appointment
Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid <i>Independent Non-Executive Director</i>	Member	3/3
Y.Bhg. Dato’ Haji Markiman Bin Kobiran <i>Independent Non-Executive Director</i>	Member	3/3

The NC is empowered by our Board and its TOR to bring to our Board recommendations as to the appointment of new Directors. The NC reviews the required mix of skills, experience, diversity and other qualities of the Director, including core competencies. The NC also makes assessment on the effectiveness of our Board and evaluation of our Board as a whole, individual Director and Board Committees.

Having regard to the operations of our Group viz-a-viz the size and composition of our Board, our Board has dispensed with the formality of appointing a Senior Independent Non-Executive Director from amongst our Board Members. Any concerns from the shareholders can be conveyed to any of the Independent Non-Executive Director of our Board.

The NC had undertaken the following activities for the FYE 2018:-

- i. Facilitated the self and peers’ assessment on AC Members;
- ii. Reviewed the appointment of Mr. Wu Wai Kong as our Independent Non-Executive Director;
- iii. Reviewed performance evaluation sheet for our Board and Board Committees;
- iv. Reviewed performance evaluation sheet for individual Director peer evaluation;
- v. Reviewed the effectiveness of the AC as a whole; and
- vi. Reviewed and recommended to our Board, the re-election of the Directors who will be retiring at our forthcoming AGM.

2018 Directors' Training

Our Directors are encouraged to attend continuing education programs and seminars to keep abreast with current developments in the market place and with new statutory and regulatory requirements.

All members of our Board have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

During the FYE 2018, the training programs and seminars attended by our Directors were as follows:-



Directors	List of Training/ Conference/ Seminar Workshop Attended/ Participated	No. of hours/days
Yang Mulia Dato' Paduka Sharipah Hishmah binti Dato' Sayed Hassan	<ul style="list-style-type: none"> Green Financing: Funding Green Projects Through the Islamic Capital Market 	½ day
Y.Bhg. Dato' Kuan Ah Hock	<ul style="list-style-type: none"> Construction Industry Exhibition & Conference 	3 days
Leng Xingmin (冷醒民)	<ul style="list-style-type: none"> Business Model Design and Innovation 	2 days
	<ul style="list-style-type: none"> Corporate Governance and Equity Incentive 	2 days
	<ul style="list-style-type: none"> Corporate Strategic Management 	2 days
Chong Amita	<ul style="list-style-type: none"> The Fundamentals of Risk Management IQTR Webinar 2019 	1 day
Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail	<ul style="list-style-type: none"> Green Financing: Funding Green Projects Through the Islamic Capital Market 	½ day
Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid	<ul style="list-style-type: none"> H.E.R Asia 2018 Program – Grow and Digitalise Your Business for Future Success, Holiday Inn, Singapore 	1 day
	<ul style="list-style-type: none"> Labuan International Insurance Association seminar, Captive Insurance & Takaful, Labuan 	½ day
	<ul style="list-style-type: none"> H.E.R Seminar, Building Successful Next Generation Business & Taking Your Home Grown Brand Global, Kuala Lumpur, 13 November 2018 	½ day
Y.Bhg. Dato' Haji Markiman Bin Kobiran	<ul style="list-style-type: none"> BCSD Breakfast Talk on Digital Ethics and Sustainability in a New Economy of Privacy 	½ day
Wu Wai Kong	<ul style="list-style-type: none"> Mandatory Accreditation Programme for Directors of Public Listed Companies 	2 days

The Company Secretary regularly updates our Board on changes to ACE LR of Bursa Securities and other relevant guidelines/legislation at Board meetings. Our Directors will continue to undergo relevant training programs to further enhance their skills and knowledge in the discharge of their stewardship role.

Upon review, our Board concluded that the 2018 Directors' Trainings were adequate.

2019 Training Needs

Upon review of the training needs of our Directors for the financial year ending 31 December 2019 and recognising the need to keep abreast with the fast changing business and regulatory environment, our Board has encouraged its members to attend at least two (2) continuing education programmes, whereby one (1) of those should be in relation to the ACE LR of Bursa Securities.

5.0 Intended Outcome

- Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

5.1 Annual Assessment of the Directors, Board as a Whole and Board Committees

Our Board has through the Nomination Committee, conducted the following annual assessments for the FYE 2018:-

- Directors' self-assessment;
- Evaluation on the effectiveness of the Board as a whole and Board Committees; and
- Audit Committee Member's Self and Peer Evaluation.

Based on the evaluation done, it was noted that each Director had fair assessment with an above average rating.

6.0 Intended Outcome

- The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.
- Remuneration policies and decisions are made through a transparent and independent process.

6.1 Remuneration Policy

Our Board does not have any formal remuneration policy. Notwithstanding that, RC is guided by the TOR of RC to recommend to our Board a Remuneration Framework on the fee structure and level of remuneration for the Managing Director and Executive Directors as well as remuneration package for Non-Executive Directors. The determination of remuneration packages of Non-Executive Directors is a matter for our Board as a whole.



For the FYE 2018, the RC had performed its duty to assess annually the remuneration package of our Managing Director, Executive Directors and Non-Executive Directors.

The proposed remuneration of Non-Executive Directors is determined by our Board which comprises the following:-

Directors' Fees These fees are payable to Non-Executive Directors and are recommended by our Board for the approval of the shareholders at AGM.

Meeting Allowances This allowance is payable only to the Non-Executive Directors for attendance of our Board and Board Committees meetings. The meeting allowance is determined by our Board.

In addition, the RC had also deliberated on the Directors' Fees payable for the FYE 2018 which is subject to the shareholders' approval at the forthcoming AGM. Further to the deliberations, the RC had reported to the Board its recommendations and findings. The Directors' Fees recommended to the shareholders' approval for the FYE 2018 is RM192,000.

6.2 Remuneration Committee

The RC comprises the following members:-

Name	Position	No. of RC Meetings attended/ held for the FYE 2018
Y.Bhg. Dato' Haji Markiman Bin Kobiran <i>Independent Non-Executive Director</i>	Chairman	2/2
Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan <i>Non-Independent Non-Executive Chairman</i>	Member	2/2
Leng Xingmin (冷醒民) <i>Managing Director</i>	Member	2/2

The principal objective of the TOR of RC is to achieve a balance between setting the level and structure of the remuneration package of Executive Directors so as to be able to attract and retain the best against its interest

in not paying excessive remuneration. The duties and responsibilities of RC are clearly outlined in the TOR of RC.

As advocated under Guidance 6.2 of the MCCG, Directors who are shareholders would abstain from voting at the forthcoming 2019 AGM to approve their fees.

7.0 Intended Outcome

- Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

7.1 Details of the Remuneration of Directors

The details of the remuneration of Directors on named basis for the FYE 2018 were as follows:-

	Directors' Fees (RM'000)	Salaries, other emoluments and benefits (RM'000)	Allowances (RM'000)	Total (RM'000)
Executive Directors				
Leng Xingmin (冷醒民)	-	64	-	64
Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail	-	78	-	78
Chong Amita	-	114	-	114
Subtotal	-	256	-	256
Non-Executive Directors				
Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan	60	-	-	60
Y.Bhg. Dato' Kuan Ah Hock	48	-	-	48
Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid	36	-	-	36
Y.Bhg. Dato' Haji Markiman Bin Kobiran	36	-	-	36
Wu Wai Kong	12	-	-	12
Subtotal	192	-	-	192
Grand Total	192	256	-	448

*In addition, there were Directors' Fees of RM15,000 paid to Lim Soon Tong, who retired from our Board on 25 May 2018.

7.2 Remuneration of Senior Management

The remuneration packages of the senior management are determined with the objective to attract, retain and reward the senior management who run the operations of our Group. The remuneration packages of the senior management of our Group consist of both fixed and performance-linked elements. The fixed components include salary and ordinary contractual entitlements. The performance-linked component includes a discretionary bonus payment taking into consideration our Group and individual performance and never of a percentage of the Group's revenue. There are no other incentives or compensation for 'loss of employment' or termination benefits. It is commercially disadvantageous to disclose the remuneration of our top senior management in this very competitive environment. The recruitment and retention of key technical/managerial personnel is challenging and is a key focus of our Human Resource policy. Remuneration remains an important consideration in this regard.



Principle B – Effective Audit and Risk Management

Part 1 – Audit Committee

8.0 Intended Outcome

- There is an effective and independent Audit Committee.
- There board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

8.1 The Chairman of the Audit Committee

Practice 8.1 of the MCCG stipulates that the Chairman of the AC is not the Chairman of the Board.

The Chairman of AC is Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid while the Chairman of our Board is Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan.

The TOR of the AC has been updated accordingly in order for the AC to formalise such Practice.

8.2 Former Audit Key Partner

Practice 8.2 of the MCCG requires the AC to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee. The TOR of the AC has been updated accordingly in order for the AC to formalise such policy.

As a matter of practice, the AC has recommended to the NC not to consider any former key audit partner as a candidate for Board Directorship/ Audit Committeeship to solidify the AC's stand on such Policy.

8.3 Suitability, Objectivity and Independence of the External Auditors

In accordance with the TOR of the AC, the AC would on an annual basis, review and monitor the suitability, objectivity and independence of the External Auditors. The AC sets policy and procedures on the provision of non-audit services by the External Auditors.

In view of the retirement of Messrs. Siew Boon Yeong & Associates on 30 November 2018, the office of auditor had become vacant until the appointment of Messrs. Ong & Wong Chartered Accountants as our External Auditors on 26 December 2018. Prior to the appointment of Messrs. Ong & Wong Chartered Accountants, the AC

has considered and assessed their suitability, objectivity, independence, credential and resources before recommending to our Board for approval.

Upon review, the AC recommended to our Board the re-appointment of Messrs. Ong & Wong Chartered Accountants as our External Auditors for the financial year ending 31 December 2019. Our Board has in turn, recommended the same for shareholders' approval at our forthcoming AGM 2019.

8.4 Qualification of the Audit Committee

Our Board ensures that the Audit Committee as a whole is financially literate and has sufficient understanding of our Group's business. The AC would also review and provide advice on the financial statements which provides a true and fair view of our financial position and performance.

Our Board provides our shareholders with the Audited Consolidated Financial Statements and quarterly reports on a timely basis. The AC reviews the quarterly results and Audited Consolidated Financial Statements, before the approval by our Board, focusing particularly on:-

- i. changes in or implementation of major accounting policy changes;
- ii. key audit matters;
- iii. significant and unusual events; and
- iv. compliance with accounting standards and other legal requirements.

8.5 Qualification of the Audit Committee

The AC comprised solely of three (3) Independent Non-Executive Directors, which comply with the following prescribed requirements:-

- Paragraph 15.09(1)(b) of the ACE LR which stipulates that "all the audit committee members must be non-executive directors, with a majority of them being independent directors"; and
- Step Up Practice 8.4 of the MCCG which recommends that the AC should comprise solely of Independent Directors.

Part 2 – Risk Management and Internal Control Framework

9.0 Intended Outcome

- Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.
- The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

9.1 Establishment of Risk Management and Internal Control Framework

Our Board adopted an effective risk management and internal control framework in order to manage risk and oversee the risk management of our Group. Our Board through the AC would obtain report from the Internal Auditors on the periodic check on the internal control system.

9.2 Features of Risk Management and Internal Control Framework

Further details of the risk management are set out in the Statement on Risk Management and Internal Control of this Annual Report.

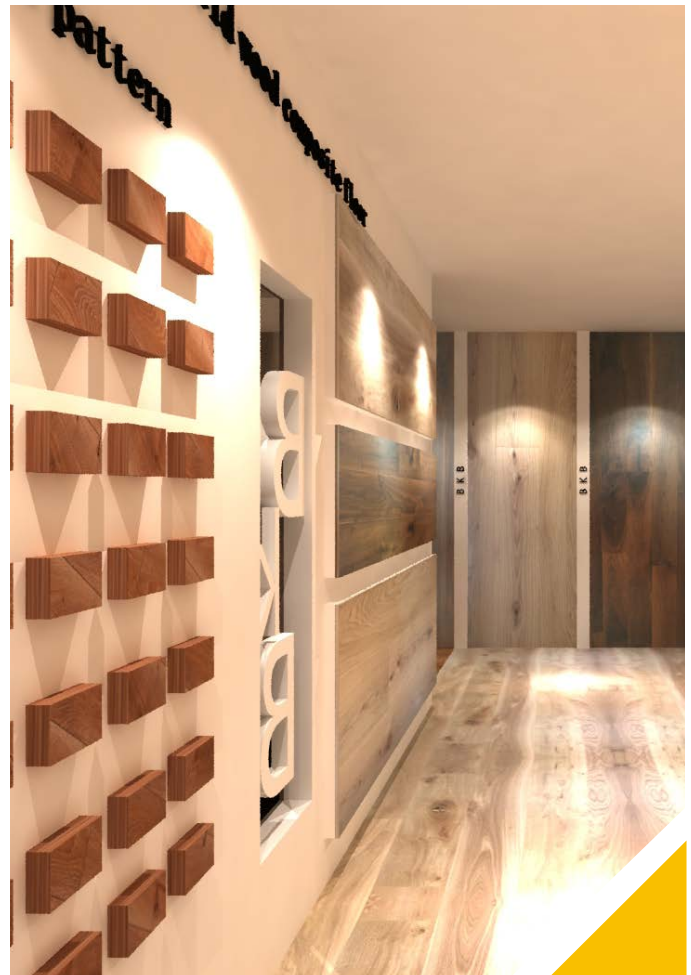
9.3 Risk Management Committee

At this juncture, we have not established a Risk Management Committee. The function of Risk Management Committee is currently overseen by the AC together with the Managing Director. However, our Board plans to formalised a Risk Management Committee with a comprehensive TOC in the near future to better managed our Group's risk in order to continue to grow our Group.

10.0 Intended Outcome

- Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Further details of the Internal Audit Function are set out in the AC Report of this Annual Report.



Principle C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders



Part 1 - Communication with Stakeholders

11.0 Intended Outcome

- There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.
- Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

11.1 Effective, Transparent and Regular Communication

Our Board is aware of our commitment to enhancing long term shareholders' value through regular communication with all of our shareholders, regardless of individual or institutional investors.

We have adopted a Corporate Disclosure Policy, which is applicable to our Board and all employees of our Group, in handling and disclosing material information to the shareholders and the investing public. The following communication channels are mainly used by us to disseminate information on a timely basis to the

shareholders and the investing public:

- a. General meeting which is an important forum for shareholders to engage with our Directors and Senior Management;
- b. Annual Report communicates comprehensive information on the businesses, financial results, governance and key activities undertaken by our Group;
- c. Quarterly announcements and corporate disclosures to Bursa Securities are available on the website www.bursamalaysia.com, as well as on our website www.krbamboo.com;
- d. Press releases provide up-to-date information on our Group's key corporate initiatives and investments, if any; and
- e. Our website www.krbamboo.com provides corporate information of our Group, as well as our announcements and financial information.

Where possible and applicable, our Group provides additional disclosure of information on a voluntary basis. Our Board believes that an on-going communication with shareholders is vital to shareholders and investors for them to make informed investment decisions.



Part 2 - Conduct of General

Meetings

12.0 Intended Outcome

- Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

12.1 Notice of Annual General Meeting

For the FYE 2017, our Board had on 30 April 2018 issued our Notice of AGM 2018 which was held on 25 May 2018. The Notice clearly identified the Directors' seeking re-election, the auditors seeking re-appointment and the payment of directors' fees.

12.2 Attendance in General Meeting

For the FYE 2018 and up to the date of this Statement, we had convened the AGM with the attendance of Directors as follows:-

Name of Directors	AGM 2018 (25 May 2018)
Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan	1/1
Y.Bhg. Dato' Kuan Ah Hock	0/0
Leng Xingmin (冷醒民)	1/1
Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail	1/1
Chong Amita	1/1
Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid	1/1
Y.Bhg. Dato' Haji Markiman Bin Kobiran	1/1
Wu Wai Kong	0/0

Our management team was also present at the AGM 2018 to respond to the queries raised by shareholders, proxies and corporate representatives present.

The Chairman of the meeting provided sufficient time for the present to ask questions for each agenda in the notice of the general meetings before putting the resolution to vote.

12.3 Voting

The Chairman of the AGM reminded the present shareholders, proxies and corporate representatives on their rights to demand for a poll in accordance with the provisions of the Company's Constitution.

The Company had conducted the manual poll voting for all resolutions as set out in the Notice of AGM 2018 which was held on 25 May 2018.

Conclusion

Our Board is satisfied that we comply substantially with the Practices of the MCCG.

This Statement has been approved by our Directors in accordance with a Resolution of our Board of Directors passed on 5 April 2019.



Risk Management and Internal Control Statement

Our Board is pleased to include a statement on the state of our Group's risk management and internal control during the year under review. The statement is prepared in accordance with Rule 15.26 (b) of ACE Market Listing Requirements of Bursa Securities and as guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers.

Responsibility

Our Board is responsible for the adequacy and effectiveness of our Group's risk management and internal control systems. Our Board ensures that the systems manage the Group's key areas of risk within an acceptable risk profile to increase the likelihood that our Group's policies and business objectives will be achieved. Due to the inherent limitations in any risk management and internal control system, our Board continually reviews the system to ensure that the risk management and internal control systems provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Our Board through the Audit Committee has established an ongoing process for identifying, evaluating and managing the significant risks faced by our Group and this process includes enhancing the risk management and internal control system as and when there are changes to the business environment or regulator guidelines. The process is regularly reviewed by our Board and is guided by the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers. The Management assists our Board in the implementation of our Board's policies and procedures on risk and control by identifying and assessing the risks faced and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Our Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial



statements is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators, employees and our Group's assets.

Risk Management

The context within which our Group manages risks and the key focus of accountability for this is as follows:-

Strategic Risks – Our Board and Managing Director

Strategic risks are primarily risks caused by events that are external to our Group, but have a significant impact on our Group's strategic decisions or activities.

The causes of these risks include matters such as national and global economies, government policies and regulations, interest rates and climatic conditions. Often, they cannot be predicted or monitored through a systematic operational procedure. The lack of advance warning and frequent immediate response required to manage strategic risks means they are often best identified and monitored by senior management as part of their strategic planning and review mechanisms.

Accountability for managing strategic risks therefore rests with our Board and the Managing Director. The benefit of effectively managing strategic risks is our Group can better forecast and quickly adapt to the changing demands that are placed upon our Group. It also means that our Group are less likely to be surprised by some external events that call for significant change.

Operational Risks – Heads of Division/ Department

Operational risks are inherent in the ongoing activities within the different business units or subsidiaries of our Group. These are the risks associated with such things as the day to day operational performance of staff, the risks caused by the company structure and the manner in which the subsidiaries report to corporate headquarters. Senior management needs ongoing assurance that operational risks are identified and managed.

Accountability for managing operational risks rests particularly with the Heads of Business Division/ Departments. The benefits of efficiently managing operational risks include maintaining superior quality standards, eliminating undesirable surprises, the early identification of problematic issues, being prepared for emergencies if they happen and being held in high regard by shareholders for the efficient and effective management of risk.



Internal Control

The key processes that have been established in reviewing the adequacy and effectiveness of the internal control system include the following:-

Internal Audit

The Internal Audit function is outsourced to an independent professional firm to check for compliances with policies and procedures and the effectiveness of our Group's internal control systems and highlight significant findings in respect of any non-compliance. The internal auditors report directly to the Audit Committee. The internal audit will focus on the key operational processes in the People's Republic of China. The proposed internal audit plan will be submitted to the Audit Committee for consideration and approval each year. The Audit Committee is responsible to review and discuss with the Management on the issues highlighted by the internal auditors, whenever necessary.

Audit Committee

The Audit Committee reviews and discusses internal control issues identified by the Internal Auditors, External Auditors and the Management, and evaluate the adequacy and effectiveness of our Group's risk management and internal control systems. They also review the internal audit functions with particular emphasis on the scope and frequency of audits and the adequacy of resources. The minutes of the Audit Committee meetings are tabled to the Boards of the Group on a periodical basis.

Organisational Structure

Our Group has in place an organisational structure with clearly defined lines of responsibilities and functionalities which promotes appropriate levels of accountability for risk management, control procedures and effectiveness of operations. All new employees are required to undergo an orientation programme and the job function is clearly written for transparency and better accountability.

Limit of Authority

There are policy guidelines and authority limits imposed on the Executive Directors and Management within our Group in respect of the day-to-day operations, signing of sales and supplier agreements, acquisitions and disposal of assets.

Disaster Recovery Plan and General Safety And Security

Our Group has a written disaster recovery plan in the

event our businesses suffer from any accidents or natural disasters. The plan is updated regularly to comply with the latest safety standards. Our Group also has proper control procedure to safeguard the interests and safety of our employees and our assets.

Control Environment

Our Board considers the integrity of staff at all levels to be of utmost importance, and this is pursued through comprehensive recruitment, appraisal and reward programmes. There is an effective group organisation structure within which business activities are planned, controlled and monitored.

Our Group's culture and values, and the standard of conduct and discipline we expect from our employees have been communicated to them via the employee handbook or letters of appointment.

Conclusion

To the best knowledge of our Board, there were no material losses incurred during the period under review as a result of weakness in internal control. Our Board has received assurance from the Managing Director and Chief Financial Officer that our Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of our Group. The Management continues to take measures to improve and strengthen the internal control environment.

Review of the Statement by External Auditors

The external auditors have reviewed this Risk Management and Internal Control Statement for inclusion in the annual report of our Group for the financial year ended 31 December 2018 and reported to our Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by our Board in reviewing the adequacy and effectiveness of the risk management and internal control system.

This statement was made in accordance with a resolution of our Board of Directors dated 5 April 2019.



Audit Committee Report

Members of Audit Committee

The members of the Audit Committee are as follows:-

Name	Position
Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid <i>Independent Non-Executive Director</i>	Chairman
Y.Bhg. Dato' Haji Markiman Bin Kobiran <i>Independent Non-Executive Director</i>	Member
Wu Wai Kong <i>Independent Non-Executive Director</i> (Appointed on 23 August 2018)	Member

Our Audit Committee is pleased to present the Audit Committee Report for the financial year ended 31 December 2018.

Attendance of Meeting

The attendance of Audit Committee members for meetings held in the financial year ended 31 December 2018 can be summarised as follows:-

Name	Total Meetings Attended by Committee Members
Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid	5/5
Y.Bhg. Dato' Haji Markiman Bin Kobiran	5/5
Wu Wai Kong	1/1 since his appointment

Terms of Reference

The Terms of Reference of the Audit Committee are published in our website at www.krbamboo.com.

Summary of Activities during the Financial Year

The main activities carried out by the Audit Committee during the year were as follows:-

- i. reviewed our quarterly unaudited financial results before recommending to our Board for consideration and approval. The Audit Committee invited the

Managing Director and Executive Directors to brief them on any updates on the operations of our Group every quarter and on any material items in the quarterly unaudited financial results. The review is also to ensure that the quarterly unaudited financial results complied with Malaysian Financial Reporting Standard and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements");

- ii. reviewed our audited financial statements prior to submission to our Board for consideration and approval. The review was to ensure that these financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards;
- iii. reviewed the external auditors' scope of work and audit plan for the year. The Audit Committee were briefed on audit approach, area of audit emphasis, Malaysian Financial Reporting Standards adopted in 2018, new and revised Auditor Reporting Standards and audit timeline;
- iv. reviewed with the external auditors, the results of the annual audit and audit report;
- v. reviewed the Audit Committee Report, CORPORATE GOVERNANCE OVERVIEW STATEMENT and Risk Management and Internal Control Statement and submitted the said documents to our Board for consideration and approval so as to be included in the Annual Report for the financial year ended 31 December 2018. The review was to ensure that the Annual Report complies with the Listing Requirements;
- vi. reviewed with the Internal Auditors, the internal audit plans, the internal audit reports, their evaluation of system of internal controls and the follow-up on the audit findings. The Audit Committee agreed that



- the scope, functions, competency and resources of the internal audit function were adequate;
- vii. reviewed related party transactions within our Group;
- viii. conducted private discussion with the external auditors without the presence of management in relation to the financial statements of our Group;
- ix. reviewed the resignation of Messrs. Siew Boon Yeong & Associates as external auditors for the Company and Group; and
- x. recommended the nomination of Messrs Ong & Wong Chartered Accountants for appointment as external auditors for the Company and Group after accessing their job scope, engagement team and competency.

Internal Audit Function

The Audit Committee is supported by the internal audit team whose primary responsibility is to evaluate and report on the adequacy, integrity and effectiveness of the overall system of internal control of our Group. The internal audit function of the Group is outsourced to GovernanceAdvisory.com Sdn Bhd who reports directly to the Audit Committee with its findings and recommendations. Any necessary corrective actions after reporting to our Board by the Audit Committee will be directed by our Board.

Our Group's internal audit activities are mainly carried out in accordance with the annual audit plan that has been tabled to the Audit Committee for its review and approval and selected ad-hoc audits on management's requests. The Internal Auditors adopt a risk based audit approach in auditing objectively to provide the assurance that risks were mitigated to acceptable levels. This approach would draw the Internal Auditors' attention towards gaining an understanding of our Group's interaction with external forces, changes in the strength of the relationships during the period under audit, and the risk of potential future changes presented by the external forces. Their approach would entail understanding on how the business risks translate to audit risks, and communicating value added input to the management through the audit process. Whenever required, the Internal Auditors would make reference to our Group's policies and procedures, established practices, listing requirements and recommended industry practices.

During the financial year ended 31 December 2018, the Internal Auditors reviewed the sales and collection functions of our wholly-owned subsidiary, Shenzhen Kanger Bamboo Wood Co., Ltd.

The findings arising from the audit field work were highlighted together with suitable recommendations for improvement to the management for review and further action where necessary. These findings were not limited to matters relating to the financial and accounting

controls but also cover certain key operational and management control areas. The Internal Auditors also briefed the Audit Committee on the Audit Plan for 2018.

The Audit Committee had reviewed and assessed our internal audit function and is of the view that the scope, functions (including independence), competency, resources, authorities granted to the outsourced internal audit function as well as internal audit program and processes are adequate to provide the Audit Committee with reasonable assurance that governance, risk and control structures and processes of our Group is adequate and effective and that the results of the internal audit program, processes or investigation undertaken is adequately communicated to the Audit Committee and appropriate actions are taken on the recommendations of the internal auditors.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2018 was approximately RM15,000.

Additional Compliance Information Disclosures



Material Contracts

During the financial year under review, there was no material contract entered into by us and our subsidiaries which involved our Directors' and major shareholders' interest.

Non-Audit Fees

For the financial year ended 31 December 2018, non-audit fees paid to the external auditors was RM5,000.



Statement of Directors' Responsibility in relation to the Financial Statements

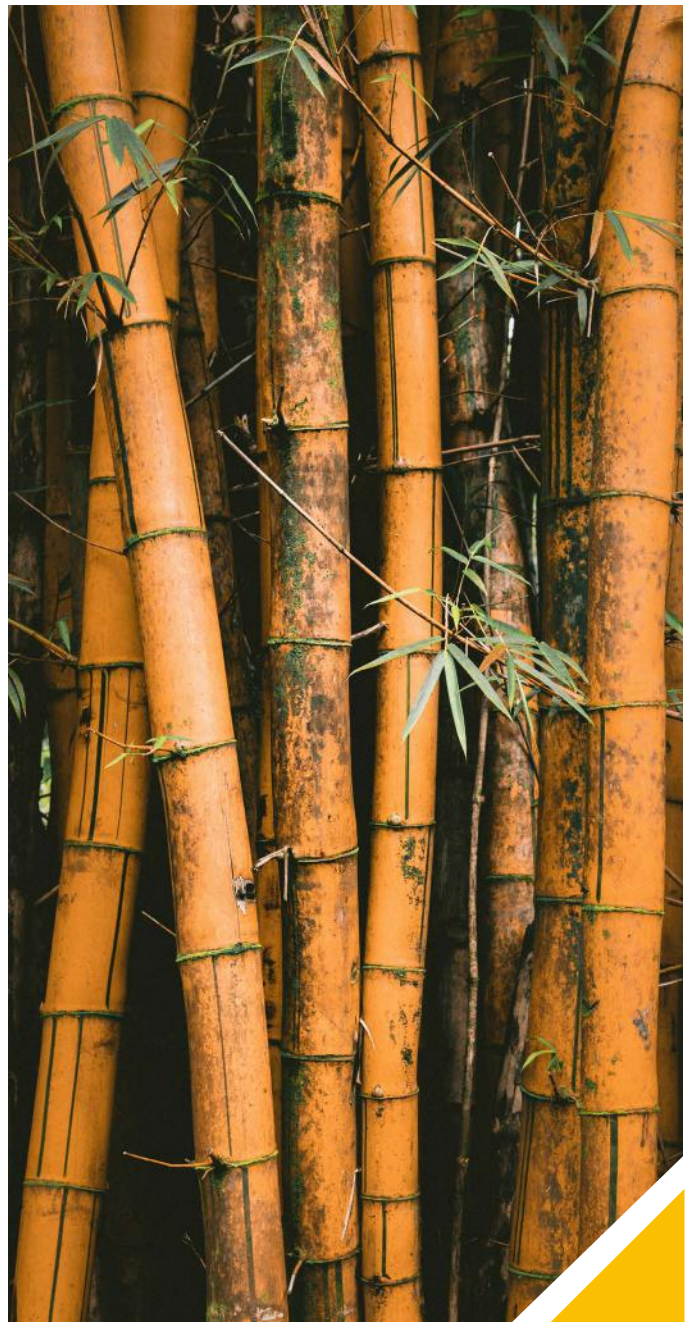
This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year so as to give a true and fair view of the financial position of the Group and of the Company and the results and cash flows of the Group and of the Company as at end of the financial year.

