



康尔国际
KANGER INT'L

KANGER INTERNATIONAL BERHAD
[Registration No.: 201201030306 (1014793-D)]



ANNUAL REPORT 2019

Corporate Information	4
Group Corporate Structure	5
Corporate Milestones	6
Board of Directors' Profile	7
Key Senior Management's Profile	8
Chairman's Statement	21
Management Discussion and Analysis	24
Corporate Social Responsibility Statement	31
Corporate Governance Overview Statement	32
Sustainability Statement	49
Statement on Risk Management and Internal Control Statement	55
Audit Committee Report	58
Additional Compliance Information Disclosures	61
Statement of Directors' Responsibility in relation to the Financial Statements	62
Financial Reports	63
List of Properties	170
Analysis of Shareholdings	171

CONTENTS





OUR
PRODUCTS



ACHIEVE **PERFECTION,**
QUALITY FIRST

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 cum Deputy Chairman)

Wu Wai Kong
(Executive Director)

Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi
(Executive Director)

Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail
(Executive Director)

Chong Amita
(Non-Independent Non-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)

Lim Yong Lee
(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)

Lim Yong Lee
(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 Chairman)

Leng Xingmin (冷醒民)
(Member/Managing Director cum Deputy Director)

NOMINATION COMMITTEE

Lim Yong Lee
(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)

SHARE ISSUANCE SCHEME COMMITTEE

Leng Xingmin (冷醒民)
(Chairman/Managing Director cum Deputy Chairman)

Wu Wai Kong
(Member/Executive Director)

COMPANY SECRETARY

Wong Yuet Chyn
(MAICSA 7047163)
(SSM PC No. 202008002451)

PRINCIPAL PLACE OF BUSINESS/MANAGEMENT OFFICE

K-3-12 & K-3-13
Solaris Mont Kiara
No. 2, Jalan Solaris, Mont Kiara
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Malaysia
Tel. : (603) 6413 0143
Fax. : (603) 6413 0143
Email : jw@kangergroup.com
Website : www.krbamboo.com

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

AUDITORS

Messrs Ong & Wong (AF 0241)
Chartered Accountants
Unit C-20-5, 20th Floor, Block C
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

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia
Securities Berhad
Stock Name: KANGER
Stock Code : 0170
Listed on 23 December 2013



GROUP CORPORATE STRUCTURE



CORPORATE MILESTONES

2004	<ul style="list-style-type: none"> Established Shenzhen Kanger Bamboo Wood Co., Ltd
	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Invented interlocking system which enables easy installation for some bamboo flooring products
2008	<ul style="list-style-type: none"> 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 of compliance with European Union legislation
2009	<ul style="list-style-type: none"> Obtained trademark registration for 'Kanger' brand from State Administration for Industry and Commerce of the People's Republic of China
2010	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Obtained trademark registration for 'KAR Masterpiece' brand Established first 'KAR Masterpiece' retail store in Shenzhen, People's Republic of China
2013	<ul style="list-style-type: none"> Listed on the ACE Market of Bursa Malaysia Securities Berhad
2014	<ul style="list-style-type: none"> Launched new series of high-end flooring products under its brand 'KAR ACE' and awarded 14 'KAR ACE' dealership in China in 2014
2016	<ul style="list-style-type: none"> Set up trading company in Hong Kong under Kanger Trading (HK) Co. Limited Launched new series of bamboo furniture products
2018	<ul style="list-style-type: none"> Signed distributorship agreement with Classen International GmbH to act as exclusive distributor for CLASSEN's products in China
2020	<ul style="list-style-type: none"> Signing of two separate lease agreements with Ganzhou Jiache Automobile Trading Co. Ltd. and Ganzhou Fuying Kaili Hotel Management Co. Ltd. (collectively referred to as "Lessees") for the lease of a six-storey commercial building (AutoCity Building) and a nineteen-storey commercial building (Hotel Commercial Building) respectively, to these Lessees.