During the preparation of the financial statements for the financial year ended 31 December 2018, the Directors have ensured that:

- a. the Group and the Company have adopted appropriate accounting policies and are consistently applied;
- b. judgements and estimates that are prudent and reasonable have been used;
- c. all applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia have been complied with;
- d. the accounting and other records required by the Act are properly kept and disclosed with reasonable accuracy at any time, the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Act; and
- e. the financial statements have been prepared on the going concern basis.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements, as described more fully in the corporate governance section of this report. Such system, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.



Reports and Financial Statements



Directors' Reports

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in Note 8 to the financial statements. There were no significant changes in the nature of these activities during the financial year.

Financial Results

	Group	Company
	RM	RM
Profit after taxation from continuing operation	3,807,882	1,496,378
Loss after taxation from discontinued operation	(5,520,670)	-
(Loss)/ profit for the financial year	(1,712,788)	1,496,378
(Loss)/ profit for the financial year		
Attributable to owners of the Company:		
- Continuing operation	3,807,882	1,496,378
- Discontinued operation	(5,520,670)	-
	(1,712,788)	1,496,378

In the opinion of the directors, 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.

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

Movements on Reserves and Provisions

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

Issue of Shares and Debentures

During the financial year, the Company issued 92,896,399 new ordinary shares arising from conversion of redeemable convertible notes at stipulated exercise price for working capital purpose.

The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issue of debentures by the Company during the financial year.

Warrants

The Warrants are constituted under a Deed Poll to be executed by the Company and involved the issuance of 258,000,000 Warrants on the basis of one (1) Warrant for every two (2) existing ordinary shares of the Company held by the shareholders of the Company on 10 April 2015.

The exercise price of the Warrants has been fixed at RM0.10 each.

Each Warrant entitles the Warrant holders to subscribe for one (1) new ordinary share of the Company at any time during the exercise period at the exercise price of RM0.10 each (subject to adjustments in accordance with the provisions of the Deed Poll).

The period commencing on, and including the first date of issue of the Warrants and ending at the close of business at 5.00pm in Malaysia on the date which is five (5) years from the date of issue of the Warrants if such date is not a market day, then it shall be the market day immediately preceding the said non market day, but excluding those days during the period on which the Record of Depositors and/or the Warrants Register is or are closed.

Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

During the financial year, there were no ordinary shares issued in relation to the exercise of Warrants. There are 238,935,400 Warrants remained unexercised.

Options Granted Over Unissued Shares

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

Directors

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

- Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan
- Dato' Kuan Ah Hock
- Syed Hazrain Bin Syed Razlan Jamalullail
- Chong Amita
- Leng Xingmin
- Datuk Seri Dr. Md Zabid Haji Abdul Rashid
- Dato' Haji Markiman Bin Kobiran
- Wu Wai Kong (Appointed on 23 August 2018)
- Lim Soon Tong (Retired on 25 May 2018)

The name of the directors of the Company's subsidiaries in office since the date of last report, excluding director who is also director of the Company are:

- Choo Yew Chun
- Lim Lai Choy

Directors Interests

According to the Register of Directors' Shareholdings, particulars of interests of directors who held office at the end of the financial year in the shares and warrants in the Company during the financial year are as follows:

	No. of Ordinary Shares			
	Balance 01.01.2018	Bought	Sold	Balance 31.12.2018
Direct Interest				
Leng Xingmin	195,253,091	-	-	195,253,091
Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan	200,000	-	-	200,000
Chong Amita	1,200,024	-	-	1,200,024
Syed Hazrain Bin Syed Razlan Jamalullail	1,018,190	-	-	1,018,190
Indirect Interest				
Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan *	16,640,000	-	-	16,640,000
Chong Amita **	600,000	-	-	600,000
Dato' Kuan Ah Hock ***	52,393,400	-	-	52,393,400

	No. of Warrants			
	Balance 01.01.2018	Bought	Sold	Balance 31.12.2018
Direct Interest				
Leng Xingmin	70,033,045	-	-	70,033,045
Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan	100,000	-	-	100,000
Chong Amita	600,012	-	-	600,012
Syed Hazrain Bin Syed Razlan Jamalullail	509,095	-	-	509,095
Indirect Interest				
Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan *	8,120,000	-	-	8,120,000
Chong Amita **	300,000	-	-	300,000

* Indirect interests by virtue of shares and Warrants held by her spouse.

** Indirect interests by virtue of shares and Warrants held by his spouse.

*** Deemed interests in shares held by Setiakon Builders Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

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

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by directors as shown under the Directors' Remuneration section below and Note 30 to the financial statements, or the fixed salary of a full-time employee of the Company) 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.

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 through the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Remuneration

	Group		Company	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM
Executive Directors' remuneration - other emoluments	255,628	304,260	78,000	78,000
Non-executive Directors' remuneration - fees	207,000	216,000	207,000	216,000
Total directors' remuneration	462,628	520,260	285,000	294,000

Included in the analysis above is remuneration for the directors of the Company and its subsidiary companies in accordance with the requirements of the Companies Act 2016.

Other Statutory Information

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- a. to ascertain that proper 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 no allowance for doubtful debts was necessary; and
- b. to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

- a. which would render the amounts written off of bad debts inadequate to any substantial extent in the financial statements of the Group and of the Company or necessitate to make any allowance for doubtful debts or the values attributed to current assets misleading.
- b. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

- a. no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year; and
- b. no charge has arisen on the assets of the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and in the Company.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

**Dato' Paduka Sharipah Hishmah
Binti Dato' Sayed Hassan**
Director

Date: 5 April 2019
Kuala Lumpur

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

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

Significant Events During the Financial Year

The significant events during the financial year are disclosed in Note 36 to the financial statements.

Significant Event Subsequent to the Financial Year

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

Auditors' Remuneration

The amount paid or payable to the auditors as remuneration for their service is disclosed in Note 26 of the financial statements.

Auditors

The auditors, ONG & WONG, have expressed their willingness to continue in office.

Leng Xingmin
Director

Statement by Directors

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

We, DATO' PADUKA SHARIPAH HISHMAH BINTI DATO' SAYED HASSAN and LENG XINGMIN, two of the directors of KANGER INTERNATIONAL BERHAD, stated that, in the opinion, the financial statements set out on pages 65 to 124 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 exhibit a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

Signed in Kuala Lumpur on 5 April 2019

Signed on behalf of the Board in accordance with a resolution of the Directors

**Dato' Paduka Sharipah Hishmah Binti
Dato' Sayed Hassan**
Director

Leng Xingmin
Director



Statutory Declaration

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

I, LENG XINGMIN, being the director primarily responsible for the financial management of KANGER INTERNATIONAL BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 65 to 124 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 Wilayah Persekutuan on 5 April 2019

Before me,

Lai Din

W668
Commissioner for Oaths

Leng Xingmin



Independent Auditors' Report

Independent Auditors' Report to the Members of Kanger International Berhad (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kanger International Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 124.

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 2018, 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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements. The Company's current liabilities exceeded its current assets by RM798,671. This indicates the existence of a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. Our opinion is not modified in respect of this matter.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial statements.

Risk Area and Rationale

Intangible Assets (Note 7 to the Financial Statements)

The carrying amount of intangible assets is approximately RM17.51 million. The intangible assets comprise development costs and intellectual property rights which amounted to approximately RM8.00 million and RM9.51 million respectively. The developments costs and patents are related to the developments of green bamboo products.

Given the nature of intangible assets, the assessment of recoverable amount involves significant estimation, subjective assumptions and the application of significant judgement in assessing the recoverable amount of intangible assets.

Our Response

Our audit procedures included, amongst others:-

- checked to the source documents on the additions to intangible assets;
- sighted to the patents certificates issued from the approving authorities; and
- reviewed the cash flows projections prepared by the management together with the assumptions applied by comparing the cash flows projections to historical information.

Trade Receivables (Note 11 to the Financial Statements)

Receivables are subject to credit risk exposure.

As at 31 December 2018, the Group's trade receivables stood at approximately RM36.81 million.

The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical bad debts, customer concentration, customer creditworthiness, current economic trends, customer payment terms, etc.

Our Response

Our audit procedures included, amongst others:-

- obtained an understanding of the Group's control over the trade receivable collection processes and made inquiries regarding the action plans to recover the overdue amounts;
- reviewed the ageing analysis of trade receivables and test the reliability thereof;
- requested from balance confirmations from trade receivables;
- reviewed subsequent collections from trade receivables; and
- evaluated the reasonableness and adequacy of the impairment losses provided.

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 the 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 Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a

going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 8 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 for this report.

Ong & Wong

AF: 0241
Chartered Accountants

Ong Kong Lai

00494/06/2020 J
Chartered Accountant

Date: 5 April 2019
Kuala Lumpur,



Statements of Financial Position

as at 31 December 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Assets					
Non-Current Assets					
Property, plant and equipment	6	86,233,870	75,717,380	-	-
Intangible assets	7	17,514,703	17,685,466	-	-
Investment in subsidiary companies	8	-	-	34,999,996	31,871,869
Amount owing by subsidiary companies	9	-	-	45,508,793	35,675,390
		103,748,573	93,402,846	80,508,789	67,547,259
Current Assets					
Inventories	10	19,816,251	27,542,648	-	-
Trade receivables	11	36,812,274	33,653,972	-	-
Other receivables, deposits and prepayments	12	33,134,089	19,478,812	1,000	61,000
Current tax assets	-	88,806	-	-	-
Fixed deposits with licenced banks	13	7,661,475	7,930,500	-	-
Cash and bank balances	14	3,255,752	2,121,996	88,153	31,962
		100,768,647	90,727,928	89,153	92,962
Total Assets		204,517,220	184,130,774	80,597,942	67,640,221

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Equity and Liabilities					
Equity					
Share capital	15	92,226,460	79,846,055	92,226,460	79,846,055
Redeemable convertible notes	16	218,400	-	218,400	-
Reserves	17	33,539,278	42,551,402	(15,516,342)	(13,295,668)
Total equity attributable to owners of the Company		125,984,138	122,397,457	76,928,518	66,550,387
Non-controlling interests		6,429,630	-	-	-
Total Equity		132,413,768	122,397,457	76,928,518	66,550,387
Liabilities					
Non-Current Liabilities					
Term loans	18	34,251,300	27,865,600	-	-
Redeemable convertible notes	16	2,712,632	-	2,712,632	-
Deferred tax liabilities	19	286,575	225,248	68,968	-
		37,250,507	28,090,848	2,781,600	-
Current Liabilities					
Trade payables	20	1,110,247	3,155,317	-	-
Other payables, accruals and deposit received	21	5,763,046	2,482,093	513,000	674,000
Amount owing to a director	22	588,372	394,246	374,824	154,500
Short term borrowings	23	27,166,640	27,137,954	-	261,334
Current tax liabilities		224,640	472,859	-	-
		34,852,945	33,642,469	887,824	1,089,834
Total Liabilities		72,103,452	61,733,317	3,669,424	1,089,834
Total Equity and Liabilities		204,517,220	184,130,774	80,597,942	67,640,221

Statements of Profit or Loss and Other Comprehensive Income

for the Financial Year Ended 31 December 2018

	Note	Group		Company	
		2018 RM	2017 RM (Restated)	2018 RM	2017 RM
Continuing Operations					
Revenue	24	57,130,066	66,478,479	-	-
Cost of sales		(44,937,062)	(50,295,971)	-	-
Gross profit		12,193,004	16,182,508	-	-
Other operating income		566,844	173,701	3,128,151	24
Administrative expenses		(6,436,872)	(5,084,352)	(1,591,359)	(384,779)
Sales and distribution costs		(1,863,301)	(2,193,730)	-	-
Other operating expenses		(5,754)	(196,150)	-	(6,975,682)
Profit/ (Loss) from operations		4,453,921	8,881,977	1,536,792	(7,360,437)
Finance costs	25	(769,353)	(772,583)	(40,414)	(48,700)
Profit/ (Loss) before taxation	26	3,684,568	8,109,394	1,496,378	(7,409,137)
Taxation	27	123,314	(339,609)	-	-
Profit/ (Loss) after Taxation from continuing operations		3,807,882	7,769,785	1,496,378	(7,409,137)
Discontinued Operations					
Loss after taxation from discontinued operations	28	(5,520,670)	(469,482)	-	-
(Loss)/ Profit for the financial year		(1,712,788)	7,300,303	1,496,378	(7,409,137)

	Note	Group		Company	
		2018 RM	2017 RM (Restated)	2018 RM	2017 RM
Other Comprehensive Income					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
- exchange differences on translation of the financial statements of foreign subsidiary companies		(2,918,931)	(6,319,374)	-	-
Total Comprehensive (Loss)/ Income for the financial year		(4,631,719)	980,929	1,496,378	(7,409,137)
(Loss)/ Profit attributable to:					
Owners of the Company					
- Continuing operations		3,807,882	7,769,785	1,496,378	(7,409,137)
- Discontinued operations		(5,520,670)	(469,482)	-	-
		(1,712,788)	7,300,303	1,496,378	(7,409,137)
Total comprehensive (Loss)/ income attributable to:					
Owners of the Company					
- Continuing operations		1,009,646	1,660,483	(1,496,378)	(7,409,137)
- Discontinued operations		(5,641,365)	(679,554)	-	-
		(4,631,719)	980,929	(1,496,378)	(7,409,137)
Earnings/ (Loss) Per Share (Sen)					
Basic					
	29				
- Continuing operations		0.45	0.97		
- Discontinued operations		(0.66)	(0.06)		
Diluted					
	29				
- Continuing operations		0.35	0.75		
- Discontinued operations		(0.51)	(0.05)		

Statements of Changes in Equity

for the Financial Year Ended 31 December 2018

Group	Attributable to owners of the Company						Total Equity
	Non-distributable					Distributable	
	Share Capital	Share Premium	Merger Reserve	Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings	
	RM	RM	RM	RM	RM	RM	RM
At 1 January 2017	79,846,055	4,380,405	(12,805,422)	1,226,554	13,155,135	35,613,801	121,416,528
Profit/(loss) after taxation:							
- continuing operations	-	-	-	-	-	7,769,785	7,769,785
- discontinued operations	-	-	-	-	-	(469,482)	(469,482)
Other comprehensive income:							
Foreign currency translation reserve							
- continuing operations	-	-	-	-	(6,109,302)	-	(6,109,302)
- discontinued operations	-	-	-	-	(210,072)	-	(210,072)
Total comprehensive (loss)/ income for the financial year	-	-	-	-	(6,319,374)	7,300,303	980,929
At 31 December 2017/ 1 January 2018	79,846,055	4,380,405	(12,805,422)	1,226,554	6,835,761	42,914,104	122,397,457



Group	Note	Attributable to owners of the Company							Share-holders' Equity	Non-controlling Interests	Total Equity
		Non-distributable						Distributable			
		Share Capital	Share Premium	Merger Reserve	Revaluation Reserve	Foreign Currency Translation Reserve	Redeemable Convertible Notes	Retained Earnings			
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 31 December 2017/ 1 January 2018		79,846,055	4,380,405	(12,805,422)	1,226,554	6,835,761	-	42,914,104	122,397,457	-	122,397,457
Transactions with owners:											
Non-controlling interest acquired in subsidiary companies		-	-	-	-	-	-	-	-	6,429,630	6,429,630
Transition to no par value regime*	15	4,380,405	(4,380,405)	-	-	-	-	-	-	-	-
Issuance of shares pursuant to conversion of redeemable convertible notes	15, 16	8,000,000	-	-	-	-	218,400	-	8,218,400	-	8,218,400
Total transactions with owners		12,380,405	(4,380,405)	-	-	-	218,400	-	8,218,400	6,429,630	14,648,030
Profit/(loss) after taxation:											
- continuing operations		-	-	-	-	-	-	3,807,882	3,807,882	-	3,807,882
- discontinued operations		-	-	-	-	-	-	(5,520,670)	(5,520,670)	-	(5,520,670)
Other comprehensive income:											
Foreign currency translation reserve											
- continuing operations		-	-	-	-	(2,798,236)	-	-	(2,798,236)	-	(2,798,236)
- discontinued operations		-	-	-	-	(120,695)	-	-	(120,695)	-	(120,695)
Total comprehensive loss for the financial year		-	-	-	-	(2,918,931)	-	(1,712,788)	(4,631,719)	-	(4,631,719)
At 31 December 2018		92,226,460	-	(12,805,422)	1,226,554	3,916,830	218,400	41,201,316	125,984,138	6,429,630	132,413,768



	Non-distributable			Accumulated Losses	Total Equity
	Share Capital	Share Premium	Foreign Currency Translation Reserve		
Company	RM	RM	RM	RM	RM
At 1 January 2017	79,846,055	4,380,405	1,342,847	(8,195,404)	77,373,903
Loss after taxation	-	-	-	(7,409,137)	(7,409,137)
Other comprehensive income:					
Foreign currency translation reserve	-	-	(3,414,379)	-	(3,414,379)
Total comprehensive loss for the financial year	-	-	(3,414,379)	(7,409,137)	(10,823,516)
At 31 December 2017/ 1 January 2018	79,846,055	4,380,405	(2,071,532)	(15,604,541)	66,550,387



Company	Note	Non-distributable				Accumulated Losses	Total Equity
		Share Capital	Share Premium	Foreign Currency Translation Reserve	Redeemable Convertible Notes		
		RM	RM	RM	RM	RM	RM
At 31 December 2017/ 1 January 2018		79,846,055	4,380,405	(2,071,532)	-	(15,604,541)	66,550,387
Transactions with owners:							
Transition to no par value regime*	15	4,380,405	(4,380,405)	-	-	-	-
Issuance of shares pursuant to conversion of redeemable convertible notes	15,16	8,000,000	-	-	218,400	-	8,218,400
Total transactions with owners		12,380,405	(4,380,405)	-	218,400	-	8,218,400
Profit after taxation		-	-	-	-	1,496,378	1,496,378
Other comprehensive income:							
Foreign currency translation reserve		-	-	663,353	-	-	663,353
Total comprehensive income for the financial year		-	-	663,353	-	1,496,378	2,159,731
At 31 December 2018		92,226,460	-	(1,408,179)	218,400	(14,108,163)	76,928,518

* Effective from 31 January 2017, the new Companies Act 2016 ("Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium and capital redemption reserve account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) and Section 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.



Statements of Cash Flows

for the Financial Year Ended 31 December 2018

	Group		Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM (Restated)
Cash Flows from Operating Activities				
Profit/(loss) before taxation				
- continuing operations	3,684,568	8,109,394	1,496,378	(7,409,137)
- discontinued operations	(5,510,579)	(437,717)	-	-
Adjustments for:				
Amortisation of intangible assets	924,328	824,123	-	-
Bad debts written off	126,167	-	-	-
Depreciation of property, plant and equipment	1,657,455	1,915,588	-	-
Impairment loss on amount owing by subsidiary companies	-	-	-	3,847,553
Impairment loss on investment in subsidiary companies	-	-	-	3,128,129
Impairment loss on other receivables	-	190,590	-	-
Interest expenses	934,249	917,344	40,414	48,700
Interest income	(132,529)	(139,847)	(24)	-
Property, plant and equipment written off	1,101,804	-	-	-
Reversal of impairment loss on investment in subsidiary companies	-	-	(3,128,127)	-
Operating profit/(loss) before working capital changes	2,785,463	11,379,475	(1,591,359)	(384,755)
Decrease in inventories	7,726,397	2,544,578	-	-
(Increase)/decrease in receivables	(16,939,745)	1,947,276	(9,773,403)	3,392,995
Increase/(decrease) in payables	1,430,009	(1,698,426)	59,324	562,500



	Group		Company	
	2018 RM	2017 RM (Restated)	2018 RM	2017 RM (Restated)
Cash (used in)/generated from operations	(4,997,876)	14,172,903	(11,305,438)	3,570,740
Tax paid	(212,142)	(157,278)	-	-
Net cash (used in)/generated from operating activities	(5,210,018)	14,015,625	(11,305,438)	3,570,740
Cash Flows from Investing Activities				
Acquisition of intangible assets	(1,314,570)	(1,234,615)	-	-
Interest received	132,529	139,847	24	-
Proceeds from issuance of shares to non-controlling interest	6,429,630	-	-	-
Purchase of property, plant and equipment	(15,840,776)	(34,420,129)	-	-
Net cash (used in)/generated from investing activities	(10,593,187)	(35,514,897)	24	-
Cash Flows from Financing Activities				
Drawdown of bank borrowings	8,649,220	22,781,858	-	-
Proceeds from issuance of shares	11,000,000	-	11,000,000	-
Interest paid on bank borrowings	(934,249)	(917,344)	(40,414)	(48,700)
Net cash generated from /(used in) financing activities	18,714,971	21,864,514	10,959,586	(48,700)
Net increase /(decrease) in cash and cash equivalents	2,911,766	365,242	(345,828)	3,522,040
Cash and cash equivalents at the beginning of the financial year	1,860,662	6,852,913	(229,372)	(337,033)
Effect of exchange differences	(1,516,676)	(5,357,493)	663,353	(3,414,379)
Cash and cash equivalents at the end of the financial year	3,255,752	1,860,662	88,153	(229,372)
Cash and cash equivalents comprise:				
Fixed deposits with licenced banks	7,661,475	7,930,500	-	-
Cash and bank balances	3,255,752	2,121,996	88,153	31,962
Bank overdrafts	-	(261,334)	-	(261,334)
	10,917,227	9,791,162	88,153	(229,372)
Less: Fixed deposits pledged as securities	(7,661,475)	(7,930,500)	-	-
	3,255,752	1,860,662	88,153	(229,372)

Notes to the Financial Statements



1. Principal Activities and General Information

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

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in Note 8. There were no significant changes in the nature of these activities during the financial year.

The address of the registered office and principal place of business of the Company is 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan.

2. Fundamental Accounting Concept

As at 31 December 2018, the Company's current liabilities exceeded its current assets by RM798,671 (2017: RM996,872), in addition, the Company has deficit of cash flows in operating activities amounting to RM11,305,438 (2017: Nil). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements have been prepared under the going concern concept as the shareholders of the Company have agreed to provide adequate financial support to the Company to enable it to meet its obligations as and when they fall due. Should the going concern basis of preparing the financial statements be no longer appropriate, adjustments would have to be made to reduce the value of all assets to their carrying values and to provide further estimated liabilities which may arise.



3. Basis of Preparation of the Financial Statements

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

The financial statements of the Group and of the Company have been prepared on historical cost basis other than those disclosed in the accounting policies below.

On 1 January 2018, the Group and the Company have adopted the following MFRSs, Amendments to MFRSs and Issue Committees (“IC”) Interpretations issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2018:

- MFRS 9 – Financial Instruments (IFRS 9 as issued by IASB in July 2014)
- MFRS 15 – Revenue from Contracts with Customers
- MFRS 15 – Clarification to MFRS 15
- Amendments to MFRS 2 Share-based Payment – Classification and Measurement of Share-based Payment Transactions

- Amendments to MFRS 140 Investment Property – Transfers of Investment Property
- Annual Improvements to MFRS Standards 2014 – 2016 Cycle
- IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The adoption of the above MFRSs, Amendments to MFRSs and IC Interpretations did not have any material impacts to the financial statements of the Group and of the Company.

MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but are not yet effective

The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but not yet effective:

MFRSs/Amendments to MFRSs/IC Interpretations	Effective for annual periods beginning on or after
MFRS 16 – Leases	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 9 Financial Instruments - Prepayment Features with Negative Compensation	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendment to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendment to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendment to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendment to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138 Intangible Assets	1 January 2020

Amendment to IC Interpretation 12 Service Concession Arrangements	1 January 2020
Amendment to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendment to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendment to IC Interpretation 132 Intangible Assets - Web Site Costs	1 January 2020
MFRS 17 - Insurance Contracts	1 January 2021
Amendments to MFRS 10 Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of these standards and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company except as discussed below:

MFRS 16 Leases

MFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if MFRS 15 also applied.



4. Significant Accounting Policies

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

A. Basis of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In

instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

ii) Merger accounting for common control business combinations

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve or merger deficit. The other components of equity of the acquired entities are added to the same components within the Group's equity.

iii) Non-controlling interest

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidated financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

B. Functional and Foreign Currency

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Company (the “functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the functional currency of the Company.

(i) Foreign Currency

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within ‘finance income or cost’. All other foreign exchange gains and losses are presented in profit or loss within other income.

All exchange differences are taken to profit or loss.

(ii) Foreign Operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition of foreign operations, are translated into RM

for consolidation at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial period. All exchange differences arising from translation are recognised directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, accumulated translation differences recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to comprehensive income.

C. Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

Capital work-in-progress consists of building under construction for intended use as hotel and office. The amount is stated at cost. Capital work-in-progress is not depreciated until the assets are ready for their intended use.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Leasehold land	Over the remaining year of lease term of 40 years
Buildings	20 years
Plant and machinery	3 - 10 years
Tools and equipment	3 - 5 years
Motor vehicles	5 years
Office equipment	3 - 10 years
Renovation	10 years

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at each end of reporting date. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations..

D. Intangible Assets - Research and Development Expenditures

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

The useful life of intangible assets is assessed to be either finite or indefinite. Intangible assets with finite life are amortised on straight-line basis over the estimated economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period for an intangible asset with a finite useful life is reviewed at least at the financial period end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful life is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

i) Research and development costs

Research and development costs are expensed as incurred. Development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Development

costs have a finite useful life and are amortised over the period of expected sales from the related project of five years on a straight-line basis.

ii) Intellectual property

Intellectual property is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged using the straight-line method over their estimated useful lives of twenty years. The amortisation method of intangible assets is reviewed at least at the end of the financial period. The effects of any revisions are recognised in profit or loss when the change arise.

Intellectual property is written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

E. Investment in Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to profit or loss.

F. Impairment of Non-Financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at each end of the reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to profit or loss immediately unless the asset is carried at its revalue



amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

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

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

G. Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average method. The cost of raw materials comprises the original cost of purchases plus the cost of bringing these inventories to their intended location and condition. The cost of finished goods and work-in-progress includes the cost of raw materials, direct labour and appropriate allocation of manufacturing overheads.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the estimated cost of selling expenses. Write down is made where necessary for damaged, obsolete and slow-moving inventories.

H. Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

i) Classification of Financial Assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- b. 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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI'):

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- b. 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.

By default, all other financial assets are subsequently measured at fair value through profit or loss ('FVTPL').

ii) Amortised Cost and Effective Interest Method

At initial recognition financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

For purchased or originated credit-impaired financial assets, the Group and the Company recognise interest



income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “investment income” line item.

iii) Debt Instruments Classification

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

I. Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

i) Financial Liabilities at FVTPL

This category comprises only out-of-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of profit or loss and other comprehensive income. The Group and the Company do not have any liabilities held for trading nor has it designated any financial liabilities as being at FVTPL.

ii) Other Financial Liabilities

Other financial liabilities include the following items:

- a. bank borrowings, where such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs as well as any interest payable while the liability is outstanding.
- b. trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method..

iii) Derecognition of Financial Liabilities

The Group and the Company derecognise a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group and the Company also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

J. Revenue Recognition

Revenue which represents income arising in the course of the Group's and the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer the control of the goods or services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at a point in time.

A contract with customer exists when the contract has commercial substance, the Group and the Company and their customer have approved the contract and intend to perform their respective obligations, the Group's and the Company's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.



i) Recognition and Measurement

At the inception of each contract with customer, the Group and the Company assess the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with customer is recognised. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the company's customary business practices. A good or services is distinct if:

- a. the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and
- b. the Group's and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

If a good or service is not distinct, the Group and the Company combine it with other promised goods or services until the company identifies a distinct performance obligation consisting a distinct bundle of goods or services.

Revenue is measured based on the consideration specified in contract with a customer excludes amounts collected on behalf of third parties such as sales and service taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, performance bonuses, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. If the contract with customer contains more than one distinct performance obligation, the amount of consideration is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The consideration allocated to each performance obligation is recognised as revenue when or as the customer obtains control of the goods or services. At the inception of each contract with customer, the Group and the Company determine whether control of the goods or services for each performance obligation is transferred over time or at a point in time. Control over the goods or services are transferred over time and revenue is recognised over time if:

- a. the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the

Company perform;

- b. the Group's and the Company's performance creates or enhances a customer-controlled asset; or
- c. the Group's and the Company's performance do not create an asset with alternative use to the Group and the Company and the Group and the Company have a right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The revenue recognition policies of the Group's and the Company's major activities are described below:

i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance, and the Group and the Company have a present right to payment for goods sold. Revenue is measured based on the consideration specified in a contract with a customer and where applicable, net of goods and services tax.

ii) Interest Income

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

iii) Rental income

Rental income is recognised on accrued basis.

K. Employee Benefits

i) Short Term Employee

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company. 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. Past-service costs are recognised immediately in profit or loss.



ii) Defined Contribution Plan

The Company's and its subsidiary companies' contributions to defined contribution plans regulated and managed by the government, are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Company and its subsidiary companies have no further financial obligations.

L. Income Tax

Income taxes for the period comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax is recognised in profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each end of the reporting period and reduced to the extent that it is no longer probable that sufficient

taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

M. Related Parties

A party is related to an entity if:-

- i) directly, or indirectly through one or more intermediaries, the party:-
 - controls, is controlled by, or is under common control with, the entity (this includes holding company, subsidiary companies and fellow subsidiary companies);
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity;
- ii) the party is an associate of the entity;
- iii) the party is a joint venture in which the entity is a venture;
- iv) the party is a member of the key management personnel of the entity or its holding company;
- v) the party is a close member of the family of any individual referred to in (i) or (iv);
- vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company and of the subsidiary companies either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

N. Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

O. Provisions for Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each end of reporting date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Group or the Company 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 profit or loss, net of any reimbursement.

P. Share Capital and Share Issuance Expenses

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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Q. Contingent Liabilities

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

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

R. Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

S. Earnings Per Ordinary Share ("EPS")

The Group presents basic and diluted earnings per share data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held, if any.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, if any, for the effect of all dilutive potential ordinary shares, which comprise warrants and share options granted to the employees.

T. Operating Segments

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

U. Discontinued Operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary company acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be



classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit or loss is restated as if the operation had been discontinued from the start of the comparative period.

V. Warrant Reserve

Amount allocated in relation to the issuance of warrants is credited to warrant reserve which is non-distributable. Warrant reserve is transferred to share capital or retained earnings upon the exercise or expiry of the warrants respectively.

W. Fair Value Measurements

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 a 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 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 Company 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 the identical assets or liabilities that the Group's and the Company's 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 and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

5. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

Depreciation of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Amortisation of Intangible Assets

Changes in the expected level of usage could impact the economic useful lives, therefore future amortisation charges could be revised.

Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

Income Taxes

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

Provision For Expected Credit Losses ("ECL") Of Trade Receivables

The critical accounting estimates and judgements for provision for ECL of trade receivables are disclosed in Note 34 to the financial statements.

6. Property, Plant and Equipment

The details of property, plant and equipment are as follows:

	At Valuation	At Cost							Total
	Leasehold Land	Buildings	Plant and Machinery	Tools and Equipment	Motor Vehicles	Office Equipment	Renovation	Capital Work-in-progress	
Group Cost	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2017	4,684,710	4,422,580	7,455,097	1,941,964	320,134	292,767	6,245,619	28,428,850	53,791,721
Additions	-	-	72,121	-	-	2,127	1,628,578	32,717,303	34,420,129
Translation differences	(170,551)	(161,008)	(271,408)	(70,699)	(11,654)	(10,514)	(227,378)	(1,034,978)	(1,958,190)
At 31 December 2017/ 1 January 2018	4,514,159	4,261,572	7,255,810	1,871,265	308,480	284,380	7,646,819	60,111,175	86,253,660
Additions	-	-	41,442	-	-	12,543	1,263,603	14,523,188	15,840,776
Written off	-	(1,106,483)	(1,331,660)	-	-	(59,785)	-	-	(2,497,928)
Translation differences	(153,133)	(144,565)	(246,139)	(63,478)	(10,465)	(9,513)	(259,402)	(2,039,141)	(2,925,836)
At 31 December 2018	4,361,026	3,010,524	5,719,453	1,807,787	298,015	227,625	8,651,020	72,595,222	96,670,672



	At Valuation	At Cost							Total
	Leasehold Land	Buildings	Plant and Machinery	Tools and Equipment	Motor Vehicles	Office Equipment	Renovation	Capital Work-in-progress	
Accumulated Depreciation	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2017	555,423	1,540,463	4,153,346	1,852,552	203,194	254,884	428,010	-	8,987,872
Charge for the financial year	69,050	227,424	747,625	40,826	28,155	27,119	775,389	-	1,915,588
Translation Differences	(21,664)	(60,844)	(166,858)	(68,299)	(7,987)	(9,714)	(31,814)	-	(367,180)
At 31 December 2017/ 1 January 2018	602,809	1,707,043	4,734,113	1,825,079	223,362	272,289	1,171,585	-	10,536,280
Charge for the financial year	183,338	187,345	412,272	31,203	21,491	9,493	812,313	-	1,657,455
Written off	-	(447,603)	(887,920)	-	-	(60,601)	-	-	(1,396,124)
Translation Differences	(22,917)	(54,404)	(154,192)	(62,332)	(7,866)	(8,418)	(50,680)	-	(360,809)
At 31 December 2018	763,230	1,392,381	4,104,273	1,793,950	236,987	212,763	1,933,218	-	10,436,802
Net Carrying Amount									
At 31 December 2018	3,597,796	1,618,143	1,615,180	13,837	61,028	14,862	6,717,802	72,595,222	86,233,870
At 31 December 2017	3,911,350	2,554,529	2,521,697	46,186	85,118	12,091	6,475,234	60,111,175	75,717,380



Revaluation of Leasehold Land

A leasehold land of a subsidiary company was revalued by directors on 31 December 2016 based on standard land price list issued by Peoples' Republic of China's regulatory authority.

Had the leasehold land been carried at historical cost less accumulated depreciation, the carrying amount of the revalued assets that would have been included in the financial statements at the end of the financial year would be RM2,455,448 (2017: RM2,606,840).

Assets Pledged as Securities to Financial Institutions

The carrying amount of land and building of the Group pledged as securities for term loans granted to a subsidiary company as disclosed in Note 18 are:

	Group	
	2018	2017
	RM	RM
At Valuation		
Leasehold Land	3,597,796	3,911,350
At Cost		
Buildings	1,613,728	1,866,102
	5,211,524	5,777,452

7. Intangible Assets

	Development Costs	Intellectual Property Rights	Total
Group	RM	RM	RM
Cost			
At 1 January 2017	6,761,708	11,941,750	18,703,458
Additions	1,234,615	-	1,234,615
Translation Differences	(191,557)	(434,750)	(626,307)
At 31 December 2017/1 January 2018	7,804,766	11,507,000	19,311,766
Additions	1,314,570	-	1,314,570
Translation Differences	(213,876)	(390,350)	(604,226)
At 31 December 2018	8,905,460	11,116,650	20,022,110
Less: Accumulated amortisation			
At 1 January 2017	300,000	532,537	832,537
Charge for the year	300,000	524,123	824,123
Translation Differences	-	(30,360)	(30,360)
At 31 December 2017/ 1 January 2018	600,000	1,026,300	1,626,300
Charge for the year	300,000	624,328	924,328
Translation Differences	-	(43,221)	(43,221)
31 December 2018	900,000	1,607,407	2,507,407
Net Carrying Amount			
At 31 December 2018	8,005,460	9,509,243	17,514,703
At 31 December 2017	7,204,766	10,480,700	17,685,466

The development expenditure relates to the development of green bamboo products.

Patents relate to the Group's rights acquired in respect of technology know-how on bamboo production.

The Group capitalised costs on development work of new products. The directors have forecasted the cash flows based on its expectations of market development. There are no reasonably possible changes in key assumptions that may have significant effect to the recoverable amount.

8. Investment in Subsidiary Companies

	Company	
	2018	2017
	RM	RM
Unquoted shares, at cost		
In Malaysia		
At 1 January/ 31 December	2	2
Outside Malaysia		
At 1 January/ 31 December	34,999,996	34,999,996
	34,999,998	34,999,998
Less: Accumulated impairment losses		
At 1 January	(3,128,129)	-
Additions	-	(3,128,129)
Reversal	3,128,127	-
At 31 December	(2)	(3,128,129)
	34,999,996	31,871,869

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation/ place of business	Effective equity interest		Principal Activities
		2018	2017	
Direct Holding:				
KAR Masterpiece Sdn. Bhd.*	Malaysia	100%	100%	Research and development and trading of bamboo flooring and related products.
Kanger Investment (HK) Ltd. ("HK Kanger")*	Hong Kong	100%	100%	Investment holding company.
Indirect Holding:				
Subsidiary companies of HK Kanger:				
Ganzhou Kanger Industrial Co. Ltd. ("Ganzhou Kanger")* #	The People's Republic of China	100%	100%	Manufacturing and trading of 100 bamboo flooring and related products.
Kanger Trading (HK) Co. Ltd.*	Hong Kong	100%	100%	Trading of bamboo flooring and related products.

Name of subsidiary companies	Country of incorporation/ place of business	Effective equity interest		Principal Activities
		2018	2017	
Subsidiary companies of Ganzhou Kanger:				
Shenzhen Kanger Bamboo Wood Co. Ltd. ("Shenzhen Kanger") # *	The People's Republic of China	100%	100%	Trading of bamboo flooring, bamboo furnitures, and related products.
Yanshan (Country) Kanger Bamboo Industry Co. Ltd # * ^	The People's Republic of China	100%	100%	Manufacturing and trading of bamboo flooring and related products..
Subsidiary companies of Shenzhen Kanger:				
Shenzhen Juner Development Co. Ltd. ("Shenzhen Juner")*	The People's Republic of China	70%	-	Investment holding and consultancy
Subsidiary companies of Shenzhen Juner:				
Jingzhou Kanger Holdings Co. Ltd. ("Jingzhou Kanger")*	The People's Republic of China	49%	-	Manufacturing and trading of bamboo products and flooring, provides renovation business, investment property and commercial services.

* Subsidiary companies not audited by Ong & Wong Chartered Accountants.

The financial statements of these subsidiary companies were reviewed by Ong & Wong Chartered Accountants for consolidation purposes.

^ Subsidiary company ceased operation in the subsequent year as disclosed in Note 37.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

Impairment Loss Recognised

In the previous financial year, impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, performance and cash flows of these subsidiary companies are not expected to generate sufficient recoverable amount to justify the carrying amount of the investment in these subsidiary companies.

Incorporation of subsidiary companies

- On 29 November 2018, Shenzhen Kanger, a wholly-owned subsidiary company of Ganzhou Kanger, had subscribed for 7,490,000 ordinary shares in the share capital of Shenzhen Juner, representing 70% equity interest of Shenzhen Juner for a total consideration of RMB7,490,000. Consequently, Shenzhen Juner became the subsidiary company of Shenzhen Kanger.
- On 29 November 2018, Shenzhen Juner, a subsidiary company of Shenzhen Kanger, had subscribed for 14,000,000 ordinary shares in the share capital of Jingzhou Kanger, representing 70% equity interest of Jingzhou Kanger for a total consideration of RMB14,000,000. Consequently, Jingzhou Kanger became the subsidiary company of Shenzhen Juner.

9. Amount Owing by Subsidiary Companies

	Company	
	2018	2017
	RM	RM
Amount owing by subsidiary companies	49,356,346	39,522,943
Less: Accumulated impairment losses	(3,847,553)	(3,847,553)
	45,508,793	35,675,390

These represent long term advances which is non-trade in nature, unsecured, interest free and repayable on demand.

Movements of the accumulated impairment losses (individually impaired):

	Company	
	2018	2017
	RM	RM
At 1 January	3,847,553	-
Additions	-	3,847,553
At 31 December	3,847,553	3,847,553

10. Inventories

	Group	
	2018	2017
	RM	RM
At Cost		
Raw Materials	4,583,183	6,389,061
Work-in-progress	-	2,400,270
Finished Goods	15,233,068	18,753,317
	19,816,251	27,542,648
Recognised in profit or loss		
Inventories recognised as cost of sales	25,353,378	46,813,162

The carrying amount of inventories pledged as securities for bill payables as disclosed in Note 23 is RM5,107,650 (2017: RM5,287,000).

11. Trade Receivables

Group

The Group's normal trade credit terms ranged from 30 to 90 days (2017: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

The foreign currency exposure profile of trade receivables is as follows:

	Group	
	2018	2017
	RM	RM
USD	27,572,469	20,599,290
RMB	9,239,805	13,054,682

12. Other Receivables, Deposits and Prepayments

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other receivables	12,240,707	5,611,430	-	-
Deposits	560,216	579,852	1,000	1,000
Prepayments	9,409,946	3,579,567	-	60,000
Advances to suppliers	10,923,220	9,707,963	-	-
	33,134,089	19,478,812	1,000	61,000

Group

The foreign currency exposure profile of other receivables, deposits and prepayments is as follows:

	Group	
	2018	2017
	RM	RM
RM	1,000	61,000
RMB	33,133,089	19,417,812

13. Fixed Deposits with Licenced Banks

Group

The fixed deposits with licenced banks earn effective interest at 1.69% (2017: 1.69%) per annum.

The fixed deposits with licenced banks of the Group is pledged for credit facilities granted to the Group as disclosed in Note 18 and Note 23.

The fixed deposits with licenced banks of the Group has maturity period of 12 months (2017: 12 months).

The foreign currency exposure profile of fixed deposits with licensed banks is as follows:

	Group	
	2018	2017
	RM	RM
RMB	7,661,475	7,930,500

14. Cash and Bank Balances

The foreign currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
RM	88,906	32,761	88,153	31,962
USD	1,385,395	1,837,282	-	-
RMB	1,781,451	251,953	-	-



15. Share Capital

	Group and Company			
	2018	2017	2018	2017
	Number of ordinary shares		RM	RM
Issued share capital				
At 1 January	798,460,550	798,460,550	79,846,055	79,846,055
Transition to no par value regime *	-	-	4,380,405	-
Issuance of shares pursuant to conversion of redeemable convertible notes	92,896,399	-	8,000,000	-
At 31 December	891,356,949	798,460,550	92,226,460	79,846,055

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 regards to the Company's residual assets.

The ordinary shares have no par value.

During the financial year, the Company issued 92,896,399 new ordinary shares arising from conversion of redeemable notes at stipulated exercise price for working capital purpose.

The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company.

- Effective from 31 January 2017, the new Companies Act 2016 ("Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium and capital redemption reserve account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) and Section 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

Warrants

The Warrants which are free were issued, registered and in the form of definitive warrant certificates and is constituted by the Deed Poll.

The exercise price of the Warrants has been fixed at RM0.10 each.

Each Warrant entitles the Warrant holders to subscribe for one (1) new ordinary share of the Company at any time during the exercise period at the exercise price of RM0.10 each (subject to adjustments in accordance with the provisions of the Deed Poll).

The period commencing on, and including the first date of issue of the Warrants and ending at the close of business at 5.00pm in Malaysia on the date which is five (5) years from the date of issue of the Warrants if such date is not a market day, then it shall be the market day immediately preceding the said non market day, but excluding those days during the period on which the Record of Depositors and/or the Warrants Register is or are closed.

Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.

During the financial year, there were no ordinary shares issued in relation to the exercise of Warrants. There are 238,935,400 (2017: 238,935,400) Warrants remained unexercised.

16. Redeemable Convertible Notes

	Group and Company	
	2018	2017
	RM	RM
Equity		
At 1 January	-	-
Arising from issuance of redeemable convertible notes during the financial year	218,400	-
At 31 December	218,400	-
Non-Current Liabilities		
At 1 January	-	-
Arising from issuance of redeemable convertible notes during the financial year	11,000,000	-
Converted during the financial year	(8,000,000)	-
Redeemable convertible note - Equity	(218,400)	-
Deferred tax liability (Note 19)	(68,968)	-
At 31 December	2,712,632	-

The Company issued to the subscriber 2.0% equity-linked redeemable structured convertible note due in 2020 with an aggregate principal amount up to RM100,000,000 comprising four tranches of a principal amount of RM15,000,000 for the first tranche, RM25,000,000 for the second tranche and RM30,000,000 for the third and fourth tranches.

Tranche 1 Notes shall comprise 60 equal sub-tranches of RM250,000 each, Tranche 2 Notes shall comprise 50 equal sub-tranches of RM500,000 each and each of Tranche 3 Notes and Tranche 4 Notes shall comprise 60 equal sub-tranches of RM500,000 each. The Notes shall entitle the holder thereof to interest at the rate of 2% per annum calculated based on the aggregate principal amount of the Notes held, and on the terms and conditions set out in agreement, be convertible into ordinary shares in the capital of the Company listed on the ACE Market of Bursa Securities Malaysia Berhad.

During the financial year, the Company issued 92,896,399 new ordinary shares arising from the conversion of

redeemable convertible notes ("RCN"), details of which are as follows:

- Conversion of RCN into 5,750,431 new ordinary shares at issue price of RM0.1739 per share on 26 January 2018
- Conversion of RCN into 12,345,679 new ordinary shares at issue price of RM0.0810 per share on 18 June 2018
- Conversion of RCN into 12,345,679 new ordinary shares at issue price of RM0.0810 per share on 22 June 2018
- Conversion of RCN into 24,691,358 new ordinary shares at issue price of RM0.0810 per share on 26 July 2018
- Conversion of RCN into 24,691,358 new ordinary shares at issue price of RM0.0810 per share on 30 August 2018
- Conversion of RCN into 13,071,895 new ordinary shares at issue price of RM0.0765 per share on 8 October 2018

17. Reserves

	Group and Company			
	2018	2017	2018	2017
	RM	RM	RM	RM
A. Share premium	-	4,380,405	-	4,380,405
B. Merger reserve	(12,805,422)	(12,805,422)	-	-
C. Revaluation reserve	1,226,554	1,226,554	-	-
D. Foreign currency translation reserve	3,916,830	6,835,761	(1,408,179)	(2,071,532)
Retained earnings/ (Accumulated losses)	41,201,316	42,914,104	(14,108,163)	(15,604,541)
	33,539,278	42,551,402	(15,516,342)	(13,295,668)

A. Share premium

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

B. Merger reserve

This represents the difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium.

C. Revaluation reserve

The revaluation reserve represents increases in the fair value of leasehold land.

D. 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.

18. Term Loans

The term loans are repayable as follows:

	Group	
	2018	2017
	RM	RM
Shown under current liabilities Within 1 year (Note 23)		
- secured	14,397,515	13,659,120
Shown under non-current liabilities Between 2 to 5 years		
- secured	34,251,300	27,865,600
	48,648,815	41,524,720



The term loans from licenced banks are denominated in RMB and are secured and guaranteed as follows:

- Legal charge over the leasehold land and building and fixed deposits with licenced banks as disclosed in Note 6 and Note 13; and
- Jointly and severally guaranteed by a third party guarantor.

The term loans bear interest at rates ranging from 4.75% to 7.60% (2017: 4.38% to 7.60%) per annum.

The foreign currency exposure profile of term loans is as follows:

	Group	
	2018	2017
	RM	RM
RMB	48,648,815	41,524,720

19. Deferred Tax Liabilities

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
At 1 January	225,248	233,758	-	-
Issuance of redeemable convertible notes (Note 16)	68,968	-	68,968	-
Translation differences	(7,641)	(8,510)	-	-
At 31 December	286,575	225,248	68,968	-

The deferred tax liabilities are in respect of taxable temporary differences arising from the qualifying property, plant and equipment's total capital allowances claimed in excess of corresponding accumulated depreciation and future tax liabilities on issuance of redeemable convertible notes.

20. Trade Payable

Group

The normal trade credit terms granted to the Group is 90 days (2017: 90 days).

The foreign currency exposure profile of trade payables is as follows:

	Group	
	2018	2017
	RM	RM
USD	702,809	260,418
RMB	407,438	2,894,899

21. Other Payables, Accruals and Deposit Received

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Other payables	4,441,040	892,870	100,000	100,000
Accruals	1,100,646	1,429,903	413,000	574,000
Deposit received	221,360	159,320	-	-
	5,763,046	2,482,093	513,000	674,000

Group

The foreign currency exposure profile of other payables, accruals and deposit received is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
RM	621,282	878,270	513,000	674,000
USD	28,771	18,776	-	-
RMB	5,112,993	1,585,047	-	-

22. Amount Owing to a Director

Group and Company

The amount owing is non-trade in nature, unsecured, interest-free and repayable on demand.

23. Short Term Borrowings

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Term loans (Note 18)	14,397,515	13,659,120	-	-
Bill payables	12,769,125	13,217,500	-	-
Bank overdraft	-	261,334	-	261,334
	27,166,640	27,137,954	-	261,334

The bill payables from licenced banks are denominated in RMB and are secured by legal charge over the inventories and fixed deposits with licenced banks of the Group as disclosed in Note 10 and Note 13.

In previous financial year, the bank overdraft from licenced banks was denominated in RM and was jointly and severally guaranteed by 2 directors of the Company and 2 directors of a subsidiary company.

In previous financial year, the bank overdraft of the Group and of the Company bore an effective interest rate of 8.85% per annum.

The foreign currency exposure profile of short term borrowings is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
RM	-	261,334	-	261,334
RMB	27,166,640	26,876,620	-	-

24. Revenue

	Group	
	2018	2017
	RM	RM (Restated)
Sale of goods		
- continuing operation	57,130,066	66,478,479
- discontinued operation	2,023,171	7,021,601
	59,153,237	73,500,080

Disaggregation of Revenue

The disaggregation of revenue of the Group is as follows:-

	Continuing operation		Discontinued operation	
	2018	2017	2018	2017
	RM	RM	RM	RM
Major product				
- Furniture	16,095,336	16,855,933	-	-
- Flooring	26,595,835	24,141,748	2,023,171	7,021,601
- Others	14,438,895	25,480,798	-	-
	57,130,066	66,478,479	2,023,171	7,021,601
Timing and recognition				
- At a point in time	57,130,066	66,478,479	2,023,171	7,021,601
Sales channels				
- Direct customer	46,396,800	53,732,668	2,023,171	7,021,601
- Intermediaries	10,733,266	12,745,811	-	-
	57,130,066	66,478,479	2,023,171	7,021,601
Total revenue	57,130,066	66,478,479	2,023,171	7,021,601

The revenue information based on the geographical location of customers is disclosed in Note 32.

Nature of Goods

The following information reflects the typical transaction of the Group:

Nature of goods	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable elements in consideration	Obligation for returns or refunds	Warranty
Flooring	Revenue is recognised when the goods is delivered and accepted by the customer	Credit terms of 30 to 90 days	Not applicable	Goods sold cannot be returned and are not refundable	Not applicable
Furniture	Revenue is recognised when the goods is delivered and accepted by the customer	Credit terms of 30 to 90 days	Not applicable	Goods sold cannot be returned and are not refundable	Not applicable

Transaction Price Allocated to the Remaining Performance Obligation

The Group does not has any remaining performance obligation as revenue is recognised at a point in time.



25. Finance Costs

	Group		Company	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM
Continuing Operations				
Bank overdraft interest	12,827	60,083	1,630	48,700
Bill payables interest	72,402	-	-	-
Redeemable convertible notes interest	38,784	-	38,784	-
Term loans interest	645,340	712,500	-	-
	769,353	772,583	40,414	48,700



26. Profit/(Loss) before Taxation

	Group		Company	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM
Continuing Operations				
Profit/(Loss) before taxation is stated after charging:				
Auditors' remuneration				
- statutory audits	109,797	110,822	33,500	33,500
- other services	5,000	5,000	5,000	5,000
Amortisation of intangible assets	924,328	824,123	-	-
Bad debts written off	126,167	-	-	-
Depreciation of property, plant and equipment	1,473,328	1,424,429	-	-
Impairment loss on amount owing by subsidiary companies	-	-	-	3,847,553
Impairment loss on investment in subsidiary companies	-	-	-	3,128,129
Impairment loss on other receivables	-	190,590	-	-
Property, plant and equipment written off	36,164	-	-	-
Rental of premises	964,872	999,607	-	318
Employee benefit expenses (Note 30)	3,874,508	4,106,999	285,000	294,000
and crediting:				
Interest income	132,447	139,768	24	-
Rental income	345,041	-	-	-
Reversal of impairment loss on investment in a subsidiary company	-	-	3,128,127	-
Realised gain on foreign exchange	-	26,360	-	-

27. Taxation

	Group	
	2018	2017
	RM	RM (Restated)
Income tax:		
Continuing Operations:		
- Current year's provision	228,650	339,609
- Over provision in respect of prior year	(351,964)	-
	(123,314)	339,609
Discontinued Operations:		
- current year's provision	10,091	31,765
	(113,223)	371,374

Income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profits for the financial year except for a subsidiary company's where the current income tax is calculated at the preferential tax rate of 15%.

No provision for taxation for the financial year was made as the Company was in a tax loss position.

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit/(Loss) before taxation				
- continuing operations	3,684,568	8,109,394	1,496,378	(7,409,137)
- discontinued operations	(5,510,579)	(437,717)	-	-
	(1,826,011)	7,671,677	1,496,378	(7,409,137)
Income tax expense at Malaysian statutory tax rate of 24% (2017: 24%)	(438,243)	1,841,202	359,131	(1,778,193)
Adjustments for the following tax effects:				
- Expenses not deductible for tax purposes	1,819,797	1,772,106	391,625	1,654,724
- Deferred tax assets not recognised during the year	-	161,124	-	123,469
- Different tax rates in overseas subsidiary companies	886,897	(1,833,116)	-	-
- Income not subject to tax	(1,994,023)	(1,569,942)	(750,756)	-

- Utilisation of deferred tax assets not recognised in prior year	(35,687)	-	-	-
	676,984	(1,469,828)	(359,131)	1,778,193
Over provision of taxation in respect of prior year	(351,964)	-	-	-
	(113,223)	371,374	-	-

The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Unabsorbed business losses	698,094	846,789	-	-

28. Discontinued Operations

On 23 November 2018, the Company announced that according to the YanShan County's directive in respect of expediting the County's development and beautification of the environment, YanShan Kanger had been directed to cease the operation of the factory.

The statements of profit or loss and other comprehensive income and statements of cash flows have been restated to show the Discontinued Operations separately from Continuing Operations:-

Results of Discontinued Operations

	Group	
	2018	2017
	RM	RM (Restated)
Revenue	2,023,171	7,021,601
Cost of sales	(5,725,257)	(6,979,093)
Gross profit	(3,702,086)	42,508
Other operating income	82	79
Administrative expenses	(1,326,392)	(335,543)
Distribution costs	(317,287)	-
Finance cost	(164,896)	(144,761)
Loss before taxation	(5,510,579)	(437,717)
Income tax expense	(10,091)	(31,765)
Loss after taxation	(5,520,670)	(469,482)

Included in the loss before taxation of the Discontinued Operations are as follows:

	Group	
	2018	2017
	RM	RMt
Loss before taxation is stated after charging:		
Auditors' remuneration	2,436	2,541
Depreciation of property, plant and equipment	184,127	491,159
Property, plant and equipment written off	1,065,640	-
Rental of equipment	10,888	23,015
Rental of premises	23,953	8,782
Employee benefit expenses (Note 30)	-	38,118
Finance costs		
- Term loan interest	164,896	144,761
and crediting:		
Interest income	82	79

29. Earnings/(Loss) per Share

Basic Earnings/(Loss) per Share

The basic earnings/(loss) per ordinary share as at 31 December 2018 is arrived at by dividing the Group's (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2018	2017
	RM	RM
(Loss)/profit attributable to owners of the Company		
- Continuing operations	3,807,882	7,769,785
- Discontinued operations	(5,520,670)	(469,482)
	(1,712,788)	7,300,303
Weighted average number of ordinary shares (units):		
Ordinary shares as at 31 December	839,843,093	798,460,550
Basic earnings/(loss) per share (Sen)		
- Continuing operations	0.45	0.97
- Discontinued operations	(0.66)	(0.06)

Diluted Earnings/(Loss) per Share

The diluted earnings/(loss) per ordinary share as at 31 December 2018 is arrived at by dividing the Group's (loss)/profit attributable to the owners of the Company by a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares and calculated as follows:

	Group	
	2018	2017
(Loss)/profit attributable to owners of the Company (RM)		
- Continuing operations (RM)	3,807,882	7,769,785
- Discontinued operations (RM)	(5,520,670)	(469,482)
	(1,712,788)	7,300,303
Weighted average ordinary shares issued		
As at 31 December	839,843,093	798,460,550
Effects of exercise of Warrants	238,935,400	238,935,400
	1,078,778,493	1,037,395,950
Diluted earnings per share (Sen)		
- Continuing operations	0.35	0.75
- Discontinued operations	(0.51)	(0.05)

30. Employee Benefit Expenses

The employee benefit expenses recognised in profit or loss are as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM
Continuing Operations:				
Salaries and wages	3,628,054	3,956,547	285,000	294,000
Defined contribution plan	246,454	150,452	-	-
	3,874,508	4,106,999	285,000	294,000

Included in employee benefit expenses are directors' remuneration who are also the key management personnel of the Group and of the Company:

	Group		Company	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM
Continuing Operations:				
Directors' remuneration				
- fees	207,000	216,000	207,000	216,000
- other emoluments	255,628	304,260	78,000	78,000
Discontinuing Operations:				
Directors' remuneration				
- other emoluments	-	38,118	-	-

31. Changes in Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group arising from the financing activities, including both cash and non-cash changes as follows:-

	At	Net-Cash	Non-Cash	At
	1.1.2018	Flows	Changes	31.12.2018
	RM	RM	RM	RM
Group				
Term loans	41,524,720	8,649,220	(1,525,125)	48,648,815
Bill payables	13,217,500	-	(448,375)	12,769,125
	54,742,220	8,649,220	(1,973,500)	61,417,940

Non-cash changes represent translation differences.

32. Operating Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as chief operating decision makers in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into main business segments as follows:

- a. Investment holding
Investment holding.
- b. Manufacturing and trading
Manufacturing and trading of bamboo flooring and related products.
- c. Research and development
Performing research and development work for the Group.

For the purpose of making decisions about resource allocation, the Executive Directors assess the performance of the operating segments based on operating profits or losses which is measured differently from those disclosed in the financial statements.

The Executive Directors are of the opinion that all inter-segment transactions are entered into in the normal course of business and are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.



Business Segments

Group	Continuing operations					Discontinued operations			Grand Total
	Investment Holding	Manufacturing and Trading	Research and Development	Elimination	Total	Manufacturing and Trading	Elimination	Total	
2018	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue									
External revenue	-	57,130,066	-	-	57,130,066	2,023,171	-	2,023,171	59,153,237
Inter-segment revenue	-	2,558,330	400,000	(2,958,330)	-	364,419	(364,419)	-	-
Total revenue	-	59,688,396	400,000	(2,958,330)	57,130,066	2,387,590	(364,419)	2,023,171	59,153,237
Results									
Segment results	1,445,156	218,622	(462,869)	(550,903)	650,006	(5,495,101)	(364,419)	(5,859,520)	(5,209,514)
Interest income	(24)	(132,417)	(6)	-	(132,447)	(82)	-	(82)	(132,529)
Finance costs	40,414	728,939	-	-	769,353	164,896	-	164,896	934,249
Amortisation of intangible assets	-	624,328	300,000	-	924,328	-	-	-	924,328
Depreciation of property, plant and equipment	-	1,473,303	25	-	1,473,328	184,127	-	184,127	1,657,455
Profit/(loss) before taxation	1,485,546	2,912,775	(162,850)	(550,903)	3,684,568	(5,146,160)	(364,419)	(5,510,579)	(1,826,011)
Income tax expense	-	123,314	-	-	123,314	(10,091)	-	(10,091)	113,223
Profit/(loss) after taxation	1,485,546	3,036,089	(162,850)	(550,903)	3,807,882	(5,156,251)	(364,419)	(5,520,670)	(1,712,788)
Assets									
Segment assets	180,296,156	262,936,694	1,772,285	(242,834,660)	202,170,475	3,544,400	(1,197,655)	2,346,745	204,517,220
Liabilities									
Segment liabilities	73,598,876	94,188,771	3,520,929	(101,401,965)	69,906,611	3,217,169	(1,020,328)	2,196,841	72,103,452

Group	Continuing operations					Discontinued operations			Grand Total
	Investment Holding	Manufacturing and Trading	Research and Development	Elimination	Total	Manufacturing and Trading	Elimination	Total	
2017	RM	RM	RM	RM	RM	RM	RM	RM	RM
Revenue									
External revenue	-	66,474,202	4,277	-	66,478,479	7,021,601	-	7,021,601	73,500,080
Inter-segment revenue	-	17,333,518	400,000	(17,733,518)	-	578,123	(578,123)	-	-
Total revenue	-	83,807,720	404,277	(17,733,518)	66,478,479	7,599,724	(578,123)	7,021,601	73,500,080
Results									
Segment results	(7,471,266)	5,683,830	(457,061)	7,472,524	5,228,027	(500,612)	(572,946)	(1,073,558)	4,154,469
Interest income	-	(139,499)	(269)	-	(139,768)	(79)	-	(79)	(139,847)
Finance costs	48,700	723,883	-	-	772,583	144,761	-	144,761	917,344
Amortisation of intangible assets	-	524,123	300,000	-	824,123	-	-	-	824,123
Depreciation of property, plant and equipment	-	1,423,992	437	-	1,424,429	491,159	-	491,159	1,915,588
Profit/(loss) before taxation	(7,422,566)	8,216,329	(156,893)	7,472,524	8,109,394	135,229	(572,946)	(437,717)	7,671,677
Income tax expense	-	(339,609)	-	-	(339,609)	(31,765)	-	(31,765)	(371,374)
Profit/(loss) after taxation	(7,422,566)	7,876,720	(156,893)	7,472,524	7,769,785	103,464	(572,946)	(469,482)	7,300,303
Assets									
Segment assets	153,142,448	225,524,413	1,699,444	(204,612,490)	175,753,815	8,371,781	5,178	8,376,959	184,130,774
Liabilities									
Segment liabilities	55,022,479	84,987,732	3,322,448	(84,337,048)	58,995,611	2,767,606	(29,900)	2,737,706	61,733,317



Geographical Information

Revenue information based on the geographical location of customers is as follow:

Group	Revenue	
	2018	2017
	RM	RM
People's Republic of China	30,635,575	33,615,905
Malaysia	8,407,403	8,612,822
New Zealand	7,015,753	4,979,518
Mexico	1,769,422	4,586,149
United Arab Emirates	2,856,370	4,369,408
Bangladesh	800,980	3,356,951
Canada	148,806	2,646,356
India	2,257,577	2,356,765
United States of America	606,414	2,032,471
South Africa	524,042	1,489,057
Macau	-	1,301,817
Brazil	-	1,224,159
Serbia	800,556	1,154,614
Australia	-	877,564
Spain	1,035,547	875,655
Germany	-	20,869
Hong Kong	105,693	-
Croatia	1,150,630	-
Korea	1,038,469	-
	59,153,237	73,500,080

33. Related Party Disclosure

a) Identities of related parties

- i. The Group has related party relationship with the key management personnel; and
- ii. The Company has related party relationships with its subsidiary companies and key management personnel.

b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial year as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM
Short-term employee benefit expenses				
Executive Directors:-				
- other emoluments	255,628	304,260	78,000	78,000
Non-executive Directors:-				
- fees	207,000	216,000	207,000	216,000

34. Financial Instruments

The Group's and the Company's activities are exposed to interest rate risk, credit risk, foreign currency risk and liquidity and cash flow risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

A. Financial Risk Management Policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing their interest rate risk, credit risk, foreign currency risk and liquidity and cash flow risks. The Group's and the Company's policies in respect of the major areas of treasury activities are as follows:-

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposures to interest rate risk arise mainly from interest-bearing financial assets and liabilities. The Group's and the Company's policies are to obtain the most favourable interest rates available.

Interest Rate Risk Sensitivity Analysis

The interest rate risk sensitivity analysis on the fixed rate financial instruments is not disclosed as the interest-bearing financial instruments carry fixed interest rate and are measured at amortised cost.

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

	Group		Company	
	2018 Increase/ (decrease)	2017 Increase/ (decrease)	2018 Increase/ (decrease)	2017 Increase/ (decrease)
	RM	RM	RM	RM
Effects on profit after taxation/ equity				
Increase of 100 basis points	(614,179)	(550,035)	-	2,613
Decrease of 100 basis points	614,179	550,035	-	(2,613)

(ii) Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposures to credit risk arise principally from trade and other receivables. The Company's exposures to credit risk arise principally from advances to subsidiary companies. There are no significant changes as compared to previous financial year.

Trade and Other Receivables

• Risk management objectives, policies and processes for managing the risk

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties and financial institutions. At the end of each reporting period, the Group assesses whether any of the trade and other receivables are credit impaired.

The gross carrying amount of credit impaired trade and other receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not has assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. Nonetheless, trade and other receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

• Exposure to credit risk, credit quality and collateral

As the Group does not hold any collateral, the maximum

exposure to credit risk is represented by the carrying amount in the statement of financial position as at the end of the reporting date.

• Concentration of credit risk

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables.

• Recognition and measurement of impairment loss

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At the end of each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The Group did not recognise any impairment loss as at the end of the reporting date.

The following table provides information about the exposure to credit risk for trade receivables as at the end of the reporting date:

	Group	
	2018	2017
	RM	RM
Not past due	8,602,221	2,819,180
Past due but not impaired:		
- 1 to 30 days	27,573,821	22,252,201
- 31 to 60 days	50,202	2,773,239
- more than 60 days	586,030	5,809,352
	28,210,053	30,834,792
	36,812,274	33,653,972

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

Advances to Subsidiary Companies

- **Risk management objectives, policies and processes for managing the risk**

The Company provides unsecured advances to its subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the advances on an individual basis.

- **Exposure to credit risk, credit quality and collateral**

The maximum exposure to credit risk is represented by the carrying amount in the statement of financial position as at the end of the reporting date.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

- **Recognition and measurement of impairment loss**

The advances to subsidiary companies have low credit risk. The Company did not recognise any impairment loss as at the end of the reporting date.

(iii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of the Group's entities.

The currencies giving rise to this risk are primarily United States Dollar ("USD") and RMB. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The net unhedged financial (liabilities)/assets of the Group that are not denominated in RM are as follows:-

	RMB	
	2018	2017
Group	RM	RM
Trade receivables	9,239,805	13,054,682
Other receivables, deposits and prepayments	33,133,089	19,417,812
Fixed deposits with licenced banks	7,661,475	7,930,500
Cash and bank balances	1,781,451	251,953
Trade payables	(407,438)	(2,894,899)
Other payable, accruals and deposit received	(5,112,992)	(1,712,105)
Term loans	(48,648,815)	(41,524,720)
Bill payables	(12,769,125)	(13,217,500)
Currency exposure	(15,122,550)	(18,694,277)

	USD	
	2018	2017
Group	RM	RM
Trade receivables	27,572,469	20,599,290
Cash and bank balances	1,385,395	1,837,282
Trade payables	(702,809)	(260,418)
Other payables, accruals and deposit received	(28,771)	(18,776)
Currency exposure	28,226,284	22,157,378

Foreign Currency Risk Sensitivity Analysis

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

	Group	
	2018 Increase/ (decrease)	2017 Increase/ (decrease)
	RM	RM
Effects on profit after taxation/ equity		
Strengthened by 10%		
- RMB	(1,512,255)	(1,869,428)
- USD	2,822,628	2,215,738
Weakened by 10%		
- RMB	1,512,255	1,869,428
- USD	(2,822,628)	(2,215,738)

(iv) Liquidity and Cash Flow Risks

Liquidity and cash flow risks are the risks that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash

balances and the availability of funding through certain committed credit facilities.

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

Group	Carrying Amount	Contractual Undiscounted Cash Flows	On Demand or within 1 year	1-5 Years
2018	RM	RM	RM	RM
Trade payables	1,110,247	1,110,247	1,110,247	-
Other payables, accruals and deposit received	5,763,046	5,763,046	5,763,046	-
Amount owing to a director	588,372	588,372	588,372	-
Bill payables	12,769,125	12,769,125	12,769,125	-
Term loans	48,648,815	48,648,815	14,397,515	34,251,300
	68,879,605	68,879,605	34,628,305	34,251,300
2017				
Trade payables	3,155,317	3,155,317	3,155,317	-
Other payables, accruals and deposit received	2,482,093	2,482,093	2,482,093	-
Amount owing to a director	394,246	394,246	394,246	-
Bill payables	13,217,500	13,217,500	13,217,500	-
Bank overdraft	261,334	261,334	261,334	-
Term loans	41,524,720	41,524,720	13,659,120	27,865,600
	61,035,210	61,035,210	33,169,610	27,865,600

Company	Carrying Amount	Contractual Undiscounted Cash Flows	On Demand or within 1 year
2018	RM	RM	RM
Other payables, accruals and deposit received	513,000	513,000	513,000
Amount owing to a director	374,824	374,824	374,824
	887,824	887,824	887,824
2017			
Other payables, accruals and deposit received	674,000	674,000	674,000
Amount owing to a director	154,500	154,500	154,500
Bank overdraft	261,334	261,334	261,334
	1,089,834	1,089,834	1,089,834

B. Capital Risk Management

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

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group and the Company are calculated as all interest bearing borrowings less fixed deposits with licenced banks and cash and bank balances.

The debt-to-equity ratios of the Group and of the Company as at the end of the financial year were as follows:

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Term loans	48,648,815	41,524,720	-	-
Bill payables	12,769,125	13,217,500	-	-
Bank overdraft	-	261,334	-	261,334
	61,417,940	55,003,554	-	261,334
Less: Fixed deposits with licenced banks	(7,661,475)	(7,930,500)	-	-
Less: Cash and bank balances	(3,255,752)	(2,121,996)	(88,153)	(31,962)
	50,500,713	44,951,058	(88,153)	229,372
Total equity	132,413,768	122,397,457	76,928,518	66,550,387
Debt-to-equity ratio	0.38	0.37	N/A	0.01

N/A: The gearing ratio is not applicable as there is no borrowing obligation to the Company as at 31 December 2018.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

C. Classification of Financial Instruments

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Financial Assets				
Measured at amortised cost *				
Trade receivables	36,812,274	33,653,972	-	-
Other receivables and deposits	23,724,143	15,899,245	1,000	1,000
Amount owing by subsidiary companies	-	-	45,508,793	35,675,390
Fixed deposits with licenced banks	7,661,475	7,930,500	-	-
Cash and bank balances	3,255,752	2,121,996	88,153	31,962
	71,453,644	59,605,713	45,597,946	35,708,352
Financial Liabilities				
Measured at amortised cost				
Trade payables	1,110,247	3,155,317	-	-
Other payables, accruals and deposit received	5,763,046	2,482,093	513,000	674,000
Amount owing to a director	588,372	394,246	374,824	154,500
Bill payables	12,769,125	13,217,500	-	-
Bank overdraft	-	261,334	-	261,334
Term loans	48,648,815	41,524,720	-	-
	68,879,605	61,035,210	887,824	1,089,834

D. Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to their short term nature or that they are re-priced to market interest rates on or near the reporting date.

E. Fair Value Hierarchy

As at 31 December 2018, there were no financial instruments measured at fair value in the statements of financial position.

* Financial assets were measured under loans and receivables for year 2017.

35. Capital Commitment

	Group	
	2018	2017
	RM	RM
Approved and contracted but not provided for		
- Capital work-in-progress	14,035,966	14,528,825

36. Significant Events during the Financial Year

- On 1 June 2018, the Company announced that Shenzhen Kanger, a wholly-owned subsidiary of Ganzhou Kanger, had entered into a Bamboo Industry Development Collaboration Agreement with Jingzhou County Industrial Park Construction Investment Co. Ltd. ("JCIPC") on the industrialisation and commercialisation of raw bamboo in Jingzhou County, Hunan Province, People's Republic of China ("PRC") with the objectives of creating a comprehensive showroom of bamboo value chain in PRC, research centre for bamboo products and development of eco-tourism in Jingzhou County.
- On 23 November 2018, the Company announced that according to the YanShan County's directive in respect of expediting the County's development and beautification of the environment, YanShan Kanger, a wholly-owned subsidiary of the Company, is recommending to temporary stop operations or transfer its factory.
- On 29 November 2018, the Company announced that:
 - Shenzhen Kanger, a wholly-owned subsidiary company of Ganzhou Kanger, had invested 7,490,000 ordinary shares in the share capital of Shenzhen Juner, representing 70% equity interest of Shenzhen Kanger for a total consideration of RMB7,490,000. Consequently, Shenzhen Juner became the subsidiary company of Shenzhen Kanger.
 - Shenzhen Juner, a subsidiary company of Shenzhen Kanger, had invested 14,000,000 ordinary shares in the share capital of Jingzhou Kanger, representing 70% equity interest of Jingzhou Kanger for a total consideration of RMB14,000,000. Consequently, Jingzhou Kanger became the subsidiary company of Shenzhen Juner.
 - Shenzhen Juner will be the entity to undertake the collaboration with JCIPC and Jingzhou Kanger shall be the joint venture vehicle with JCIPC.

37. Significant Events subsequent to the Financial Year

- On 15 January 2019, the Company announced on the conversion of redeemable convertible notes into 2,469,135 ordinary shares of the Company at issue price of RM0.0405 per share.
- On 21 February 2019, the Company announced that YanShan Kanger, a wholly-owned subsidiary of the Company, had entered into a compensation agreement with YanShan Country Industry and Information Technology Committee ("YanShan Government"), a committee under the YanShan Country People's Government, following the directive to cease the operations of the factory of YanShan Kanger.

The salient terms of the compensation agreement are as follows:-

- YanShan Government will compensate YanShan Kanger RMB1,000,000 for the closure of the factory;
- YanShan Government will compensate YanShan Kanger RMB70,000 for the demolition of chimney in the plant area; and

c. The compensation schedule of payment is as follows:-

- YanShan Government will pay YanShan Kanger RMB300,000 upon the signing of the compensation agreement;
- YanShan Government will pay YanShan Kanger RMB270,000 upon the demolition of chimney in the plant area;
- YanShan Government will pay YanShan Kanger RMB400,000 upon settlement of government loan by YanShan Kanger; and
- YanShan Government will pay YanShan Kanger the balance RMB100,000 upon clearing and cleaning up of the factory area, to be completed by 30 April 2019.

38. Comparative Figures

The comparative figures of the Group and the Company were audited by another firm of auditors.

39. Authorisation for Issue of Financial Statements

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 5 April 2019.



List of Properties

as at 31 December 2018

Location	Description/ Existing use	Existing Use	Tenure	(i) Land area (ii) Built-up area (square metres)	Approximate age of building (years)	Carrying amounts at 31 December 2018 RM '000	Date of Acquisition
The West Road of Jinling, Gannan Industrial Park, Ganzhou Economic and Technology Development Zone, Jiangxi Province, 341000 China	Industrial land with 1-storey detached building annexed with a 3-storey detached building erected thereon	Head office and manufacturing facility	50 years ending on 16 February 2058	(i) 19,662 (ii) 8,577 **	8	3,597 (land) 1,613 (buildings)	16 February 2009



Analysis of Shareholdings and Warrant Holdings

Analysis of Shareholdings as at 29 March 2019

Share Capital

Issued and Fully Paid-up Capital:	893,826,084
Class of Shares:	Ordinary shares
Voting Rights:	One vote per ordinary share

Shareholding Distribution Schedule (as per the Record of Depositors)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
24	Less than 100	820	*
82	100 to 1,000	37,768	*
341	1,001 to 10,000	2,328,060	0.26
754	10,001 to 100,000	34,251,020	3.83
438	100,001 to less than 5% of issued shares	637,964,850	71.37
3	5% and above of the issued shares	219,243,566	24.53
1,642	Total	893,826,084	100.00

* Less than 0.01%

List of 30 Largest Securities Account Holders (as per the Record of Depositors)

Name of Shareholders	No. of Shares Held	Percentage (%)
1. Kenanga Nominees (Asing) Sdn Bhd - Leng Xingmin (Account 1)	98,353,091	11.00
2. Lim Lai Choy @ Lim Aun Nee	68,497,075	7.66
3. Setiakon Builders Sdn Bhd	52,393,400	5.86
4. CIMSEC Nominees (Asing) Sdn Bhd - Exempt an for CGS-CIMB Securities (Hong Kong) Limited (Foreign Client)	38,097,100	4.26
5. Kenanga Nominees (Asing) Sdn Bhd - Hongkong Huanshiqiu Finance Investment Limited	35,037,037	3.92
6. Tan Lik Houe	25,000,000	2.80
7. Ng Kim Keong	24,635,500	2.76
8. Li ChunMing	22,939,700	2.57
9. Hongkong Jiutian Asset Management Limited	19,894,900	2.23
10. Syed Sirajuddin Putra Jamalullail	18,000,070	2.01
11. Dahua Holding (HK) Co Limited	17,802,500	1.99
12. Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Koo Weng Seng (7003217)	17,510,000	1.96
13. Syed Razlan Ibni Syed Putra	16,640,000	1.86
14. Wong Wai Lum	15,297,100	1.71
15. RHB Nominees (Tempatan) Sdn Bhd - Toh Hong Chye	15,000,000	1.68
16. Chen Shenghuai	14,870,200	1.66
17. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Doh Tee Leong (E-TAI / STW)	14,300,000	1.60
18. Tan Lik Houe	11,613,200	1.30
19. Ho Kee Lian	9,200,000	1.03
20. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Phua Wee Seng (E-TMI)	8,307,860	0.93
21. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Hui Kheng (E-TMI)	8,003,600	0.90
22. Lim Kam Seng	7,000,000	0.78
23. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Swee Hoong (E-KLG)	6,860,500	0.77
24. Ling Hee Keat	6,800,000	0.76



25. Liew Chak Fatt	6,789,200	0.76
26. Doh Tee Leong	6,717,300	0.75
27. Public Nominees (Asing) Sdn Bhd - Pledged Securities Account for Phua Lam Huat (E-TMI)	6,600,000	0.74
28. Ang Swee Kuang	6,101,000	0.68
29. RHB Nominees (Asing) Sdn Bhd - RHB Securities Hong Kong Limited for Core Pacific	5,958,100	0.67
30. Kenanga Nominees (Asing) Sdn Bhd - Advance Opportunities Fund	5,893,277	0.66
Total	610,111,710	68.26

Substantial Shareholders (as per the Register of Substantial Shareholders)

Name of Shareholders	No. of shares held			
	Direct	%	Indirect	%
1. Leng Xingmin	195,253,091	21.84	-	-
2. Lim Lai Choy @ Lim Aun Nee	68,497,075	7.66	-	-
3. Setiakon Builders Sdn Bhd	52,393,400	5.86		
4. Dato' Kuan Ah Hock	-	-	52,393,400**	5.86
5. Tan Tong Kwee	-	-	52,393,400**	5.86
6. Tee Kian Chon	-	-	52,393,400**	5.86
7. Tee Gan Ting	-	-	52,393,400**	5.86



Directors' Shareholdings (as per the Register of Directors' Shareholdings)

Name of Directors	No. of shares held			
	Direct	%	Indirect	%
1. Dato' Paduka Sharipah Hishmah binti Dato' Sayed Hassan	200,000	0.02	16,640,000#	1.86
2. Dato' Kuan Ah Hock	-	-	52,393,400**	5.86
3. Leng Xingmin	195,253,091	21.84	-	-
4. Syed Hazrain bin Syed Razlan Jamalullail	1,018,190	0.11	-	-
5. Chong Amita	1,200,024	0.13	600,000^	0.07
6. Datuk Seri Dr. Md Zabid bin Haji Abdul Rashid	-	-	-	-
7. Dato' Haji Markiman Bin Kobiran	-	-	-	-
8. Wu Wai Kong	-	-	-	-

Deemed interested by virtue of the shares held by her spouse.

** Deemed interested in shares held by Setiakon Builders Sdn Bhd pursuant Section 8 of the Companies Act 2016.

^ Deemed interested by virtue of the shares held by his spouse.



Analysis of Warrant Holdings as at 29 March 2019

No. of Warrants:	238,935,400
Exercise Price of Warrants:	RM0.10
Exercise Period of Warrants:	14 April 2015 to 13 April 2020
Exercise Rights:	Each warrant entitles the holder to subscribe for one new ordinary share in the Company
Voting Rights in the Meeting of Warrant Holders:	One vote per warrant holder on a show of hands One vote per warrant held on a poll
Number of Warrant Holders:	683

Warrant Distribution Schedule (as per the Record of Depositors)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
53	Less than 100	2,068	*
49	100 to 1,000	24,813	0.01
156	1,001 to 10,000	847,580	0.35
266	10,001 to 100,000	12,917,127	5.41
157	100,001 to less than 5% of issued shares	132,730,767	55.55
2	5% and above of the issued shares	92,413,045	38.68
683	Total	238,935,400	100.00

* Less than 0.01%

List of 30 Largest Warrant Account Holders (as per the Record of Depositors)

Name of Shareholders	No. of Shares Held	Percentage (%)
1. Kenanga Nominees (Asing) Sdn Bhd - Leng Xingmin (Account 1)	115,953,091	14.42
2. Wong Wai Lum	77,400,000	9.62
3. Kenanga Nominees (Asing) Sdn Bhd - Li Wenmei	68,497,075	8.52
4. Syed Sirajuddin Putra Jamalullail	52,393,400	6.51
5. Syed Razlan Ibni Syed Putra	70,033,045	29.31
6. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Swee Hoong (E-KLG)	22,380,000	9.37
7. Tan Lik Houe	11,311,100	4.73
8. Chin Chin Seong	8,460,035	3.54
9. Merry Noel Robert	8,120,000	3.40
10. Chin Chin Seong	5,400,000	2.26
11. Chia Get Kiau	5,005,400	2.09
12. Wu Song Heng	4,491,000	1.88
13. Kenanga Nominees (Asing) Sdn Bhd - Li Xin	4,387,700	1.84
14. Tan Pok Shyong	3,500,000	1.46
15. Ng See Kam	3,495,700	1.46
16. Cimsec Nominees (Tempatan) Sdn Bhd - CIMB Bank for Ling Hee Keat (MY0437)	3,360,000	1.41
17. Tan Jyy Mei	3,358,700	1.41
18. Yap Bee Wah	3,040,000	1.27
19. Lim Yen Lee	2,800,000	1.17
20. Cham Foong Lien	2,568,500	1.07
21. Teh Chee Ch'ng	2,406,200	1.01
22. RHB Nominees (Asing) Sdn Bhd - RHB Securities Hong Kong Limited for Core Pacific Yamaichi International (H.K.) Limited - Account Client	2,318,400	0.97
23. Yu, Xiaorong	2,000,000	0.84
24. Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yee Siew Mey (E-SS2)	1,931,000	0.81
25. Chia Siew Kiow	1,721,000	0.72
26. PM Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Chan Weng Fui (A)	1,649,300	0.69

27. Suze Seau Chuey	1,538,400	0.64
28. Huam Hong Ping	1,368,100	0.57
29. Wong Sook Shian	1,321,100	0.55
30. Lim Soo Hee	1,050,000	0.44
Total	182,964,680	76.57

Directors' Warrant Holdings (as per the Register of Directors' Warrant Holdings)

Name of Directors	No. of warrants held			
	Direct	%	Indirect	%
1. Dato' Paduka Sharipah Hishmah binti Dato' Sayed Hassan	100,000	0.04	8,120,000*	3.40
2. Dato' Kuan Ah Hock	-	-	-	-
3. Leng Xingmin	70,033,045	29.31	-	-
4. Syed Hazrain bin Syed Razlan Jamalullail	509,095	0.21	-	-
5. Datuk Seri Dr. Md Zabid bin Haji Abdul Rashid	-	-	-	-
6. Dato' Haji Markiman Bin Kobiran	-	-	-	-
7. Chong Amita	600,012	0.25	300,000**	0.13
8. Wu Wai Kong	-	-	-	-

* Deemed interested by virtue of the warrants held by her spouse

** Deemed interested by virtue of the warrants held by his spouse

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting (“6th AGM”) of **KANGER INTERNATIONAL BERHAD** will be held at The Banquet Hall, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia on **Friday, 31 May 2019 at 10.00 a.m.** for the following purposes:-

Agenda

As Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2018 and the Directors’ and Auditors’ Reports thereon. **(See Explanatory Note 9)**
2. To approve the payment of Directors’ fees of RM192,000 for the financial year ended 31 December 2018. **(Ordinary Resolution 1)**
3. To re-elect the following Directors who are retiring under Article 90 of the Company’s Constitution:-
 - i. Yang Mulia Dato’ Paduka Sharipah Hishmah Binti Dato’ Sayed Hassan **(Ordinary Resolution 2)**
 - ii. Y. Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid **(Ordinary Resolution 3)**
 - iii. Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail **(Ordinary Resolution 4)**
4. To re-elect Mr Wu Wai Kong who is retiring under Article 95 of the Company’s Constitution. **(Ordinary Resolution 5)**
5. To re-appoint Messrs Ong & Wong Chartered Accountants as Auditors of the Company for the financial year ending 31 December 2019 and to authorize the Board of Directors to fix their remuneration. **(Ordinary Resolution 6)**

As Special Business

6. **Ordinary Resolution** **(Ordinary Resolution 7)**
Authority to Issue Shares Pursuant to Sections 75 and 76 of the **(See Explanatory Note 10)**
Companies Act 2016 (“CA 2016”)

“**THAT** pursuant to Sections 75 and 76 of the CA 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue and allot shares of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit without convening a general meeting, provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing and quotation for the additional shares issued on Bursa Malaysia Securities Berhad; and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”



7. **Special Resolution**
Proposed Adoption of the New Constitution of the Company

(Special Resolution 1)
(See Explanatory Note 11)

“**THAT** approval be and is hereby given to revoke the existing Constitution of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in Appendix I accompanying the Company’s Annual Report for the financial year ended 31 December 2018, be and is hereby adopted as the Constitution of the Company, **AND THAT** the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

8. To transact any other business of the Company for which due notice shall have been received in accordance with the CA 2016.

By Order of the Board

KANGER INTERNATIONAL BERHAD

WONG YUET CHYN (MAICSA 7047163)

Company Secretary

Kuala Lumpur

Date: 30 April 2019

Notes:-

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. Where a member is an authorized nominee as defined under the Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
4. Where a Member is an Exempt Authorized Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorized Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorized.
6. To be valid the proxy form duly completed must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, or in the case of a poll, not less than twenty four (24) hours before the time appointed for taking of the poll.
7. In respect of deposited securities, only Members whose names appear on the Record of Depositors on 24 May 2019, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.



Explanatory Note on Ordinary Business

9. **Audited Financial Statements for financial year ended 31 December 2018**

The audited financial statements are laid in accordance with Section 340(1)(a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

Explanatory Note on Special Business

10. **Authority to Issue Shares Pursuant to Sections 75 and 76 of the CA 2016**

The proposed Ordinary Resolution 7, if passed, will renew the authority to empower the Directors of the Company to issue and allot shares in the Company from time to time and for such purposes as the Directors consider would be in the best interest of the Company ("Renewed Mandate") provided that the aggregate number of shares issued pursuant to this resolution shall not exceed ten per centum (10%) of the total issued and paid-up shares capital of the Company for the time being. This Renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no shares had been issued and allotted since the general mandate granted to the Directors at the last Annual General Meeting held on 25 May 2018 and this general mandate will lapse at the conclusion of the 6th AGM of the Company.

The Renewed Mandate will provide flexibility to the Company to raise funds, including but not limited to placing of shares, for purpose of funding future investment projects and/or working capital and/or acquisitions.

11. **Proposed Adoption of the New Constitution of the Company**

The Special Resolution 1, if passed, will bring the Company's Constitution in line with the CA 2016 which came into force on 31 January 2017, the updated provisions of the ACE Market Listing Requirements and the prevailing statutory and regulatory requirements, details of which are set out in Appendix I accompanying the Company's Annual Report 2018. Pursuant to Section 36 of the CA 2016, the proposed adoption of the new Constitution of the Company, if passed as a Special Resolution by a majority of not less than 75% of the members who are entitled to vote, and do vote in person or by proxy, shall take immediate effect and it shall bind the Company and the members accordingly.



(Incorporated in Malaysia)

CDS Account No.															
No. of Shares Held															

FORM OF PROXY

I/We
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No.....)

of
(FULL ADDRESS)

being a member/members of **KANGER INTERNATIONAL BERHAD**, hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		

or failing him, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held at The Banquet Hall, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur, Wilayah Persekutuan (KL), Malaysia on **Friday, 31 May 2019 at 10.00 a.m.** and at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Payment of Directors' Fees		
2.	Re-election of Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan		
3.	Re-election of Y. Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid		
4.	Re-election of Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail		
5.	Re-election of Mr Wu Wai Kong		
6.	Re-appointment of Auditors		
7.	Authority to issue shares under Sections 75 and 76 of the Companies Act 2016		
SPECIAL RESOLUTION			
8.	Adoption of New Constitution of the Company		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this day of 2019

.....
Signature(s) of member(s)

- Notes:-*
- A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.*
 - Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
 - Where a member is an authorized nominee as defined under the Depositories Act, 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.*
 - Where a Member is an Exempt Authorized Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ('omnibus account') there is no limit to the number of proxies which the Exempt Authorized Nominee may appoint in respect of each omnibus account it holds.*
 - The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorized.*
 - To be valid the proxy form duly completed must be deposited at the registered office at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof, or in the case of a poll, not less than twenty four (24) hours before the time appointed for taking of the poll.*
 - In respect of deposited securities, only members whose names appear on the Record of Depositors on 24 May 2019, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*
 - Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.*

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Affix Stamp

The Company Secretary
KANGER INTERNATIONAL BERHAD (1014793-D)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

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KANGER INTERNATIONAL BERHAD
(Company No. 1014793-D)

CORPORATE GOVERNANCE REPORT

STOCK CODE : 0170
COMPANY NAME : Kanger International Berhad
FINANCIAL YEAR : December 31, 2018

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The major responsibilities of the Board which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company, are outlined in the Board Charter, which is available on the Company's website at www.krbamboo.com.</p> <p>In 2017, the Board has discharged its key fiduciary duties, leadership functions and responsibilities as summarised below:-</p> <ul style="list-style-type: none"> - Review and approve the strategies, business plans and policies - Review and approve the quarterly results of the Group - Review and approve internal and external audit plans - Oversee the conduct of the Company's business to evaluate whether the business is being properly managed and sustained - Review the adequacy and integrity of the Company's internal control System <p>Kindly refer to Corporate Governance ("CG") Overview Statement in the 2018 Annual Report for further details on Board leadership.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	The Board is led by the Non-Independent Non-Executive Chairman, Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan. As the Non-Independent Non-Executive Chairman of the Company, she is responsible for the leadership of the Board, ensuring its effectiveness on all aspects of its roles and setting its agenda which mainly focus on strategy, performance and value creation. When running Board Meetings, she maintains a collaborative atmosphere and ensures that all Directors contribute to debates and a consensus is reached.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied	
Explanation on application of the practice	:	<p>Yang Mulia Dato’ Paduka Sharipah Hishmah Binti Dato’ Sayed Hassan is the Non-Independent Non-Executive Chairman of the Company, and Mr Leng Xingmin is the Managing Director of the Company.</p> <p>Their roles are separate and there is a clear division of responsibilities to distinguish between the provision of leadership to the Board and the executive responsibility for running the Group’s business.</p> <p>The roles and responsibilities of Chairman and Managing Director are clearly defined in the Board Charter.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The present Company Secretary, Ms Wong Yuet Chyn, is from ShareWorks Sdn Bhd. She is suitably qualified, competent and capable of carrying out the duties required and have attended training/seminars conducted by The Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and other regulatory bodies to keep abreast on the changes to regulations and requirements.</p> <p>The Company Secretary circulates the relevant guidelines on statutory and regulatory requirements from time to time and updates the Board on the same at Board meetings. The Company Secretary also notifies the Directors and Principal Officers on the closed period for trading in the Company's securities. The Company Secretary ensures that deliberations at Board and Board Committee meetings are well captured, minuted and documented.</p> <p>The Company Secretary plays an important role in the annual general and extraordinary general meetings in ensuring that the due processes and proceedings are in place and properly managed. During the meeting, the Company Secretary will assist the Chairman and the Board in the conduct of the meetings and ensure the minutes are properly recorded, particularly questions and issues raised by the shareholders.</p> <p>The Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company’s leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The notices of meetings and meeting materials are sent to the Directors at least five (5) days in advance before the meeting. This provides the Board with sufficient time to go through the meeting papers, seek any clarification and consultation that they may need from Management, Company Secretary or independent advisers before the meeting, if necessary, and to raise relevant issues during the meeting.</p> <p>All proceedings of the meetings including issues raised, deliberations and decisions of the Board, including the Directors who abstained from deliberating or voting, are properly minuted. The draft minutes of meetings are circulated in a timely manner upon conclusion of the meetings.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board Charter of the Company documents the policies that the Board has decided upon to discharge its responsibilities, including good governance and leadership. The Board Charter also serves as a primary reference and part of the induction literature, providing insights to prospective and existing Board members.</p> <p>This is to ensure that all Board members are aware of their fiduciary duties and responsibilities, various legislations and regulations affecting their conduct, the need for safeguarding the interests of the shareholders, and other stakeholders and that highest standards of corporate governance are applied in all their dealings in respect and on behalf of the Company.</p> <p>The Board will review the Board Charter from time to time to ensure its applicability to the Company's current situation. The Board Charter is available on the Company's website at www.krbamboo.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has established the Code of Conduct and Ethics ("Code") which sets out the standards which the Directors, officers and employees (together "Personnel") of Kanger and its subsidiaries are expected to comply in relation to the affairs of Kanger's businesses when dealing with each other, shareholders and the broader community. This Code is intended to focus on the Board and Management on areas of ethical risk, provide guidance to Personnel to help them to recognise and deal with ethical issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability. The Code includes, inter alia, matters relating to conflicts of interest, proper use of the Company's assets and properties as well as knowledge and information and prohibited activities or misconduct involving gifts, gratuities, bribes and corruption, insider trading and money laundering.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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 behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's Whistleblowing Policy seeks to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed.</p> <p>The Whistleblowing Policy sets out the principles and grievance procedures for employees or members of the public to raise genuine concerns of possible improprieties perpetrated within the Group. The details of lodgement channels are available on the Company's website at www.krbamboo.com.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board currently has eight (8) members, comprising three (3) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and three (3) Executive Directors.
		The Board views the number of its Independent Directors as adequate at present to provide the necessary check and balance to the Board’s decision-making process. The Independent Non-Executive Directors have fulfilled their role as Independent Directors through objective participation in Board deliberations and the exercise of unbiased and independent judgement.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
Timeframe	:	Choose an item.

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied	
Explanation on application of the practice	:	The Board recognise that Board diversity optimises decision-making process and will conscientiously improve on its current diversity. In evaluating the suitability of the candidates for appointment of Board and Senior Management, the Board and the NC considers salient attributes such as mix of skills and experience, strengths, expected contribution, independence (where applicable) and the multiple facets of diversity to ensure a balanced mix of talents on the Board and Management level. The NC is mindful of the Board’s support for boardroom diversity, particularly, in terms of ethnicity and gender. These factors will be given prime consideration in the recruitment of new Board members.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board presently does not have any policy on gender diversity.	
		The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.	
		Notwithstanding with the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.	
		In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>Besides relying on recommendations from existing board members, management or major shareholders, the Board, if required, will also utilise independent source, e.g. professional advisers, business associates etc. to identify suitably qualified candidates for appointment to the Board.</p> <p>During the financial year ended 31 December 2018, we appointed Mr Wu Wai Kong as our Independent Non-Executive Director. Before his appointment was approved by our Board, the Nomination Committee deliberated his curriculum vitae in detail, taking into consideration, among others, his business network, leadership skills and working experience. Upon every member of the Nomination Committee were satisfied with his expected contributions to our Group, his appointment was recommended to our Board for approval.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the NC is Mr Wu Wai Kong, Independent Non-Executive Director of the Company. The Board recognises the need for Chairman of NC to be independent to ensure objectivity and independent judgement during deliberations.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The NC reviews annually the required mix of skills and experience of the Board, including core competencies which non-executive directors should bring to the Board and assesses the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director.</p> <p>The evaluation process is led by the Chairman of the NC and supported by the Company Secretary annually. The Directors complete the relevant questionnaires regarding the effectiveness of the Board and its Board committees. The assessment by all Directors are summarised and disclosed at the NC's meeting and reported at a Board meeting by the Chairman of the NC.</p> <p>For 2018, the NC has reviewed and assessed the mix of skills and experience of the Board including the core competencies of both Executive and Non-Executive Directors, size of the Board, contribution of each director and effectiveness of the Board and Board Committees and also evaluated the level of independence of the Directors. Based on the assessment, the NC was satisfied with the existing Board composition in terms of gender, ethnicity and age, and was of the view that all the Directors and Board Committees of the Company have discharged their responsibilities in a commendable manner and have performed competently and effectively.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In determining the remuneration of the Directors and Senior Management, the Company's objective is to provide fair and competitive remuneration to its Board and/or Senior Management in order for the Company to benefit by attracting and retaining a high quality team.</p> <p>The remuneration/fees of the Non-Executive Directors were determined by the Board as a whole based on level of responsibilities undertaken and contributions to the Board. Each individual Director concerned abstained from discussion on their own remuneration/fees.</p> <p>The payment of Directors' fees and benefits payable to the Directors of the Company will be subject to the shareholders' approval at the Company's forthcoming Annual General Meeting.</p> <p>The Managing Director and Executive Directors' remuneration packages are structured to link rewards to corporate and individual performance. Performance is measured against the results achieved by the Group and individual achievement against targets set at the beginning of each year</p> <p>The Senior Management who reports directly to the Managing Director are evaluated annually by the Managing Director premised on annual measures and targets set.</p> <p>The RC reviews the remuneration policy for members of the Board, Board Committees on an annual basis and recommends to the Board for approval.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.

Timeframe	:	Choose an item.	
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Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a RC which comprises wholly of Independent Non-Executive Directors. The Terms of Reference of the RC sets out the roles and responsibilities of the RC in relation to remuneration matters and is available on the Company's website www.krbamboo.com.</p> <p>The Board is satisfied that the RC had discharged its duties and responsibilities with respect to Directors' remuneration including reviews of the remuneration package for the Managing Director and Executive Directors of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The details of the Directors' remuneration for the FYE 2018 for individual Directors are disclosed in Corporate Governance Statement of 2018 Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The remuneration packages of the senior management are determined with the objective to attract, retain and reward the senior management who run the operations of the Group. The Board believes that it is commercially disadvantageous to disclose the remuneration of the Group's top senior management in this very competitive environment. The recruitment and retention of key technical/managerial personnel is challenging and is a key focus of the Group's Human Resource policy. Remuneration remains an important consideration in this regard.	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.

The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of the Audit Committee and the Chairman of the Board are currently two different individual.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Board has updated the Terms of Reference of the Audit Committee to include such policy. The Terms of Reference of the Audit Committee is available at our website www.krbamboo.com .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied	
Explanation on application of the practice	:	The Group has in place a policy to assess the suitability, objectivity and independence of the external auditor. The Audit and Risk Committee had undertaken an assessment of the independence, timeliness, competence, audit quality and resource capacity of the external auditor, Messrs. Ong & Wong Chartered Accountants in relation to the audit, the nature and extent of the non-audit services rendered and the appropriateness of the level of fees.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The Audit Committee consists of three (3) members, of which all are Independent Non-Executive Directors. None of them are alternate directors.

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied	
Explanation on application of the practice	:	The Audit and Committee possesses the right mix of skills to discharge its duties effectively. The Committee is chaired by Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid who is a Fellow of CPA Australia and a Chartered Accountant, the Malaysian Institute of Accountants. He possesses sufficient financial knowledge to provide satisfactory input on financial matters. The Committee also comprises members with legal, trade and economic backgrounds who are financially literate and provide diverse perspectives that strengthen the quality of deliberations. All members receive ongoing training and development as detailed Corporate Governance Statement of the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	The context within which the Group manages risks and the key focus of accountability for this as well as the key processes that have been established in reviewing the adequacy and effectiveness of the internal control system are set out in the Risk Management and Internal Control Statement included in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>Our Board is responsible for the adequacy and effectiveness of our Group's risk management and internal control systems. Our Board ensures that the systems manage the Group's key areas of risk within an acceptable risk profile to increase the likelihood that our Group's policies and business objectives will be achieved. Due to the inherent limitations in any risk management and internal control system, our Board continually reviews the system to ensure that the risk management and internal control systems provide a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.</p> <p>Further details on the features of the Company's risk management and internal control are set out in the Risk Management and Internal Control Statement included in the Annual Report.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied	
Explanation on application of the practice	:	The Group outsourced its internal audit function to an independent internal audit service provider, namely GovernanceAdvisory.com Sdn Bhd. The primary function of internal audit is to undertake systematic reviews of the governance, risk and internal control systems within the Group in accordance with an internal audit plan, so as to provide assurance that such systems are adequate and functioning as proposed. The internal audit function's responsibilities are to provide independent and objective reports on the state of internal controls of the various operating units within the Group to the Audit Committee and provide recommendations for the improvement of the control procedures, so that corrective actions are taken to mitigate weaknesses noted in the system and controls of the respective operating units. Details of the internal audit activities and scope of coverage of the outsourced internal audit function including the cost incurred are set out in the Audit Committee Report included in the Annual Report.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	The Company outsourced its Internal Audit function to GovernanceAdvisory.com Sdn Bhd. It was noted that the outsourced Internal audit function independently and objectively provide reasonable assurance to the Audit Committee and has adequate resources to carry out their audit activities.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	The Board is committed to ensure that the Company continue to engage effectively with its shareholders to facilitate a mutual understanding of objectives. The Group has a number of formal channels in place to effectively communicate this information to all the shareholders and stakeholders. The Board primarily achieve this through the following activities; the annual report, announcements to Bursa Malaysia Securities Berhad, quarterly reports, Group's website and investor relations. The Group also maintains a website which shareholders and other stakeholders can gain access to information about the Group, activities and/or any announcements made by the Group. This can all be located at www.krbamboo.com .
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not a Large Company under MCCG.	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The 2018 Annual Report, which contains the Notice of AGM, together with the explanatory notes of the background information and reports or recommendations that are relevant to the proposed resolutions, as well as the Form of Proxy, is sent to the shareholders at least 28 days prior to the date of the AGM, so as to give sufficient time for the shareholders to consider the resolutions that will be discussed and decided at the AGM, and to arrange for proxies to attend the AGM on their behalf, if so required.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All directors are committed to attend General Meetings to foster effective two-way communication between the shareholders and the Board and will take any relevant questions addressed to them unless illness or other pressing commitments preclude them from attending General Meetings.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders’ participation at General Meetings.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company does not have meetings in remote locations nor does it have a large number of shareholders for it to leverage on technology to facilitate shareholders voting in absentia or having remote shareholders’ participation in General Meetings. It is also currently not cost effective nor practical for the Company to do so.	
		N/A	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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APPENDIX I - PROPOSED NEW CONSTITUTION

**THE COMPANIES ACT 2016
MALAYSIA**



PUBLIC COMPANY LIMITED BY SHARES



CONSTITUTION

of

KANGER INTERNATIONAL BERHAD
(Company no. 1014793-D)

Incorporated on the 27th day of August, 2012 under Companies Act, 1965 and
deemed registered under the Companies Act 2016

This is the Appendix I referred to in Agenda 7 of the Notice of 6th Annual General Meeting (“AGM”) of Kanger International Berhad dated 30 April 2019.

Date and time of the 6 th AGM	:	Friday, 31 May 2019 at 10.00 a.m.
Venue of the 6 th AGM	:	The Banquet Hall, The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, 55000 Kuala Lumpur, Wilayah Persekutuan (KL)

**THE COMPANIES ACT 2016
M A L A Y S I A**

PUBLIC COMPANY LIMITED BY SHARES

**CONSTITUTION
OF
KANGER INTERNATIONAL BERHAD**

INTERPRETATION

1. Definitions and Interpretation.

Definitions

In this Constitution unless there be something in the subject or context inconsistent therewith:-

- “Act” means the Companies Act 2016 of Malaysia and any statutory modification, amendment or re-enactment thereof for the time being in force.
- “Annual General Meeting” means general meeting of shareholders held in accordance with Clause 72 of this Constitution.
- “Authorised Nominee” means a person who is authorised to act as nominee as specified under the Central Depositories Act and the Rules.
- “Board” or “Directors” means the Board of Directors for the time being of the Company.
- “Central Depositories Act” means the Securities Industry (Central Depositories) Act 1991 and every statutory modification or re-enactment thereof for the time being in force.
- “Common Seal” & “Share Seal” means the Common Seal or Share Seal of the Company adopted.
- “Company” means Kanger International Berhad (Company No. 1014793-D) and by whatever name from time to time called.
- “Constitution” means this Constitution as originally framed or as from time to time altered by Special Resolution and “Clause” means any provision in this Constitution.
- “Deposited Security” means a Security of the Company standing to the credit of a Securities Account and includes Securities in a Securities Account that is in suspense.
- “Depositor” means a holder of a Securities Account.
- “Depository” or “Central Depository” means Bursa Malaysia Depository Sdn Bhd. (Company No. 165570-W) and its successors-in-title and permitted assigns.
- “Director” means a director of the Company for the time being and as defined in Section 2 of the Act.

“dividend”	includes monies and bonus.
“Electronic Address”	means any address or number used for the purposes of sending or receiving documents or information by electronic means.
“Employee Share Scheme”	means collectively a Share Issuance Scheme and a Share Grant Scheme.
“Exchange”	means Bursa Malaysia Securities Berhad. (Co. No. 635998-W) and its successors-in-title and permitted assigns.
“Exempt Authorised Nominee”	means an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of the Central Depositories Act.
“in writing” or “written”	means and includes words printed, lithographed, photographed, typed, represented or reproduced in any mode in a visible form, whether sent or supplied in electronic form or otherwise.
“Listing Requirements”	means of the Exchange Ace Market Listing Requirements including any amendment thereto that may be made from time to time.
“Major Shareholder”	means a major shareholder as defined under the Listing Requirements.
“Market Day”	means a day on which the stock market of the Exchange is open for trading in Securities.
“Member” or “Members”	means any person/persons for the time being holding one or more shares in the Company and whose name appears in the Record of Depositors, including a Depositor who will be treated as if he were a member pursuant to Section 35 of the Central Depositories Act but excluding the Depository in a capacity as a bare trustee and its nominee company.
“month”	means calendar month.
“Office”	means the registered office for the time being of the Company.
“Ordinary Resolution”	means has the meaning given in Section 291 of the Act.
“Record of Depositors”	means a record provided by the Depository to the Company pursuant to an application under the Rules.
“Register of Members”	means the register of members to be kept pursuant to the Act and includes, where appropriate, the Record of Depositors of the Company.
“Rules”	means the Rules of Depository, including any amendment that may be made from time to time.

“Secretary”	means any person or persons appointed to perform the duties of the secretary of the Company and shall include a joint, temporary, assistant or deputy secretary.
“Securities Account”	means an account established by the Depository for a Depositor for the recording of deposit of Securities and for dealing in such Securities by the Depositor.
“Securities”	has the meaning given in Section 2(1) of the Capital Markets and Services Act 2007.
“Share Grant Scheme”	means a scheme involving the grant of the Company’s existing shares to employees and/or Directors.
“Shares Issuance Scheme”	means a scheme involving a new issuance of the Company’s shares to employees and/or Directors.
“Shares or Ordinary Shares”	means ordinary shares of the Company.
“Special Resolution”	has the meaning given in Section 292 of the Act.

Words importing the singular number only include the plural number and vice versa.

Words importing masculine gender only include the feminine gender.

Words importing persons include corporations.

Subject as aforesaid any words defined in the Act shall if not inconsistent with the subject or the context bear the same meaning in this Constitution.

- | | | |
|-----|---|-------------------|
| 2. | The name of the Company is KANGER INTERNATIONAL BERHAD. | Name |
| 3. | The registered office of the Company will be situated in Malaysia. | Office |
| 4. | The liability of the members is limited. | Limited liability |
| 5. | The provisions set out in the Third Schedule of the Act shall not apply to the Company except in so far as the same are repeated in this Constitution. | Third Schedule |
| 6. | The Company shall have full capacity to carry on or undertake any business or activity, do any act or enter into any transactions and for these purposes, the Company shall have the full rights, powers and privileges as contained in Section 21 of the Act including but not limited to the following and it is expressly declared that the interpretation of this clause shall not be restricted in any manner whatsoever and shall be construed in such a way as to widen and not restrict the full rights, powers and privileges of the Company as intended under Section 21 of the Act:- | Objects |
| (1) | To purchase or otherwise acquire for investment or resale, and to traffic in lands, houses, buildings, plantations, and immovable property of any tenure any interest therein, and to create, buy, sell and deal in freehold and leasehold ground rents, and generally to acquire, deal in, traffic by way of sale, lease exchange or otherwise with property of every description, whether immovable or movable, real or personal. | |
| (2) | To carry on the business of building and road construction contractors, builders, carpenters, general decorators, and civil, electrical and mechanical engineering and to enter into any contracts in relation to and to create, construct, maintain, make operate, own, alter, repair, pull down and restore either alone or jointly with any other companies, or persons works of all descriptions including wharves, docks, piers, railways, tramways, waterways, road, bridges, warehouses, factories, mills, engines, | |

machinery, railway carriages, and wagons of every description, gas works, electric works, water works, drainage and sewerage works and buildings of every description.

- (3) To carry on the business of land developers, housing developers, agriculture developers, and to develop and turn to account any land acquired by the Company or which the Company is interested, and in particular by laying out and preparing the same for building purposes, constructing, altering, pulling down, decorating, maintaining, furnishing up and improving buildings.
- (4) To carry on the business of importers and exporters of wholesale or retail dealers in plant, machinery, motors, engines, stores, saws, accessories, and all other goods, things and articles commonly used or required in the business of builders and contractors.
- (5) To carry on the business of importers and exporters and to deal in goods, articles, chattels, and effects of all kinds, both wholesale and retail, and to transact every kind of agency business and generally to engage in any business or transaction which may seem to the Company directly or indirectly conducive to its interest.
- (6) To hold shares or invest in, and to acquire, lease, promote or sell, and to manage, conduct or undertake the business or management or otherwise however direct the operations of any business, company, corporation, firm or any other whatsoever enterprise, undertaking or ventures, and generally to undertake any of the business of a holding or management company.
- (7) To carry on business as financiers and advancers and in particular to lend money to such person, firm or company on hire purchase terms or on such terms as may seem expedient for the purchase of motor vehicles, engines, household utensils and properties.
- (8) To carry on business of capitalists, financiers, concessionaires, miners and merchants and to undertake and carry on and execute all kinds of financial, mining, commercial, trading and other operations and to carry on any other business which may be capable of being carried on in connection with any of these objects or calculated directly or indirectly to enhance with value of or facilitate the realization of or render profitable any of the Company's properties or rights.
- (9) To transact and carry on all kinds of agency business and to collect rents and debts, to negotiate loans and to find investments for any surplus of funds which the Company may have in hand.
- (10) To lease, sublease or sublet all or any of the property of the Company, both real or personal, movable and immovable, and to cancel or accept surrender of any lease, subleases and other rights or privileges and generally to deal in any of the property of the Company as may be deemed expedient.
- (11) To sell, convey, assign, mortgage, charge, convert, turn to account, exchange, grant easements, and other rights of and over or otherwise dispose of the undertaking of the Company, or any of its reals personal, movable and immovable property upon such terms and conditions as may seem expedient.
- (12) To invest and deal with the moneys of the Company not immediately required in such manner as may from time to time be determined, and in particular to invest money on the security of land, buildings, estates, plantations, mines, securities and other property real and personal, movable and immovable, and generally to subscribe for, lend money on , or otherwise acquire mortgages charges, bonds, obligations, loans, securities and all other instruments, upon such terms and conditions as may seem expedient.

- (13) To acquire and hold shares, stock debentures, debenture stocks, bonds, obligations and securities issued and guaranteed by any company, government, commissioners, public body or authority, supreme municipal, local otherwise.
- (14) To lend money with or without security and generally to such persons and upon such terms and conditions as may be deemed expedient, and in particular to persons having dealings with the company or undertaking to build on or improve any property in which the company is interested and tenants, contractors and others.
- (15) To advance, pay deposit or lend money, securities and property to or with such persons and on such terms and conditions as may seem expedient, to discount, buy, sell, bills, notes, warrants, coupons, and other negotiable documents
- (16) To pay or deposit money, securities and other property of the company into or with such persons, banks, governments, municipalities, authorities, companies or corporations and on such terms and conditions as may seem expedient.
- (17) To carry on and undertake any business undertaking, transaction or operation whether mercantile, commercial, industrial, financial, manufacturing, trading or otherwise (except insurance) as a company may lawfully undertake and carry on.
- (18) To borrow or raise money or secure the repayment of any sum of money for the purpose of the Company's business, and to pledge, execute bills of sale or, mortgage or charge, the undertaking, and all or any of the uncalled capital for the time being of the Company.
- (19) To issue debentures, debenture stocks, bonds, obligations, and securities of all kinds, and to frame, constitute and secure the same as may seem expedient, with full power to make the same as may seem expedient, with full power, to make the same transferable by delivery or by instrument of transfer or otherwise and to charge or secure the same by trust deed or otherwise , on the undertaking of the company or upon any specified property and rights, present and future, of the company of otherwise howsoever.
- (20) To make and give receipt, releases and other discharges for money payable to the company, and for the claims and demands of the company.
- (21) To guarantee or indemnify or to give guarantee or indemnities for the performance of any contracts or obligations and or payment of money secured by or payable under or in respect of debenture bonds, debenture stock, contracts, mortgages, charges, obligations, guarantees and securities of or by any company or by or of any authority, supreme, municipal, local, or otherwise or by or of any person whomsoever whether corporate or unincorporate and to act as sureties in guarantees and indemnities of all kinds and for any purposes and to mortgage or charge any of the Company's assets in support of any such surety obligation or guarantee undertaken by the company.
- (22) To purchase the property and goodwill of , or any interest in any business, and to make and carry into effect all arrangement with respect to the union of interest or amalgamation, either in whole or in part, with any other company, firm or person having objects in some respects similar to or included in the objects of this company, and to carry on business, the carrying on of which the company, may think directly or indirectly conducive to the development of any property or any business in which it is interested.
- (23) To enter into partnership or joint-purse arrangement or any arrangement for sharing profits, union of interest, joint venture or co-operation with or agency for any company, firm or persons carrying on or engaged in or proposing to carry on or engage in any business of transaction within objects of the company, or any business or transaction within the capable of being conducted as directly or indirectly to benefit the company.

- (24) To enter into any arrangement with any government or authority supreme, municipal, local or otherwise that may seem conducive to the Company's objects or any of them, and to obtain from any such government or authority any rights, privileges licences and concessions which the company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges, licences and concessions.
- (25) To acquire by purchase or otherwise, and to obtain protection for, or to patent in any part of the world any inventions, or discovery made by any official or servant of the company or others, and any improvement in machinery or apparatus, to exercise and use such protection or patent, and to disclaim, alter or modify the same.
- (26) i. To grant licences to exercise and use any patent or trade mark belonging to the company and that for such royalty or consideration as may be agreed on with the licences.
- ii To make donations for patriotic or for charitable purposes.
- iii To transact any lawful business in aid of Malaysia in the prosecution of any war or hostilities in which Malaysia is engaged.
- (27) To carry on any other business which may seem to the company capable of being conveniently carried on in connection with any of the above or calculated directly or indirectly to enhance the value of or render profitable any of the company's property and rights.
- (28) To sell, convey, assign, exchange or dispose of the undertaking of the company or any part thereof upon such terms and for such consideration as the company may think fit, and in particular for shares, bonds, debentures, or securities of any other company having objects altogether or in part similar to those of this company and to surrender or renounce all or any of the company's property as may seem expedient.
- (29) To transfer to or otherwise cause to be vested in any company or person all or any of the lands and properties of the company, to be held in trust for the company, or son such trust for working, developing or disposing of the same as may be considered.
- (30) To procure the company to be registered incorporated or otherwise duly constituted in Malaysia and elsewhere, and to obtain any provisional order or ordinance for enabling the company to carry any of its objects into effect or for effecting any modification of the company's constitution or for any other purpose which may seem expedient, and to oppose any proceedings, or applications which may seem calculated directly to prejudice the company's interest.
- (31) To distribute among the members in specie any property of the company, or any proceeds of sale or disposal of any property of the company and for such purposes to distinguish and separate capital from profits, but so that no distribution amounting to a reduction of capital be made except in compliance with the requirements of the Act.
- (32) To pay the costs, charges and expenses, preliminary and incidental to the formations, establishment and registration of the company, and to remunerate or pay a commission to any person for services rendered or to be rendered in placing or assisting to place any shares, debenture or debenture stock or other securities of company, or in or about the formation of the company or conduct of its business.
- (33) To do all or any of the above things in any part of the world and as principals, agents, contractors, trustees, or otherwise, and either alone in conjunction with others.

- (34) To do all such other things as are incidental or conducive to the attainment of the above objects or any of them.
- (35) To purchase the Company's own shares and to deal with the purchased shares in a manner as may from time to time be prescribed and allowed by law and the applicable rules, regulations, orders and guidelines or requirement Exchange and any other relevant authority.

SHARE

7. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividend, capital, voting or otherwise. Class of shares
8. Subject to the provisions of the Act and/or any other applicable law and any rules, regulations and guidelines thereunder issued by the Exchange and any other relevant authority, the Company, may purchase its own shares and make payment in respect of the purchase and/or give financial assistance to any person for the purpose of purchasing its own shares on such date(s), terms and manner as may be determined from time to time by the Directors. Any shares in the Company so purchased by the Company shall be dealt with in accordance with the Act and/or any other applicable law or requirements of any other relevant authority. Purchase by the Company of its own shares
9. The shares in the Company shall only be issued by the Directors with the prior approval of the Company in general meeting where necessary under the provisions of the Act and the Listing Requirements. Subject as aforesaid and always to the provisions of this Constitution, the Listing Requirements and the Act, the Directors may allot or otherwise dispose of the shares in the Company to such persons on such terms and conditions and at such times as the Directors think fit and with full power to give to any person the right to call for the allotment of any shares for such time and for such consideration as the Directors may see fit, provided always:- Issue of shares
- (a) except in the case of an issue of shares on a pro-rata basis to all Members, every issue of shares to employees, Directors, Major Shareholders or person connected with any Director or Major Shareholder of the Company shall be approved by the Members in general meeting and no Director, Major Shareholder shall participate in such issue of share unless:-
- (i) the Members in general meetings have approved the specific allotment to be made to such Director, Major Shareholder or person connected with such Director or Major Shareholder; and
- (ii) in the case of a Director, such Director holds office in the Company in an executive capacity provided always that a Director not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities;
- (b) no Director shall participate in an Employee Share Scheme unless Members in general meeting have approved the specific allotment to be made to such Director.
10. All new issues of Securities for which listing is sought shall be by way of crediting the Securities Accounts of the allottees or entitled persons held with the Depository with such Securities with the Depository, save and except where the Company is specifically exempted from compliance with Section 38 of the Central Depositories Act, in which event it shall similarly be exempted from compliance with this provision. For this purpose, the Company must notify the Depository of the names of the allottees or entitled persons together with all such particulars required by the Depository, to enable the Depository to make the appropriate entries in the Securities Accounts of such allottees or entitled persons. New issue of Securities to be credited to Securities Account

11. Subject to Section 80 of the Act, the Company may pay the commissions and brokerage as is provided for therein. Power to pay commission and brokerage
12. If any shares of the Company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a long period, the Company may, subject to the conditions and restrictions mentioned in the Act, pay interest or returns on the amount of such share capital as is for the time being paid up and may charge the interest or returns to share capital as part of the cost of the construction or provision. Power to charge interest on capital
13. Except as required by law and the Central Depositories Act and subject to Clause 21, no person (other than persons, whether body corporate or otherwise, holding any share upon any trust for the government) shall be recognised by the Company as holding any share or Securities upon any trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent future, or partial interest in any shares or Securities or unit of a share or Securities or (except only as by this Constitution or by law otherwise provided) any other rights in respect of any share or Securities except an absolute right to the entirety thereof of the registered holder. Trust not to be recognised
14. Subject to the Act, any preference shares may be issued on the terms that they are, or at the option of the Company are liable, to be redeemed provided always that the rights attaching to shares of a class other than ordinary shares shall be expressed. Issuance of preference shares
15. The rights attaching to shares of a class other than ordinary shares be expressed in the Resolution creating the same.
16. The right conferred upon the holders of the shares of any class issued with preferred or other rights shall, unless otherwise expressly provided by the terms of the issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking as regards participation in the profits or assets of the Company in some or in all respects *pari passu* therewith.
17. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and audited financial statements and attending General Meetings of the Company. Preference shareholders shall also have the right to vote at any meeting convened for the purpose of sanctioning the following:- Rights of Preference Shareholders
 - (a) a resolution or proposal in respect of dividend or part of the dividend on the preference shares which are in the arrears for more than six (6) months;
 - (b) on a proposal to reduce the Company's share capital;
 - (c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;
 - (d) on a proposal that affects rights attached to the preference shares;
 - (e) on a proposal to wind up the Company; and
 - (f) during the winding up of the Company.
18. The repayment of preference capital other than redeemable preference, or any other alteration of preference shareholders rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of seventy-five per centum (75%) of the preference shares concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting. Repayment of Preference capital

- | | | |
|-----|---|---|
| 19. | If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of seventy-five per centum (75%) of the issued shares of that class, or with the sanction of a special resolution passed at a separate General Meeting of the holders of the shares of the class. To every such separate General Meeting the provisions in this Constitution relating to the General Meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll. To every such special resolution the provisions of Section 292 of the Act shall, with such adaptations as are necessary, apply. | Modification of rights of different classes of shares |
| 20. | If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable by instalments, every such instalment shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal personal representative but this provision shall not affect the liability of any allottee who may have agreed to pay the same. | Payment of instalments |
| 21. | No person shall exercise any rights of a Member until his name shall have been entered in the Register of Members or Record of Depositors as the case may be. | When Members' rights exercisable |
| 22. | Shares may be registered in the name of an incorporated company or other corporate body but not in the name of a minor or a person of unsound mind or who is insolvent. | Who may be Members |
| 23. | Every certificate for shares, debentures or representing any other form of security (other than letters of allotment or scrip certificates) shall be issued under the Seal or share seal in accordance with Clause 164 of this Constitution. | Share certificate |
| 24. | (a) Every Member shall be entitled to receive share certificate (in respect of shares that are not Deposited Securities) in accordance with the Act. | Entitlement to share certificate |
| | (b) No Member is entitled to a certificate in respect of any Deposited Security except in accordance with the Central Depositories Act and the Rules and any applicable law. | |
| | (c) The Depository or its nominee company shall be entitled to receive jumbo certificates in denominations requested by the Depository or its nominee company for shares that are Deposited Securities. | |
| 25. | (a) Subject to the provisions of the Act the Central Depositories Act, this Constitution and the Rules, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the Central Depository. In case of defacement or wearing out on delivery of the old certificate and in any case on payment of such sum not exceeding Ringgit Malaysia Three (RM3.00) per certificate or such sum as shall from time to time be permitted by the Exchange. In the case of destruction, loss or theft, the Central Depository who shall be entitled to such renewed certificate shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss. | New Certificates may be issued |
| | (b) If the Central Depository shall require more than one certificate in respect of the shares registered in their name, they shall pay such fee as shall be determined by the Directors and the Exchange. | Issued "Split" Shares' Certificates |
| | (c) Subject to the provisions of the Act the Central Depositories Act the Listing Requirements and the Rules, the Company shall allot shares and despatch notices of allotment to the allottees and make an application for the quotation of such securities within the stipulated time frame as may be prescribed by the Exchange. | Allotment of Share or Securities to each shareholder |

26. The Company shall duly observe and comply with the provisions of the Act and the requirements from time to time prescribed by the Exchange applicable to any allotment of its shares or Securities and deliver to the Depository the appropriate certificates in such denominations as may be specified by the Depository registered in the name of the Depository or its nominee company.
27. Information on shareholding.
- (a) The Company may, by notice in writing, require any Member within such reasonable time as is specified in the notice:-
- (i) to inform the Company whether he holds any voting shares in the Company as beneficial owner or as trustee; and
- (ii) if he holds the voting shares as trustee, to indicate so far as he can the persons for whom he holds the voting shares by name and by other particulars sufficient to enable those persons to be identified and the nature of their interest.
- (b) Where the Company is informed in pursuance of a notice given to any person hereof that any other person has an interest in any of the voting shares in the Company, the Company may by notice in writing require that other person within such reasonable time as is specified in the notice:-
- (i) to inform the Company whether he holds that interest as beneficial owner or as trustee; and
- (ii) if he holds the voting shares as trustee, to indicate so far as he can the persons for whom he holds such interest by name and by other particulars sufficient to enable those persons to be identified and the nature of their interest.
- (c) The Company may by notice in writing require a Member to inform the Company, within such reasonable time as is specified in the notice, whether any of the voting rights carried by any voting shares in the Company held by him are the subject of an agreement or arrangement under which another person is entitled to control his exercise of those rights and, if so, to give particulars of the agreement or arrangement and the parties to such agreement or arrangement.
28. (a) Subject to the provisions of the Central Depositories Act and the Rules, whereby through the exercise of reasonable diligence the Company is unable to discover the whereabouts of a Member or holder of Securities for a period of not less than ten (10) years, the Company may cause an advertisement to be published in a newspaper circulating in the place shown in the Register of Members or the Record of Depositors as the address of the Member or holder of Securities stating that the Company after expiration of thirty (30) days from the date of the advertisement intends to transfer the shares or Securities to the Minister charged with responsibility for finance.
- (b) If after the expiration of thirty (30) days from the date of the advertisement the whereabouts of the Member or holder of Securities remain unknown, the Company may transfer the shares or Securities held by the Member or holder of Securities in the Company to the Minister charged with the responsibility for finance and for this purpose may execute for and on behalf of the owner a transfer of those shares or Securities to the Minister charged with responsibility for finance.
29. The Directors may, subject to the provisions of this Constitution, make calls upon the Members in respect of any money unpaid on the shares of the Members and not by the conditions of

Allotment of Securities, despatch of notices /certificates etc.

The Company may require information of a Member

The Company may require any information of beneficial interest

Member to inform Company

Disposal of shares of Members whose whereabouts unknown

Calls

CALL ON SHARES

allotment of shares made payable at fixed date. Each Member shall, subject to receiving at least fourteen (14) days' notice specifying the date, time and place of payment, pay to the Company the amount called on his shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed and such resolution may authorise the call to be paid by instalments. A call may be revoked or postponed as the Directors may determine.

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| 30. | Subject to any special conditions on which any shares have been issued, each Member shall be liable to pay any call made on him and any instalment presently payable by him at the time and place appointed by the Directors. | Liability of Members for calls |
| 31. | If a sum called in respect of a share is not paid before or on the day appointed for payment of the sum, the person from whom the sum is due shall pay interest on that sum at the rate not exceeding eight per centum (8%) per annum from the day appointed for the payment of the sum to the time of actual payment as the Directors may determine, but the Directors may waive payment of such interest due wholly or in part from the person. | Interest on unpaid calls |
| 32. | A sum which, by the terms of issue of a share, becomes payable on allotment or at any fixed date shall be deemed to be a call duly made and payable on the date on which by the terms of issue the shares becomes payable and in case of non-payment, the relevant provisions of this Constitution and the Act as to payment of interest and expenses, forfeiture or otherwise shall apply as if the sum has become payable by virtue of a call duly made and notified. | Sum due on allotment |
| 33. | The Directors may from time to time make arrangements on the issue of share for varying the amounts and times of payment of calls as between the holders of such shares. | Arrangement for difference in amounts and time of calls |
| 34. | The Directors may, if they think fit, receive from any Member willing to advance payment all or any part of the money uncalled and unpaid upon any shares held by the Member. Upon all or any part of the money so advanced is received by the Directors from the Member become payable, the Company may pay interest or return at a rate not exceeding eight per centum (8%) per annum as may be agreed upon between the Directors and the Member paying the sum in advance, unless the Company in a general meeting otherwise directs. Except in a liquidation, sum paid in advance of calls shall not, until the same would but for such advance have become payable be treated as paid up on the shares in respect of which they have been paid. Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits. | Payment of calls in advance |
| 35. | No Member shall be entitled to receive any dividend or to exercise any privilege as a Member in respect of any share upon which calls or instalments are due and unpaid. | No rights of membership when calls unpaid |

LIEN

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| 36. | The Company shall be entitled to a lien, in priority to any other claim, over a partly paid issued share and any dividend payment on such share, for all money due by the Member to the Company by way of money called or payable at a fixed date. The Company's lien on shares and dividends from time to time declared in respect of such shares, shall be restricted to unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid, and to such amounts as the Company may be called upon by law to pay and has paid in respect of the shares of the Member or deceased Member. | Company to have lien in priority |
| 37. | The Company may sell any share over which the Company has a lien in a manner as the Directors consider appropriate. Such sale of shares by the Company shall not be made unless a sum in respect of which the lien exists is presently payable and until the expiry of fourteen (14) days from a written notice, stating and demanding payment of such part of the amount in respect of which the privilege or lien exists as is presently payable has been given to the registered holder for the time of the share, or the person entitled to the share by reason of the death or bankruptcy of the registered holder. | Enforcement of lien |

38. For the purposes of giving effect to such sale, the Directors may authorise a person to transfer the shares sold to the purchaser of the shares who shall be registered as the Member comprised in any such transfer and the Directors shall not be bound to see the application of the purchase money. The title of the purchaser to the share sold shall not be affected by any irregularity or invalidity in the proceedings relating to the sale.

Transfer on sale

39. All monies received on any such sale shall after payment of any prior encumbrances, be applied in payment of all costs of such sale and of any attempted sale and secondly in payment of all monies charged on the shares by virtue of such lien and presently payable and subject to such payment, the balance (if any) shall be paid to the person who was entitled to such shares immediately prior to the date of such sale or his executors, administrators or assignees or as he directs.

Application of proceeds of sale

TRANSFER OF SECURITIES AND BRANCH REGISTER

40. (a) Subject to the restriction of this Constitution, the Central Depositories Act and the Rules, Securities that are not Deposited Securities shall be transferable by a duly executed and stamped instrument of transfer lodged at the Office accompanied by the certificate of the shares to be transferred (if any) and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer. All instruments of transfer which shall be registered shall be retained by the Company.

Transfer of Securities

(b) The transfer of Deposited Securities shall be by way of book entry by the Depository in accordance with the Rules and, notwithstanding Sections 105, 106 or 110 of the Act but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

41. Subject to the provisions of the Act the Central Depositories Act and the Rules, the instrument of transfer of any share which is not a Deposited Security lodged with the Company shall be executed by or on behalf of both the transferor and the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members in respect thereof. The instrument of transfer shall in any one instance relate to one class of shares.

Transfer to be executed by both parties

42. In the case of Deposited Security, the Depository may refuse to effect any transfer of Deposited Security that does not comply with the Central Depositories Act and Rules or where the reason for the transfer does not fall within any of the approved reasons provided in the Rules.

Depository's discretion to refuse transfer of Deposited Security

43. (a) The Directors may in their absolute discretion refuse or delay to register any transfer of shares that is not a Deposited Security where the registration of the transfer would result in contravention of or failure to observe the provisions of any laws in Malaysia; or the transfer is in respect of a partly paid shares of which a call has been made and is unpaid or which the Company has a lien.

Directors' discretion to refuse or delay the registration of transfer of share not Deposited Security

(b) A Directors' resolution shall be passed within thirty (30) days from the receipt of the instrument of transfer to refuse or delay the registration of transfer of a share that is not a Deposited Security and such notice of the resolution including the reasons thereof shall be sent to the transferor and the transferee within seven (7) days of the resolution being passed.

(c) The Company shall refuse to register more than three (3) persons as joint holders of a share unless they are executors or trustees of a deceased shareholder.

44. The Company shall provide a book to be called "Register of Transfers" which shall be kept by the Secretary and/or the registrar under the control of the Directors and in which shall be

Register of Transfers

entered the particulars of every transfer or transmission of every share or security which is not a Deposited Security.

45. The Register of Transfers and the Register of Members or Record of Depositors shall be closed for such periods as the Directors may from time to time determine, provided always that such registration shall not be closed or suspended for more than thirty (30) days in aggregate in any calendar year. Notice of such closure or suspension shall within such period as may from time to time be permitted by the Act and/or the Exchange be given to the Exchange, stating the period or periods and the purpose or purposes of such closure or suspension. Closing or suspension of registration
46. No share shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind. No transfer to infants etc.
47. A Record of Depositors requested by the Company as at any specified date and/or for any specified purpose when made available to the Company may be treated as the final Record of Depositors as at the specified date and/or for the specified purpose. If there shall be more than one Record of Depositors made available to the Company as at the specified date and/or for the specified purpose then the later or last of the Record of Depositors prepared by the Central Depository shall be the final Record of Depositors as at the specified date and/or for the specified purpose. Record of Depositors by Central Depository considered final
48. The Company may cause to be kept a branch register of members which shall be deemed to be part of the Company's Register of Members in any other place outside Malaysia in accordance with the provisions of Section 53 of the Act. Subject to the provisions of the Act and of this Constitution, a branch register shall be kept in the same manner in which the principal register is required to be kept. The Company shall transmit a copy of every entry in its branch register to the office at which its principal register is kept within fourteen (14) days from the entry is made and shall cause to be kept a duly updated copy of its branch register at that office. Branch register
49. Where - Transmission of Securities from foreign register
- (a) the Securities of the Company are listed on another stock exchange; and
- (b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules in respect of such Securities,

the Company shall, upon receiving the request of a Securities holder, permit a transmission of Securities held by such Securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such Securities.

TRANSMISSION OF SHARES

50. In case of the death of a Member, the persons recognised as having any title to his interest in the shares or debentures shall be the legal personal representative, but nothing herein contained shall release the estate of the deceased Member from any liability in respect of any share held by the deceased member. Transmission on death of Member
51. Subject to any other provisions of this Constitution, any person becoming entitled to a share by operation of law may upon such evidence being produced as may from time to time be required by the Directors (but subject to provisions of the Central Depositories Act and the Rules), elect either to be registered himself as a Member in respect of the share or to have a person nominated by him registered as transferee thereof provided always that in respect of a Deposited Security, the person becoming entitled elects to have the share transferred to him, the aforesaid notice must be served by him on the Depository. If he elects to have another Registration of person becoming entitled by operation of law

person registered he shall testify his election by executing to that person a transfer of the share or such other instrument as the Depository may require. All the limitation, restrictions and provisions of this Constitution relating to the right to transfer, the Central Depositories Act and the Rules shall be applicable to any such notice or transfer as aforesaid as if the death or bankruptcy of the Member had not occurred and the notice of transfer were a transfer signed by that Member.

52. The registration of transmission of shares under Clause 51 shall entitle the registered holder to the same dividends and other advantages and to the same rights in relation to meetings of the Company or to voting or otherwise. Entitlement to dividends and other advantages

FORFEITURE OF SHARES

53. If a Member fails to pay any call or instalment of a call within the stipulated time, the Directors may serve a notice on the Member requiring payment of the amount unpaid together with any interest or compensation at the rate of eight per centum (8%) per annum (or such rate as may from time to time be determined by the Directors), which may have accrued. Notice requiring payment
54. The notice shall specify a date on or before which the payment is required to be made and state that in the event of non-payment on or before the specified date, the shares in respect of which the call was made will be liable to be forfeited. Particulars to be set out in notice
55. Upon failure to comply with any such aforesaid notice, the share in respect of which the notice has been given shall be forfeited by a resolution of the Directors unless the payment as required by the notice has been made before such resolution. The forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Forfeiture by resolution of Directors on non-compliance
56. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit. If any share is forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs. Shares forfeited may be sold and residue to be paid to entitled Member
57. The forfeiture may be cancelled on such terms as the Directors think fit at any time before a sale or disposition of the forfeited shares. Cancellation of forfeiture
58. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares. Notwithstanding such forfeiture, such person shall remain liable to pay to the Company all money which at the date of forfeiture was payable by him to the Company in respect of the shares together with interest or compensation at the rate of eight per centum (8%) per annum from the date of the forfeiture on the money for the time being unpaid if the Directors think fit to enforce payment of the interest or compensation, and the liability shall cease if and when the Company receives payment in full of all such money in respect of the shares. Money in respect of shares together with interest or compensation recoverable after forfeiture
59. The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the shareholder whose share is forfeited and the Company except only of those rights and liabilities as are by this Constitution expressly saved or as are by the Act, the Central Depositories Act and the Rules, given or imposed in the case of past Members. Consequence of forfeiture
60. A statutory declaration in writing by a Director or Secretary that a share in the Company has been duly forfeited in pursuance of this Constitution on a date stated in the declaration shall be conclusive evidence of the facts stated in the declaration against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for a forfeited share on any sale or disposition of the share and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and such person shall be registered as the shareholder and not have his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share. Statutory declaration in writing to be conclusive evidence of facts of forfeiture and consequences

61. The provisions of this Constitution relating to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed date, as if the shares had been payable by virtue of a call duly made and notified.

Application of forfeiture provisions

ALTERATION OF CAPITAL

62. Subject to the provisions of the Act and the Listing Requirements, the Company may by passing an Special Resolution:-
- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
 - (b) subdivide its share capital or any part thereof into shares of smaller amount than is fixed by this Constitution by subdivision of its existing shares or any of them, subject nevertheless to the provisions of the Act and so that as between the resulting shares, one (1) or more of such shares may, by the resolution by which such subdivision is effected, be given any preference or advantage as regards dividend, return of capital, voting or otherwise over the others or any other of such shares;
 - (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and
 - (d) subject to the provisions of this Constitution and the Act, convert and/or re-classify any class of shares into any other class of shares.

Consolidation and sub-division of shares

63. The Company may by Special Resolution reduce its share capital, in any manner authorised by the Act.

Reduction of share capital

INCREASE OF CAPITAL

64. The Company may from time to time by Ordinary Resolution whether all the shares for the time being issued have been fully called up or not, increase its capital by the creation and issue of new shares, with such aggregate increase to be of such amount and to be divided into shares of such respective amounts as the Company in such general meeting directs and such new shares or any of them may have such preference or priority over the then existing shares of the Company and that such rights and privileges be different from those of such existing shares as the Directors may think fit.
65. Subject to any direction to the contrary that may be given by the Company in general meeting, any new shares or other convertible securities shall before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or other convertible securities to which they are entitled. The offer shall be made by notice specifying the number of shares or other convertible securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or other convertible securities offered, the Directors may dispose of those shares or other convertible securities in such manner as they think most beneficial to the Company. The Directors may likewise so dispose of any new shares or other convertible securities which (by reason of the ratio which the new shares or other convertible securities bear to shares or other convertible securities held by persons entitled to an offer of new shares or other convertible securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.
66. Except so far as otherwise provided by the conditions of issue, or by the provisions of this Constitution, any share capital raised by the issue of new shares shall be considered as part of the original share capital, and shall be subject to the same provisions with reference to the

Power to increase capital

Offer of new shares

New shares subject to same provisions as original shares

payment of calls, transfer, transmission, forfeiture, lien, voting and otherwise as if it has been part of the original share capital.

MODIFICATION OF CLASS RIGHTS

67. (a) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), the repayment of preference capital other than redeemable preference or any other alteration of preference shareholders' rights may, subject to the provisions of the Act, whether or not the Company is being wound up, be varied or abrogated only with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class or, as the case may be, the preference shareholders concerned and to every such Special Resolution the provisions of the Act shall with such adaptations as are necessary apply. Modification of class rights
- (b) To every such separate general meeting the provisions of this Constitution relating to general meetings shall mutatis mutandis apply, so that the necessary quorum shall be two (2) persons at least holding or representing by proxy or by attorney, one-third (1/3) of the number of issued shares of the class, excluding any shares of that class held as treasury shares and that any holder of shares of the class present in person or by proxy may demand a poll.
- (c) Provided always that where the necessary majority for such a Special Resolution is not obtained at such separate general meeting, consent in writing if obtained from the holders representing not less than seventy five per centum (75%) of the total voting rights of the class concerned or, as the case may be, the preference shareholders concerned, within two (2) months of the general meeting shall be as valid and effectual as a Special Resolution, carried at the general meeting.

CONVERSION OF SHARES INTO STOCK

68. The Company may by Ordinary Resolution, convert any paid up shares into stock, and reconvert any stock into paid up shares of any number. Conversion of shares into stock
69. The stockholders may transfer the stocks or any part of the stocks in the same manner as the transfer of shares from which the stock arose may, before the conversion, have been transferred or be transferred in the closest manner as the circumstances allow. The Directors may fix the minimum amount of stock transferable and may restrict or forbid the transfer of fractions of that minimum. Transfer of stock
70. The stockholders shall, according to the amount of the stock held by the stockholders, have the same rights, privileges and advantages with regards to dividends, voting at meetings of the Company and other matters as if the stockholders held the shares from which the stock arose, but so that none of such privileges or advantages (except the participation in the dividends, profit and assets of the Company and in the assets on winding up) shall be conferred by any such part of stock which would not, if existing shares have conferred that privilege or advantage. Rights of stockholders
71. All such provisions of this Constitution as are applicable to paid up shares shall apply to stock, and in all such provisions the words "share" and "shareholder" shall include "stock" and "stockholder" respectively. Provisions applicable to shares shall apply to stock

GENERAL MEETINGS

72. The Company shall in every calendar year hold a general meeting as its annual general meeting within six (6) months of the Company's financial year end, and not more than fifteen (15) months after the holding of the last preceding annual general meeting, and at such time and place as may be determined by the Directors. Annual General Meeting

73. All general meetings other than annual general meetings shall be called extraordinary general meetings. Extraordinary General Meetings
74. General meeting may be held at more than one venue using any technology or method that allows all members of the Company to participate and to exercise the members' rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting. Venue of general meeting
75. The Directors may call general meetings and general meetings shall be convened on any requisition made in accordance with the provisions of the Act, or if the Company makes default in convening a meeting in compliance with a requisition received pursuant to Section 311 of the Act, a meeting may be convened by such requisitionists in the manner provided in Section 313 of the Act. Any meeting convened by requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors. Calling of meetings
76. Members representing at least two and a half per centum (2.5%) of all the fully paid issued shares in the Company (excluding any fully paid treasury shares) carrying the right to vote or at least fifty (50) Members who have a relevant right to vote and hold shares in the Company on which there has been paid up by each of such Members an average sum of not less than Ringgit Malaysia five hundred (RM500.00) may require the Company to circulate to Members who are entitled to receive notice of a meeting of Members a statement of not more than one thousand (1,000) words with respect to a matter referred to in a proposed resolution to be dealt with at that meeting or to give notice of a resolution properly moved and is intended to be moved at that meeting. The Company shall not be bound to circulate such statement or give notice of such resolution unless the Members have served at the Office a copy of the requisition in accordance with the provisions of Section 323 of the Act or by virtue of Section 325 of the Act. Power of Members to require circulation of statements

NOTICE OF GENERAL MEETING

77. An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by not less than twenty-one (21) days' notice in writing. In respect of all other extraordinary general meetings, at least fourteen (14) days' notice before the meetings shall be given to all members (other than those who under the provisions of this Constitution or the terms of issue of the shares held by them are not entitled to receive notices of general meetings of the Company), directors and to the auditors for the time being of the Company. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given and shall specify the place, the day and the time of the meeting and, in the case of special business shall also specify the general nature of that business and shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice, or twenty-one (21) days' notice in the case where the special resolution is to be proposed or where it is an annual general meeting, of every such meeting shall be given by advertisement in at least one (1) widely circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the Company is listed. Provided that in respect of Deposited Securities:- Specifications on notice
- (a) the Company shall request the Central Depository in accordance with the Rules, to issue a Record of Depositors to whom notices of general meetings or adjourned general meetings shall be given by the Company. Subject to Clause 47, the Record of Depositors requested under this Clause 77 when made available to the Company shall be treated as the final record of all Depositors who shall be deemed to be the registered holders of shares of the Company entitled to receive notice of the general meeting or adjourned general meeting;

- (b) the Company shall request the Central Depository in accordance with the Rules, to prepare a Record of Depositors as at the latest date which is reasonably practicable which shall in any event be not less than three (3) Market Days (or such other period specified by the Act, the Central Depositories Act, the Rules and/or the Central Depository) before the general meeting or adjourned general meeting; and
- (c) subject to Clause 47 and the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable), a Depositor shall not be regarded as a member entitled to attend any general meeting or adjourned general meeting and to speak and vote thereat in person or by proxy unless his name appears in the Record of Depositors requested for the purposes of such general meeting or adjourned general meeting.
78. (a) Any notice served on behalf of the Company or of the Board shall be deemed effectual if it purports to bear the signature of the Secretary or other duly authorised officer of the Company. Notice of general meeting
- (b) Whenever any notice is required to be given under the provisions of the laws of Malaysia or of this Constitution, waiver or the shortening of the period of such notice, may be effectively given by complying with Section 316(4) of the Act.
79. (a) Notice of a meeting of members of the Company shall state: Form of notice
- (i) The place, date and time of the meeting; and
- (ii) The general nature of the business of the meeting.
- Notice of meeting of members may include text of any proposed resolution and other information as the directors deem fit.
- (b) Subject to the Act, Listing Requirements, laws, rules or regulations, notice of a meeting of members or document which is required to be given, sent or served under the Act or under the Constitution shall be in writing and shall be given to the members either:-
- (i) in hard copy; or
- (ii) in electronic form; or
- (iii) partly in hard copy and partly in electronic form.
80. Where any member/securities holder requests for a hard copy of document, the Company shall forward a hard copy of these documents to the member/securities holder as soon as reasonably practicable after the receipt of the request, free of charge.
81. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings of that meeting. Accidental omission
82. A meeting shall, notwithstanding that it is called by notice shorter than is required by Clause 77 be deemed to be duly called if it is so agreed:- Meeting deemed duly called
- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; or
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, being a majority which together holds not less than ninety-five per centum (95%) of the shares giving a right to attend and vote.

83. Where by the Act special notice is required of a resolution, the resolution shall not be effective unless notice of the intention to move it has been given to the Company not less than twenty-eight (28) days before the meeting at which it is moved and the Company shall give its members notice of any such proposed resolution at the same time and in the same manner as it gives notice of the meeting or, if that is not practicable shall give them notice thereof, in any manner allowed by this Constitution, not less than fourteen (14) days before the meeting, but if after notice of the intention to move such a resolution has been given to the Company, a meeting is called for a date twenty-eight (28) days or less after the notice has been given, the notice although not given to the Company within the time required by this Constitution shall be deemed to be properly given. Special notice

PROCEEDINGS AT GENERAL MEETINGS

84. Subject always to the provisions of the Act, all business that is transacted at: Special business
- (a) an extraordinary general meeting; or
 - (b) an annual general meeting (except declaring a dividend, the laying of the audited financial statements and the report of the Directors and auditors, the fixing of the Directors' fees and benefits payable, the election of Directors in place of those retiring by rotation or otherwise, and the appointment and fixing of the remuneration of the auditors)
- shall be special.
85. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. The absence of a quorum does not prevent the appointment of a chairman in accordance with the Constitution, which shall not be treated as part of the business of the meeting. Where there are two (2) or more persons present in person or by proxy, each being a member entitled to attend and vote at the meeting, or a proxy for or attorney of such member (whether individual, corporate or otherwise), or the duly authorised representative of a corporate member, there shall be a quorum. In the event of a corporation being beneficially entitled to the whole of the issued ordinary share capital of the Company or there being only one (1) member of the Company, one (1) person representing such corporation or the sole member shall be a quorum and shall be deemed to constitute a Meeting. For the purpose of this regulation "member" includes a person attending as a proxy or as representing a corporation which is a member. Quorum at general meeting
86. If such a quorum is not present within half an hour from the time appointed for the meeting, if convened upon the requisition of a member(s) shall be dissolved; in any other case the meeting shall stand adjourned to the same day in the next week (or if that day be a public holiday then to the next business day following that public holiday) at the same time and place or to such other day, time and place as the Directors may determine but if a quorum is not present within fifteen (15) minutes from the time appointed for holding at any adjourned meeting the member(s) present shall constitute a quorum. Adjournment
87. The Chairman of the board of Directors or (if he is absent or unwilling to act or there is no Chairman), the Deputy Chairman shall preside as Chairman of the meeting, but if neither the Chairman nor Deputy Chairman are present within fifteen (15) minutes after the time appointed for holding the meeting and willing to act (or if there is no Chairman and Deputy Chairman), the Directors present shall elect, one of their number to be Chairman and, if there is only one (1) Director present and willing to act, he shall be Chairman. Directors as chairman
88. (a) If no Director is willing to act as Chairman, or if no Director is present within fifteen (15) minutes after the time appointed for holding the meeting, the members present and entitled to vote shall choose one of their number to be Chairman. The election of the Chairman shall be by majority on a show of hands. Election of chairman
- (b) Without prejudice to any other power which the Chairman may have under the provisions of this Constitution or at common law and subject to the Act and the Listing

Requirements, the Chairman may take such action as he thinks fit to promote the orderly conduct of business of all general meetings as specified in the notice of such meetings and the Chairman's decision on matters of procedure or arising incidentally from the business of such meetings shall be final, as shall be his determination as to whether any matter of such nature.

- (c) The decision of the Chairman on points of order, matters of procedure or arising incidentally out of the business of a general meeting is conclusive, as it is the Chairman's decision, acting in good faith on whether a point or matter is of this nature.
89. A Director shall, notwithstanding that he is not a member, be entitled to receive notice of and to attend and speak at all general meetings of and at any separate meeting of the holders of any class of shares in the Company. Directors' entitlement
90. The chairman may, with the consent of the meeting at which a quorum is present and if directed by the meeting shall, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business that might be transacted or left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. Chairman's power to adjourn
91. If the Chairman in good faith rules out of order an amendment proposed to a resolution under consideration by a meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. No invalidation by error
92. (a) Subject to the Listing Requirements, 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 and put to the vote of the General Meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:- Demand for poll
- (i) by the Chairman; or
- (ii) by at least three (3) members present in person or by proxy or by attorney or in the case of a corporation by a representative and entitled to vote thereat; or
- (iii) by a member or members present in person or by proxy or by attorney or in the case of a corporation by a representative and representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting, excluding any voting rights attached to shares in the Company held as treasury shares; or
- (iv) by a member or members present in person or by proxy or by attorney or in the case of a corporation by a representative and representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting, excluding any voting rights attached to shares in the Company held as treasury shares.
- (b) Unless a poll is so demanded in accordance with the foregoing provision, a declaration by the Chairman of the meeting that a resolution has been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company pursuant to Section 343 of the Act, shall be conclusive evidence of the fact without proof of the number or proportion of the validity of the votes recorded in favour of or against the resolution.
93. The instrument appointing a proxy to vote at a meeting shall be deemed also to confer authority to demand, or join in demanding a poll, and, for the purposes of the last preceding Clause, a demand by a person as proxy for a member shall be the same as a demand by the member. Authority of proxy to demand poll

94. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded. Continuation of meeting despite poll
95. (a) The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the Chairman and notice must be given of a poll not taken immediately. Withdrawal of demand for a poll
- (b) Subject to the Act and Listing Requirements, the Chairman of a meeting can take any action he considers appropriate:-
- (i) For proper and orderly conduct of business at general meetings. This may include, demanding that debate or discussion on any business, question, motion or resolution being ended or that the business, question, motion or resolution be put to a vote of the shareholders; or
- (ii) So that the meeting reflects the wishes of the majority.
- (c) The Board can ask shareholders or proxies wanting to attend a general meeting to submit themselves to searches or other security arrangements which the Board may decide. The Board can, in their discretion, refuse entry to, or remove from, a general meeting, a shareholder or proxy who does not submit to those searches or comply with those security arrangements. Security arrangements may include, shareholders or proxy not being allowed into a general meeting with recording or broadcasting devices or being in possession of any such materials, devices, accessories or publications which the Chairman of the meeting considers as to be dangerous, offensive, or liable to cause disruption.
96. (a) If a poll is duly demanded it shall be taken in such manner as the Chairman directs (including (without limitation) the use of ballot or voting papers or tickets or electronic devices) and he may (and if so directed by the meeting shall) appoint at least one (1) scrutineers (who need not be members) which must not be an officer of the Company or its related corporation, and must be independent for the purposes of a poll, and may adjourn the meeting to a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. Manner of poll
- (b) If any votes shall have been counted which ought not to have been counted, or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting or at any adjournment thereof and unless in the opinion of the Chairman (whose decision shall be final and conclusive) at the meeting or any adjournment thereof as the case may be, it shall be of sufficient importance to vitiate the result of the voting.
97. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall be entitled to a casting vote in addition to any other vote he may have. Chairman's casting vote
98. A poll demanded on any other question shall be taken either forthwith or at such time and place as the Chairman directs not being more than thirty (30) days from the date of the meeting or adjourned meeting at which the poll was demanded, but any poll demanded on the election of a Chairman of a meeting, or on any question of adjournment shall be taken forthwith at the meeting and without adjournment. Time for poll
99. No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case, at least seven (7) clear days' notice shall be given specifying the time and place at which the poll is to be taken. Such notice shall be given (except for the period of notice) as in the case of the meeting at which the poll was demanded or (if such meeting was an adjourned meeting) as in the case of the original meeting. Notice of poll

RIGHTS AND VOTES OF MEMBERS

100. Subject to Clauses 47 and 77 and any special rights or restrictions for the time being attached to any class or classes of shares, at meetings of members or classes of members, each member shall be entitled to be present and to vote at any general meeting of the Company either personally or by proxy or by attorney and to be reckoned in a quorum in respect of shares fully paid and in respect of partly paid shares upon which all calls due to the Company have been paid. Rights and votes of members
101. Subject to Clauses 47 and 77 and any special rights or restrictions as to voting attached to any class or classes of shares by or in accordance with this Constitution, on a show of hands every person present who is a member or proxy or an authorised corporate representative, or holder of preference shares or attorney or other duly authorised representative shall have one (1) vote and in the case of a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for every share held by him upon which all calls due to the Company have been paid. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses on a poll in the same way. Subject to Clauses 47 and 77, the shares held or represented by a member present in person or by proxy or by attorney or other duly authorised representative shall, in relation to shares of a Depositor, be the number of shares entered against his name in the Record of Depositors. Voting rights on a poll and on a show of hands
102. On a poll, votes may be given either personally or by proxy or attorney, and a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. Casting of votes by member
103. (a) A member who is of unsound mind or whose person or estate is liable to be dealt with in any way under the law relating to mental disorder may vote, whether on a show of hands or on a poll, by his committee or by such other person as properly has the management of his estate, and any such committee or other person may vote by proxy or attorney. Evidence to the Directors' satisfaction of the person claiming to exercise the right to vote shall be deposited at the Office, at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll. If this is not done, the right to vote shall not be exercisable. Unsound mind etc.
- (b) The legal personal representative of a deceased member or the person entitled under Clause 46 to any share in consequence of the death or bankruptcy of any member may vote at any general meeting in respect thereof in the same manner as if he was the registered holder of such shares provided that not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, he shall satisfy the Directors of his right to any share in consequence of the death or bankruptcy of any member unless the Directors shall have previously admitted his right to vote in respect thereof.
104. No member shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy or attorney, nor be counted as one of the quorum in respect of any share held by him unless all calls and other moneys presently payable by him in respect of that share have been paid. No vote unless calls paid
105. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the Chairman whose decision shall be final and conclusive. Restriction on objections

106. (a) A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead (whether by a show of hands or poll) and the instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. Appointment of proxies
- (b) In every notice calling a general meeting, there shall appear with reasonable prominence a statement that a member entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy failing which the appointments shall be invalid. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
- (c) Where a member is an Authorised Nominee, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
- (d) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
107. (a) The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Office, or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. The Company may specify a fax number and may specify an electronic address in the notice of meeting, for the purpose of receipt of proxy appointments subject to the rules, regulations and laws at that time specified therein. Instruments of proxy
- (b) The Company shall be entitled and bound:-
- (i) to reject any appointment of proxy if the member is not shown to have any shares entered against his name in the Register and/or subject to Clause 47, the Record of Depositors made available to the Company;
- (ii) to accept as the maximum number of votes which in aggregate the proxy appointed by the member is able to cast on a poll the aggregate number of shares which is entered (i) against the name of that member in the Register and/or, the Record of Depositors made available to the Company or (ii) in the case of a member who is a Depositor and an Authorised Nominee, against the Securities Account number and name of the beneficial owner for whom the Authorised Nominee is acting as shown in the Record of Depositors made available to the Company whether that number is greater or smaller than the number specified in any instrument of proxy executed by or on behalf of that member;
- (iii) where a member of the Company is an Authorised Nominee, to accept the appointment of one (1) proxy in respect of each Securities Account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an Authorised Nominee may be made separately or in one instrument of proxy and specify the Securities Account number and the name of the beneficial owner for whom the Authorised Nominee is acting; and

- (iv) where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

108. The instrument appointing a proxy shall be in the following form or in such other form as the Directors may approve or in any particular case may accept:- Form of proxy

KANGER INTERNATIONAL BERHAD (1014793-D)
(Incorporated in Malaysia)

CDS Account No.	
No. of Shares Held	

I/We, _____, (NRIC No. _____)
of (full address) _____
a member / members of KANGER INTERNATIONAL BERHAD hereby appoint

Name of Proxy <i>(Full Name)</i>	NRIC No./Passport No.	% of Shareholding to be Represented <i>(Refer to Note 2)</i>
Address		

and/or failing him/her

Name of Proxy <i>(Full Name)</i>	NRIC No./Passport No.	% of Shareholding to be Represented <i>(Refer to Note 2)</i>
Address		

or failing him, the **Chairman of the Meeting** as my/our proxy to vote for me/us and on my/our behalf at the Annual/Extraordinary General Meeting of the Company to be held on _____ (*Date & Day*) at _____ (*time*) held at the _____ (*Address*) and/or any adjournment thereof.

Item	Agenda	For	Against

(Please indicate with a "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated _____
Signature(s) of member(s)

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company

- situated at _____ not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
6. Subject to the Constitution, shareholders may deposit the instrument appointing the proxy by electronics means by way of submitting the instrument to the following e-mail address _____ not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
 7. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
 8. In respect of deposited securities, only members whose names appear on the Record of Depositors on _____, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
109. An instrument appointing a proxy shall –
- (a) in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing; and
 - (b) in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with its constitution or by an officer duly authorised on behalf of the corporation.
110. The instrument appointing a proxy shall (where members are to be given an opportunity to instruct the proxy how to vote) be in any form approved by the Directors which enables the members to determine how their votes are to be cast on each of the resolutions comprised in the business of the meeting for which it is to be used.
111. A vote given in accordance with the terms of an instrument of proxy or attorney shall be valid, notwithstanding the previous death or unsoundness of mind of the principal or revocation of the instrument of proxy, or of the authority under which the instrument of proxy was executed, or the transfer of the share in respect of which the instrument of proxy is given provided that no intimation in writing of such death, unsoundness of mind, revocation or transfer shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting (or in the case of a poll, before the time appointed for the taking of the poll) at which the instrument is used.
112. Every power, right or privilege herein given in these presents to any member of the Company to convene, attend, vote and in anyway take part in any meeting of the Company, may be exercised in the event of such member being out of Malaysia by any attorney, whether a member of the Company or not, duly appointed by such member for the purpose, by a power of attorney produced at the Office during business hours not less than two (2) clear days before the same is acted on. And any vote given or things done by such attorney shall be valid notwithstanding the previous death of the member giving such power of attorney or revocation of such power of attorney by other means provided no intimation in writing of such death or revocation shall have been received at the Office before such vote is given or thing done.
113. Subject to the Act, the Listing Requirements and Clause 108, the Directors or any agent of the Company so authorised by the Directors, may accept the appointment of proxy received by electronic communication on such terms and subject to such conditions as they consider fit. The appointment of proxy by electronic communication shall be in accordance with this Constitution.
For the purpose of this Clause, the Directors may require such reasonable evidence they consider necessary to determine:-
- (a) the identity of the member and the proxy; and
 - (b) where the proxy is appointed by a person acting on behalf of the member, the authority of that person to make the appointment.

Instrument of proxy to be duly executed

Proxy form where choice for resolutions

Validity of proxy

Power of Attorney

Appointment of proxy via electronic communication

Without prejudice to this Clause, the appointment of proxy by electronic communication must be received at the electronic address specified by the Company in any of the following sources and shall be subject to any terms, conditions or limitations specified therein:-

- (a) Notice calling the meeting;
- (b) Instrument of proxy sent out by the Company in relation to the meeting; or
- (c) Website maintained by or on behalf of the Company.

An appointment of proxy by electronic communication must be received at the electronic address specified by the Company pursuant to this Clause not less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the form of appointment of proxy proposes to vote, or, in the case of a poll, not less than twenty-four (24) hours before the time appointed for the taking of the poll, as the case may be at which he proposes to vote, and in default the instrument of proxy shall not be treated as valid.

An appointment of proxy by electronic communication which is not made in accordance with this Clause shall be invalid.

REPRESENTATIVES OF CORPORATIONS

114. Any corporation which is a member may by resolution of its board of directors or other governing body authorise such person or persons as it thinks fit to act as its representative at a particular meeting or at all meetings of the Company or of any class of members. Appointment representative
115. (a) A person so authorised shall in accordance with his authority and until his authority is revoked by such corporation be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual member and references to 'duly authorised representative' in this Constitution shall refer to such person so authorised. Authority of representative
- (b) If the corporation authorises more than one (1) person as its representative, every one of the representative is entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if every one of the representative is an individual member of the Company.
- (c) If the corporation authorises more than one (1) person and more than one (1) of the representatives purport to exercise the power on the above:
- (i) where the representatives purport to exercise the power in the same way, the power is treated as exercised in that way; or
 - (ii) where the representatives do not purport to exercise the power in the same way, the power is treated as not exercised.

DIRECTORS

116. The number of Directors including the Managing Director and the Deputy Managing Director, if any, shall not be less than two (2) nor more than twelve (12). All Directors of the Company shall be natural persons. Number of Directors
117. A Director shall not be required a share qualification but nevertheless shall be entitled to attend and speak at any general meeting of the Company. No share qualification

118. The fees of the non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover, and such fee shall be divided amongst the non-executive Directors as they shall determine or failing agreement, equally. The salaries payable to executive Directors, may however, include such percentage of profits as the Directors may determine but shall not in any circumstances include a commission on or percentage of turnover. The Director shall (including alternate directors) also be paid such travelling, hotel or other expenses as may reasonably be incurred by them in the execution of their duties including such expenses incurred in connection with their attendance at meetings of Directors. If by arrangement with the other Directors any Director shall perform or render any duties or services outside his ordinary duties as a Director or shall make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or shall give special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration in a lump sum in addition to his ordinary remuneration. The fees of Directors, and any benefits payable to Directors shall be approved by Members annually at a general meeting.
119. The Directors shall have power at any time to appoint any person a Director either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not be increased beyond the maximum number hereinbefore prescribed. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.
120. Any Director may from time to time appoint any person who is approved by the majority of the Directors to be an alternate or substitute Director provided that such person is not a Director of the Company and does not act as an alternate for more than one Director of the Company. The appointee while he holds office as an alternate or substitute Director, shall be entitled to notice of meetings of the Directors and to attend and vote thereat as a Director. An alternate Director shall receive his remuneration from the Director appointing him and not from the Company unless the Company be instructed in writing by the Director to pay any portion of his remuneration to such alternate Director. Any appointment so made may be revoked at any time by the appointor or by the majority of the other Directors. Any appointment or revocation under this Clause shall be effected by notice in writing to be delivered at the Office of the Company. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.
121. No Director shall be disqualified by his office from holding any office or place of profit under the Company or under any company in which the Company shall be a shareholder or otherwise interested in conjunction with his office of Director (except that of auditor) or from contracting with the Company either as vendor, purchaser, or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or realised by any such contract or arrangement by reason only of such Director holding that office or of the fiduciary relations thereby established provided always that Sections 221, 222 and 228 and all other relevant provisions of the Act and this Constitution are complied with. A Director who is in any way, whether directly or indirectly, interested in a contract entered into or proposed to be entered into by the company, unless the interest is one that need not be disclosed under Section 221 of the Act, shall be counted only to make the quorum at the meeting of the Directors but shall not participate in any discussion while the contract or proposed contract is being considered during the meeting and shall not vote on the contract or proposed contract.
122. Subject to the provisions of the Act, any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director, provided that nothing herein contained shall authorise a Director or his firm to act as auditor of the Company.
123. A general notice given to the Board by a Director to the effect that the Director is an officer or member of a specified corporation or a member of a specified firm and is to be regarded as

Remuneration of
Directors

Appointment by
Board of Directors

Alternate Director

Directors' interest in
contract

Director may act
himself or by his firm
in professional
capacity

Disclosure of interest

interested in any contract which may, after the date of the notice, be made with that corporation or firm shall be deemed to be a sufficient declaration of interest in relation to any contract made if the notice specifies the nature and extent of the Director's interest in the specified corporation or firm and the interest is not different in nature or greater in extent than the nature and extent so specified in the general notice at the time any contract is so made. Such notice shall be of no effect unless the notice is given at a meeting of the Directors or the Director takes reasonable steps to ensure that the notice is brought up and read at the next meeting of the Directors after it is given.

MANAGING DIRECTOR / EXECUTIVE DIRECTOR

124. The Directors may from time to time appoint any one or more of their body to be Managing Director/Deputy Managing Director and/or Executive Director for such period and upon such terms as they think fit and subject to the terms of any agreement entered into, in any particular case, may vest in such Managing Director, Deputy Managing Director or Executive Director as may be appointed by them such of the powers hereby vested in the Directors generally upon such terms and conditions and with such restrictions as they think fit and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers as they think fit provided that no Managing Director or Deputy Managing Director may be appointed for a fixed term exceeding three (3) years. The Managing Director or Deputy Managing Director shall be subject to the control of the Board. Appointment of Managing Director
125. The remuneration of a Managing Director, a Deputy Managing Director and an Executive Director given due to his office as executive or management position, if any, shall be fixed by the Directors and may be by way of salary or commission or participation in profits or otherwise or by any or all of these modes, but shall not be a commission on or percentage of turnover but it may be a term of their appointment that they shall receive pension, gratuity or other benefits upon their retirement. The remuneration of a Director(s) appointed to an executive position under Clause 126 shall be determined by the Board and can either be in addition to or in lieu of his/their fee as a Director. Remuneration of Managing Director
126. The Managing Director or Deputy Managing Director, shall subject to provisions of the contract, if any, between him and the Company, be subject to the same provisions as to retirement by rotation in accordance with this Constitution, resignation and removal as the other Directors of the Company and, if he ceases to hold the office of Director for any cause, he shall ipso facto and immediately cease to be Managing Director or Deputy Managing Director, as the case may be. Resignation and removal of Managing Director

POWERS AND DUTIES OF DIRECTORS

127. The business of the Company shall be managed by, or under the direction of the Directors who may pay all such expenses of and preliminary and incidental to the promotion, formation, establishment and registration of the Company as they think fit, and may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company, and as are not by law or by this Constitution required to be exercised or done by the Company in general meeting, but the exercise of all such powers shall be subject to and in accordance with the provisions of any law and of this Constitution and shall also be subject to and in accordance with any regulations or provisions made by the Company in general meeting, provided that no regulation so passed shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made. Business of Company to be managed by Directors
128. The Directors may from time to time by power of attorney under Seal or such other manner authorised by the Act, appoint any corporation, firm or person or body of persons whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under this Constitution) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney Power to appoint attorneys

as the Directors may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretion vested in him.

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| 129. | Subject to the provisions of the Act, the Directors shall not acquire an undertaking or property of a substantial value or dispose of the whole or substantially the whole of the undertaking of the Company unless approval of the Members at a general meeting has been obtained. | Acquisition and disposal of undertaking or property |
| 130. | The Company may exercise the powers conferred by the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors. | Power to have a Seal for use abroad |
| 131. | The Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality in any part of the world in such manner as they think fit. | Management in specified locality |

DISQUALIFICATION OF DIRECTORS

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| 132. | The office of a Director shall be vacated if the person holding that office:- | Office of Directors how vacated |
| | (a) becomes bankrupt and a receiving order in bankruptcy is made against him during his term of office or he makes any arrangement or composition with his creditors; | |
| | (b) resigns his office by giving a written notice to the Company at the Office; | |
| | (c) has retired in accordance with the Act or this Constitution but is not re-elected; | |
| | (d) is removed from office in accordance with the Act or this Constitution; | |
| | (e) becomes disqualified from being a director under the Act and the Listing Requirements; | |
| | (f) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Mental Health Act 2001; | |
| | (g) dies; and | |
| | (h) is absent from more than 50% of the total Board meetings held during a financial year. | |
| 133. | Any act done in good faith by a Director whose office is vacated as aforesaid shall be valid unless prior to the doing of such act, written notice has been served upon the Directors or an entry has been made in the Directors' minutes book stating that such Director has ceased to be a Director of the Company. | Acts done in good faith by Director whose office is vacated |

ROTATION OF DIRECTORS

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| 134. | An election of Directors shall take place each year. At the Annual General Meeting of the Company where one-third of the Directors for the time being or if the number is not three (3) or a multiple of three (3) then the number nearest one-third shall retire from office provided always that all Directors including a Managing Director or Deputy Managing Director shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. | Rotation and retirement of Directors |
| 135. | The Directors to retire in every year shall subject nevertheless as hereinafter provided, be the Directors who have been longest in office since their last election but as between those who became Directors on the same day, the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment when he has previously vacated office. | Which Directors to retire |
| 136. | The Company at the meeting at which a Director retires may fill the vacated office by electing a person thereto and in default thereof, the retiring Director shall, if offering himself for re- | Filling of vacancy |

election and not being disqualified under the Act from holding office as a Director, be deemed to have been re-elected unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost. A retiring Director shall be deemed to have offered himself for re-election unless he has given notice in writing to the Company that he is unwilling to be re-elected.

137. No person, not being a retiring Director, shall be eligible for election to the office of Director at any general meeting unless a Member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the Office a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such Member to propose him for election, provided that in the case of a person recommended by the Directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the Board shall be served on the registered holders of shares at least seven (7) days before the meeting at which the election is to take place. The cost of serving the notice as aforesaid on the registered holders of shares where the nomination is made by a Member, shall be borne by the Member making the nomination. Notice of intention to appoint Directors
138. The Company may from time to time in general meeting increase or reduce the number of Directors, and determine in what rotation such increased or reduced number is to retire from office. Number of Directors may be increased or reduced
139. The Company may by Ordinary Resolution at a meeting of which special notice has been given in accordance with Section 206 of the Act, remove any Director before the expiration of the Director's tenure of office notwithstanding any provision of this Constitution or of any agreement between the Company and such Director but without prejudice to any claim he may have for damages for breach of any such contract, and may, if thought fit, by Ordinary Resolution of which special notice has been given, appoint any other person as a Director in his place. The person so appointed shall be treated, for the purpose of determining the time at which he or any other Director is to retire, as if he had become a Director on the day on which the person in whose place he is appointed was last appointed a Director. In default of such appointment the vacancy so arising may be filled by the Directors as a casual vacancy. Removal of Director

PROCEEDINGS OF DIRECTORS

140. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meeting as they think fit and determine the quorum necessary for the transaction of business. Meeting of the Directors may be held in or outside Malaysia. Until otherwise determined, two (2) Directors for the time being shall form a quorum and a meeting of the Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under this Constitution for the time being vested in or exercisable by the Directors generally. Directors' meetings and quorum
141. On the request of a Director, the Secretary shall at any time summon a meeting of the Directors by notice served upon every Director who is in Malaysia. Notice of every meeting of Directors shall be given in writing and shall be served on each Director entitled to receive the notice either personally or by other forms of electronic communications or sending it by post to him at his registered address for the service of such notice. Notice calling meeting of Directors
142. The Directors may from time to time elect and remove a chairman and a deputy chairman from amongst themselves and they shall determine the period for which they are to hold office but if no chairman or deputy chairman is elected or if at any meeting of Directors the chairman or the deputy chairman (if any) is not present within fifteen (15) minutes after the time appointed for holding the same, the Directors present shall choose one (1) of their number to be chairman of such meeting. Chairman and deputy chairman of Directors
143. Subject to the provisions of this Constitution, question arising at any meeting shall be decided by a majority of votes of the Directors present, each Director having one (1) vote. In case of Chairman has casting vote

an equality of votes, the chairman shall have a second or casting vote provided always that the chairman of a meeting at which only two (2) Directors are present or at which only two (2) Directors are competent to vote on the questions at issue shall not have a second or casting vote.

144. A member of the Board, or a committee of the Directors, may participate in a meeting of the Board or the committee of the Directors by means of a conference telephone, electronic or any communication facilities which allows all persons participating in the meeting to hear each other. A participant shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly notwithstanding the fact that he is not physically present at the venue where the meeting is to be held. The meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
145. The remaining Directors may continue to act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to this Constitution as the necessary quorum of meetings of Directors, the remaining Director(s) may, except in an emergency, act only for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company but for no other purpose.

Meetings by means of conference telephone, electronic or any communication facilities

Remaining Directors may act notwithstanding vacancy

COMMITTEES OF DIRECTORS

146. The Directors may establish any committees, local boards or agencies for managing any of the affairs of the Company, either in Malaysia or elsewhere, and may lay down, vary or annul such rules and regulations as they may think fit for the conduct of the business thereof, and may appoint any person or persons to be the member or members of any such committee or local board or agency and may fix their remuneration and may delegate to any such committee or local board or agency any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and may authorise the member or members of any such committee or local board or agency or any of them, to fill any vacancies therein, and to act notwithstanding vacancies, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no persons dealing in good faith and without notice of any such annulment or variation shall be affected thereby.
147. Subject to any rules and regulations made under the provision of this Clause, a committee may meet and adjourn as it thinks proper and questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the Chairman shall have a second or casting vote except where only two members of the committee are competent to vote on the question at issue or are the quorum present at the meeting.
148. A committee may elect a Chairman of its meeting; if no such Chairman is elected, or if at any meeting the Chairman is not present within ten minutes after the time appointed for holding the meeting, the members present may choose one of their number to be Chairman of the meeting.

Committees

Meetings of committees

Chairman of committee

VALIDATION OF ACTS OF DIRECTORS

149. All acts done at any meeting of the Directors, or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or person acting as aforesaid, or that they or any of them were disqualified, or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director.

Validity of acts of Directors and committee

DIRECTORS' CIRCULAR RESOLUTION

150. A resolution in writing signed or approved by a majority of the Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. All such resolutions shall be described as "Directors' Circular Resolutions" and may consist of several documents in like form each signed by one or more Directors or their alternates and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the minutes book of board proceedings. A Directors' Circular Resolution shall be inoperative if it shall purport to authorise or to do any act which a meeting of Directors has decided shall not be authorised or done, until confirmed by a meeting of the Directors. The expressions of "in writing" or "signed" include approval by legible confirmed transmission by facsimile or other forms of electronic communications. Resolution in writing binding
151. The meetings and proceedings of any such committee of Directors, if consisting of two (2) or more members shall be governed by the provisions of this Constitution for regulating the meetings and proceedings of the Directors so far as the same are applicable and are not superseded by any regulations made by the Directors under this Constitution. Meeting and proceedings of a committee
152. In the case of a committee of Directors consisting of three (3) or more members, questions arising at any meeting shall be determined by a majority of votes of the members present, and in case of any equality of votes the chairman of such meeting shall have a second or casting vote and in the case of a committee of Directors consisting of two (2) members only the decision be arrived at in such manner as shall be determined by regulations by the Directors. Decision by a committee

BORROWING POWERS

153. The Directors may from time to time at their discretion raise or borrow for the purpose of the Company such sums of moneys as they think proper. The Directors shall not borrow any money or mortgage or charge any of the Company's or its subsidiaries' undertaking, property or any uncalled capital, or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party. Power to borrow
154. The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture stock or any mortgage, charge or other security on the undertaking or the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being. Conditions on which money may be borrowed
155. The Company may in general meeting grant a right for the holders of bonds, debentures, debenture stock or securities to exchange the same for the shares in the Company authorised to be issued. Exchange for shares
156. Subject as aforesaid, the Directors may secure or provide for the payment of any moneys to be borrowed or raised by mortgage of or charge upon all or any part of the undertaking or property of the Company, both present and future, and any capital remaining unpaid upon shares of the Company, whether called up or not or by any other security, and the Directors may confer upon any mortgagees or persons in whom any debentures, debenture stock or security is vested, such rights and powers as they think necessary or expedient; and they may vest any property of the Company in trustees for the purpose of securing any money so borrowed or so raised, and confer upon the trustees or any receiver to be appointed by them or by any debenture holder, such rights and powers as the Directors may think necessary or expedient in relation to the undertaking or property of the Company, or the management, or the realisation thereof, of the making, receiving or enforcing of calls upon the Members in respect of unpaid capital and otherwise, and may make and issue debentures to trustees for the purpose of further security, and any such trustees may be remunerated. Nature of security

157. The Directors may give security for the payment of any moneys payable by the Company in like manner as for the payment of money borrowed or raised, but in such case the amount shall be reckoned as part of the money borrowed. Security for payments due
158. Debentures, debenture stock or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Securities may be assignable free from equities
159. Any debentures, debenture stock, bonds or other securities may be issued with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise. Securities may be issued with special privileges
160. If the Directors or any of them, or any other persons shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability. Power of Directors to indemnify out of Company asset
161. The Directors shall cause proper register to be kept in accordance with the provisions of the Act of all charges specifically affecting the property of the Company and all floating charges on the undertaking or any property of the Company and shall duly comply with the requirements of the Act in regard to the registration of charges therein specified and otherwise. Register of charges to be kept

MINUTES

162. The Directors shall cause minutes to be duly entered in books provided for the purposes:- Minutes
- (a) of all appointments of officers made by the Directors;
- (b) of all the names of the Directors present at each meeting of the Directors and of any committee of Directors;
- (c) of all resolutions and proceedings of all meetings of the Company and of any class of Members, of the Directors and of any committee of Directors; and
- (d) of all orders made by the Directors and committee of Directors.
163. The record of proceedings of a meeting of the Directors or of any committee, or a meeting of Members, purporting to be signed by the chairperson of that meeting or by the chairperson of the next meeting is sufficient evidence of the proceedings at the meeting. Signature on record of proceedings

COMMON SEAL AND SHARE SEAL

164. (a) Subject to the Act and the Listing Requirements, the Directors may adopt a Common Seal and/or a Share Seal for use by the Company, and if so adopted, the name of the Company and its registration number shall be engraved in legible romanised characters on the seal. The Company's existing Common Seal and Share Seal adopted and in force and operative prior to the commencement of the Act and the adoption of this Constitution shall have effect as if made and adopted under this Constitution and the Act. Seal
- (b) The Directors shall provide for the safe custody of the Common Seal and Share Seal of the Company which shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors on that behalf, and every instrument to which the Common Seal and Share Seal of the Company shall be affixed shall be signed by at least two authorised officers, one of whom shall be a Director and another counter-signatory shall be either the Secretary or a second Director or by some other person appointed by the Directors for the purpose, save and except that the Directors may by resolution determine, either generally or in any particular case, Custody and use of Seal

that any such signature may be affixed by some mechanical means to be specified in such resolution, provided that the use of such means is by such resolution restricted to a certificate or other document of title in respect of any share, stock, debenture or other marketable security created or issued by the Company to be given under the Common Seal or Share Seal of the Company. A document may also be executed in accordance with Section 66(2) of the Act and such execution shall have the same effect as if the document is executed under the Common Seal or Share Seal of the Company.

SECRETARY

165. (a) The Secretary or Secretaries shall, in accordance with the Act, be appointed by the Directors for such term, at such remuneration, and upon such conditions as the Directors think fit and any Secretary or Secretaries so appointed may be removed by them. The Directors may from time to time by resolution appoint a temporary substitute for the Secretary or Secretaries who shall be deemed to be the Secretary during the term of his appointment. Appointment of Secretary('ies')
- (b) The Secretary may resign from his office in accordance with the Act and any resignation shall be effective within thirty (30) days of the notice of resignation. The Board shall appoint another person as Secretary within thirty (30) days of receipt of the outgoing Secretary's notice of resignation in compliance with the Act. Resignation of Secretary

AUTHENTICATION OF DOCUMENTS

166. Any Director or the Secretary of the Company or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the Constitution of the Company including (without limitation): Power to authenticate
- (a) any documents affecting the Constitution;
- (b) any minutes of or resolutions passed by the Company, the Directors, any committee of Directors or any local board; and
- (c) any books, records, documents and accounts relating to the Company's business, and to certify copies of or extracts from them as true copies or extracts.
167. Any authentication or certification of such Constitution, minutes, resolutions, extracts from the minutes or resolutions, books, records, documents, accounts or any other documents affecting the Constitution of the Company in accordance with the provisions of this Clause shall be conclusive evidence to the extent of the authentication or certification in favour of all persons dealing with the Company in reliance on it. Conclusive evidence

DIVIDENDS AND RESERVE FUND

168. The Directors may subject to the Act, from time to time declare dividends, if the Company is solvent, but no such dividend shall be payable except out of profits of the Company, provided that the Directors may, if they think fit, from time to time pay to the Members such interim dividends as appear to them to be justified by the profits of the Company. No higher dividend shall be paid than is recommended by the Directors. The Directors may only authorise the payment of any dividends (including interim dividends) if they are satisfied that the Company will in accordance with the Act, be solvent immediately after the payment of dividends is made. Dividends
169. Subject to the provisions contained and to the rights of Members whose shares have been issued with special rights as to dividend, every dividend shall be paid to the Members in proportion to the amounts paid up on their shares. For the purposes of this Clause, no amount paid on a share in advance of calls shall be treated as paid up on such share. Where capital is paid up during a period in respect of which a dividend is declared such capital shall entitle the Dividends in proportion to amounts paid up

- holder, unless otherwise provided as to the term of the issue, only to an apportioned amount of such dividend as from the date or dates of payment of such capital.
170. The Directors may, before recommending any dividend, set aside, out of the profits of the Company, such sums as they think proper as a reserve fund or reserve funds, which shall, at the discretion of the Directors, be applicable for meeting contingencies, or for the purchase of the Company's own shares, or for the gradual liquidation of any debt or liability of the Company, or shall, with the sanction of the Company in general meeting be, as to the whole or in part, applicable for equalising dividends, or for distribution by way of bonus among the Members and Directors of the Company for the time being on such terms and in such manner as the Company in general meeting shall from time to time determine, and pending such application, the Directors may employ the sums from time to time so set apart as aforesaid in the business of the Company, or invest the same in such securities as they may select with full power to employ the assets constituting the reserve fund in the business of the Company and without being bound to keep them separate from the other assets. The Directors may also from time to time carry forward such sums as may be deemed expedient in the interests of the Company.
171. Any general meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets, including treasury shares (as defined in the Act) in the Company, and/or paid up shares, stock, debentures or debenture stock of any other company, or in any one or more of such ways.
172. The Directors may retain any dividends on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists as hereinbefore provided by this Constitution.
173. The Directors may retain the dividends payable on shares in respect of which any person is under the provisions as to the transmission of shares hereinbefore contained entitled to become a Member or which any person under those provisions is entitled to transfer until such person shall become a Member in respect of such shares or shall duly transfer the same. No such dividend shall bear interest as against the Company.
174. When a share is issued after the commencement of any financial year it shall, unless otherwise provided by the terms of issue, rank *pari passu* with previously issued shares as regards any dividend subsequently declared in respect of such year.
175. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer, provided that any dividend declared on Deposited Securities shall accrue to the Depositors whose names appear on the Record of Depositors issued to the Company or its share registrar pursuant to the Rules.
176. All dividends unclaimed for one (1) year after being payable may be dealt with in accordance with the provisions of the Unclaimed Moneys Act 1965.
177. Every dividend shall belong and be paid (subject to the Company's lien) to those Members who shall be on the Register of Members and/or the Records of Depositors at the date fixed for the payment of such dividend, notwithstanding any subsequent transfer or transmission of shares.
178. The Directors may deduct from the dividends payable to any Member all such sums as may be due from him to the Company on account of calls or otherwise.
179. Unless otherwise directed by the Company in general meeting, any dividend, interest or other money payable in cash in respect of shares or Securities may be paid by banker's draft, money order, cheque, telegraphic transfer or electronic transfer and unpaid dividend to bear no interest

Creation of reserve fund and distribution of bonus

Dividends paid by distribution in specie

Debts may be deducted from dividends

Retention of dividend

Ranking for dividend

Right to dividend in respect of a transferred share

Unclaimed dividends

Register

Deduction

Payment by banker's draft, money order, cheque, telegraphic transfer or electronic transfer and unpaid dividend to bear no interest

such account as designated by such Member or the person entitled. Every such banker's draft, money order, cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be made payable to the order of the person to whom it is sent. No unpaid dividend or unpaid interest shall bear interest as against the Company.

180. The banker's draft, money order, cheque or warrant, telegraphic transfer, electronic transfer or remittance shall operate as a good and full discharge to the Company in respect of the payment represented thereby, notwithstanding that in the case of payment by banker's draft, money order, cheque or warrant, it may be subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such banker's draft, money order, cheque or warrant or telegraphic transfer or electronic transfer or remittance shall be sent at the risk of the person entitled to the money thereby represented.
- Company not responsible for loss in post or telegraphic transfer or electronic transfer

CAPITALISATION OF PROFITS AND RESERVES

181. Subject to the Act and the Listing Requirements, the Company may, upon the recommendation of the Directors, by Ordinary Resolution resolve that it is desirable to capitalise any sum for the time being standing to the credit of any of the Company's reserve accounts or any sum standing to the credit of the profit and loss account or otherwise available for distribution, provided that such sum be not required for paying the dividends on any shares carrying a fixed cumulative preferential dividend and accordingly that the Directors be authorised and directed to appropriate the sum resolved to be capitalised for distribution amongst the Members holding shares in the Company in the proportions in which such sum would have been divisible amongst them had the same been applied or been applicable in paying dividends and to apply such sum on their behalf either in or towards paying up the amounts (if any) for the time being unpaid on any shares held by such Members respectively, or in paying up in full unissued shares or debentures of the Company to be allotted and distributed and credited as fully paid up to and amongst such Members in the proportion aforesaid or partly in one way and partly in the other.
- Power to capitalise profits
182. Whenever such a resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the sum resolved to be capitalised thereby and all allotments and issues of fully paid shares or debentures (if any) and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision by way of crediting the Securities Account of the allottees with such shares or by payment in cash or otherwise as they think fit for the case of shares or debentures becoming distributable in fractions and also to authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the sum resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares and any agreement made under such authority shall be effective and binding on all such Members.
- Implementation of resolution to capitalise profits

ACCOUNTS

183. The Directors and managers of the Company shall cause to be kept such accounting and other records as are necessary to comply with the provisions of the Act and shall cause those records to be kept in such manner as to enable them to be conveniently and properly audited.
- Directors to keep proper accounts
184. Subject to the provision of Section 245 of the Act, the accounting and other records shall be kept at the Office or at such other place or places as the Directors think fit. No Member (other than a Director) shall have any right of inspecting such accounting and other records of the Company except as is conferred by law or authorised by the Directors or by an Ordinary Resolution of the Company.
- Location and inspection
185. In accordance with the provisions of the Act and the Listing Requirements, the Directors shall cause to be prepared and to be laid before the Company in general meeting such financial
- Presentation of financial statements

statements and Directors' report. The interval between the close of the financial year of the Company and the issue of the audited financial statements together with the Directors' and Auditors' Reports shall not exceed four (4) months or such time frame as may from time to time be determined under the Act or the Listing Requirements.

186. A copy of every audited financial statements which is to be laid before a general meeting of the Company (including every document required by the Act or the Listing Requirements to be annexed thereto) together with a copy of the Auditors' Report relating thereto and of the Directors' Report, in printed form or in CD-ROM form or in such form of electronic means or any combination thereof, shall at least twenty-one (21) days before the date of the meeting be sent to every Member and every holder of debentures (if any) of the Company, every auditor of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or this Constitution; provided that this Clause shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or the person entitled thereto in consequence of the death or bankruptcy of the holder or otherwise but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the Office.
- Copies of financial statements

AUDITORS

187. Auditors shall be appointed and their duties regulated in accordance with the Act.
188. Subject to the provisions of the Act all acts done by any person acting as an auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment.
- Appointment of auditors
- Validity of acts of auditors in spite of some formal defect

NOTICES

189. Subject to the Act and any regulations made thereunder and the Listing Requirements, a notice or documents (including Annual Report) which is required or permitted to be given, sent or served under the Act or under this Constitution by the Company or the Secretary, may be given, sent or served in the following manner:-
- Service of notices
- (a) if in hard copy or in the form of electronic media (including compact disc read-only memory or digital video disc read-only memory), by serving such notice or documents either personally, or through the post in prepaid letter or through airmail for such address outside Malaysia:-
- (i) to the Member at his last known address provided to the Company;
 - (ii) to Director at the address as appearing in the Register of Directors; and
 - (iii) to the auditor at the last known address provided to the Company.
- (b) if in electronic mail or other electronic means:-
- (i) by serving such notice or documents to the last known Electronic Address as provided by the Member, the Directors and auditor to the Company for such purpose, or through any other electronic means or form of electronic transmission; or
 - (ii) by publication of the notice or documents on the Company's website, provided that a notification in writing to the Members, Directors and auditor of such publication and the designated website address where such notice or documents may be downloaded via hard copy or electronic email or short messaging service has been given in accordance with the Act and Listing Requirements; or

- (iii) by using any other electronic platform maintained by the Company or third parties that can host the information in a secure manner for access by Members provided that a notification of the publication or availability of the notice or document on the electronic platform via hard copy or electronic mail or short messaging service has been given to them accordingly;

provided always that if the notices or documents are sent by electronic means, any Member may request for a hardcopy of the notices or documents at the Office.

- (c) Any notice or document shall be made available on the website throughout the period beginning from the date of the notification referred to in Clause 77 until the conclusion of the meeting.
- (d) Where it relates to documents required to be completed by members/ securities holders for a rights issue or offer for sale, the Company must send these documents through electronic mail, in hard copy or in any other manner as the Exchange may prescribe from time to time.

190. A Member's address, Electronic Address and any other contact details provided to Depository shall be deemed as the last known address, Electronic Address and contact details respectively for purposes of communication including but not limited to service of notices and/or documents to the Member. Last known address for service

191. A person entitled to a share in consequence of the death or bankruptcy of a Member or otherwise upon supplying to the Company and the Depository such evidence as the Directors may reasonably require and as the Depository may require to show his title to the share, and upon supplying also an address for the service of notice, shall be entitled to have served upon him at such address any notice or document to which the Member but for his death or bankruptcy or otherwise would be entitled and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share. Save as aforesaid any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of this Constitution shall (notwithstanding that such Member be then dead or bankrupt or otherwise not entitled to such share and whether or not the Company have notice of the same) be deemed to have been duly served in respect of any share registered in the name of such Member. Service of notices after death etc. of a Member

192. Any notice or document shall be deemed to have been served by the Company:- When service effected

- (a) where the notice or document is sent in hard copy by post and whether by airmail or not, on the day following that on which the envelope or wrapper containing the same is posted, and in proving such service by post it shall be sufficient to prove that the letter or wrapper containing the same was properly addressed and put into the post office as prepaid letter or wrapper.
- (b) where the notice or document is sent by electronic means:-
 - (i) via electronic form, at the time of transmission to a Member's Electronic Address pursuant to Clause 189(b)(i), provided that the Company has record of electronic communication being sent and that no written notification of delivery failure received by the Company; or
 - (ii) via publication on the Company's website, on the date the notice or document is first made available on the Company's website provided that the notification on the publication of notice or document on the website has been given pursuant to Clause 189(b)(ii); or

- (iii) via electronic platform maintained by the Company or third parties, on the date the notice or document is first made available thereon provided that the notification on the publication or availability of the notice or document on the relevant electronic platform has been given pursuant to Clause 189(b)(iii).

In the event that service of a notice or document pursuant to Clause 189(b) is unsuccessful, the Company must, as soon as practicable from discovery of delivery failure, make alternative arrangements for service by serving the notice or document in hard copy in accordance with Clause 189(a).

193. Notice of every general meeting shall be given in manner hereinbefore authorised to:-

Notice of General Meeting

- (a) every Member at his registered address as appearing in the Record of Depositors;
- (b) the Directors;
- (c) the auditor for the time being of the Company;
- (d) every person entitled to a share in consequence of the death or bankruptcy or otherwise of a Member who but for the same would be entitled to receive notice of the meeting; and
- (e) the Exchange.

Save as otherwise provided in this Constitution or in the Act, no other person shall be entitled to receive notice of general meetings.

WINDING UP

194. If the Company is wound up (whether the liquidation is voluntary, under supervision, or by the Court) the liquidator may, with the authority of a Special Resolution, divide amongst the Members in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of property of the same kind or shall consist of properties of different kinds and may for such purpose set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how much division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like authority, vest the whole or any part of the assets in trustees upon such trusts for the benefit of Members as the liquidator with the like authority thinks fit and the liquidation of the Company may be closed and the Company dissolved but so that no Member shall be compelled to accept any shares or other securities in respect of which there is a liability.

Distribution of assets in specie

195. Save that this Constitution shall be without prejudice to the rights of holders of shares issued upon special terms and conditions the following provisions shall apply:-

Distribution of assets

- (a) If the Company shall be wound up and the assets available for distribution among the Members as such shall be insufficient to repay the whole of the paid up capital such assets shall be distributed so that as nearly as may be the losses shall be borne by the Members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively; and
- (b) If in the winding up the assets available for distribution among the Members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed among the Members in proportion to the capital paid up, at the commencement of the winding up, on the shares held by them respectively.

SECURITY CLAUSE

196. Save as may be expressly provided by the Act and any applicable law, no Member shall be entitled to enter into or upon or inspect any premises or property of the Company nor to require discovery of any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which, in the opinion of the Directors, it would be inexpedient in the interests of the Members of the Company to communicate to the public.

Secrecy clause

INDEMNIFICATION

197. Subject to the provisions of the Act and any other applicable laws, every Director, auditor, Secretary or other officers (as defined in the Act) for the time being shall be entitled to be indemnified out of the assets of the Company against any liability incurred or sustained by him in or about the execution of his duties of his office or otherwise in relation thereto, and the Company may effect insurance for such persons against such liability.

Indemnity and insurance of the Company's officers and auditor

BILLS, NOTES, CHEQUES AND RECEIPTS

198. All cheques, promissory notes, draft, bills of exchange and other negotiable instrument and all receipts after money paid to the Company shall be signed, drawn, accepted, ordered or otherwise executed, as the case may be, in such manner as the Directors from time to time determine.

ALTERATION OF CONSTITUTION

199. Subject to the Act and the Listing Requirements, the Company may by Special Resolution alter or amend any of these Clauses of the Constitution.

EFFECT OF THE LISTING REQUIREMENTS

200. (a) Notwithstanding anything contained in this Constitution, if the Listing Requirements prohibit an act being done, the act shall not be done.
- (b) Nothing contained in this Constitution prevents an act being done that the Listing Requirements require to be done.
- (c) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
- (d) If the Listing Requirements require this Constitution to contain a provision and it does not contain such a provision, this Constitution is deemed to contain that provision.
- (e) If the Listing Requirements require this Constitution not to contain a provision and it contains such a provision, this Constitution is deemed not to contain that provision.
- (f) If any provision of this Constitution is or becomes inconsistent with the Listing Requirements, this Constitution is deemed not to contain that provision to the extent of the inconsistency.
- (g) Notwithstanding anything contained in this Constitution, nothing herein contained shall prevent the Directors from applying to the Exchange for a waiver from compliance or observance of any of the Listing Requirements. In the event the compliance or observance of such Listing Requirements are waived by the Exchange, the Company shall not be required to comply with any of the Clauses relating to those Listing Requirements in respect of which compliance or observance has been waived by the Exchange.