BOARD OF
DIRECTORS'
PROFILES

BOARD OF DIRECTORS' PROFILE

YANG MULIA DATO' PADUKA SHARIPAH HISHMAH BINTI DATO' SAYED HASSAN

Age	67
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 or listed corporation	Nil
Any family relationships with our Directors and/or major shareholders	Mother of Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail, Executive Director
Any conflict of interests with our Group	Nil
Interest in securities	<p>Direct interest: 200,000 ordinary shares</p> <p>Indirect interest: 16,640,000 ordinary shares held by her spouse</p>
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	6 out of 6

Board of Directors' Profile (cont'd)

Y.BHG. DATO' KUAN AH HOCK

Age	56
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 or listed issuers	Nil
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Interest in securities	52,393,400 ordinary shares (Deemed interests in shares held by Setiakon pursuant to Section 8 of the Companies Act 2016)
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	3 out of 6

Board of Directors' Profile
(cont'd)

LENG XINGMIN (冷醒民)

<p>Age</p> <p>Gender</p> <p>Nationality</p> <p>Qualification</p> <p>Position on our Board</p> <p>Date first appointed to our Board</p> <p>Membership of our Board Committees</p> <p>Working experience</p> <p>Occupation</p> <p>Any other directorships in public companies or listed corporation</p> <p>Any family relationships with our Directors and/or major shareholders</p> <p>Any conflict of interests with our Group</p> <p>Interest in securities</p> <p>Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any</p> <p>No. of Board meetings attended in the financial year</p>	<p>49</p> <p>Male</p> <p>Chinese (People's Republic of China)</p> <p>Diploma in Business Administration from the Nanchang University (南昌大学), China</p> <p>Managing Director cum Deputy Chairman</p> <p>6 February 2013</p> <p>Member of Remuneration Committee</p> <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> <p>Company Director</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>116,242,091 ordinary shares</p> <p>Nil</p> <p>3 out of 6</p>
---	--

Board of Directors' Profile (cont'd)

YANG MULIA SYED HAZRAIN BIN SYED RAZLAN JAMALULLAIL

Age	41
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 KassimChan 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 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 or listed issuers	OCK Group Berhad
Any family relationships with our Directors and/or major shareholders	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	1,318,190 ordinary shares
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	6 out of 6

Board of Directors' Profile
(cont'd)

CHONG AMITA

Age	35
Gender	Male
Nationality	Malaysian
Qualification	LLB (Hons) Cardiff University, Wales, United Kingdom
Position on our Board	Non-Independent Non-Executive Director
Date first appointed to our Board	1 June 2014
Membership of our Board Committees	Nil
Working experience	He is a Director of Kanger Development (M) Sdn. Bhd. (formerly known as KAR Masterpiece Sdn. Bhd.), a wholly owned subsidiary of Kanger International Berhad from 7 June 2010 to 13 January 2020. 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 or listed corporation	Nil
Any family relationships with our Directors and/or major shareholders	Son of the late Madam Lim Lai Choy, a substantial shareholder of the Company
Any conflict of interests with our Group	Nil
Interest in securities	Direct interest: 1,200,024 ordinary shares Indirect interest: 600,000 ordinary shares held through his spouse
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	5 out of 6

Board of Directors' Profile (cont'd)

Y.BHG. DATUK SERI DR. MD. ZABID BIN HAJI ABDUL RASHID

Age	64
Gender	Male
Nationality	Malaysian
Qualification	Bachelor of Science in Agribusiness, Universiti Pertanian Malaysia Masters of Science, University of London Diplome Etude Approfondie and Doctor of Science in Management, University of Aix-Marseille, France Fellow, CPA Australia (FCPA) Chartered Accountant, the Malaysian Institute of Accountants
Position on our Board	Independent Non-Executive Director
Date first appointed to our Board	6 February 2013
Membership of our Board Committees	Chairman of Audit Committee Member of Nomination Committee
Working experience	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, Prof. 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.
Occupation	CEO, Yayasan Pendidikan Tun Abdul Razak (PINTAR)
Any other directorships in public companies or listed issuers	Nil
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Interest in securities	Nil
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	6 out of 6

Board of Directors' Profile
(cont'd)

Y.BHG. DATO' HAJI MARKIMAN BIN KOBIRAN

Age	62
Gender	Male
Nationality	Malaysian
Qualification	Bachelor 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 of 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 or listed corporation	Tri-Mode System (M) Berhad
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Interest in securities	125,000 ordinary shares
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	5 out of 6

Board of Directors' Profile (cont'd)

WU WAI KONG

<p>Age</p> <p>Gender</p> <p>Nationality</p> <p>Qualification</p> <p>Position on our Board</p> <p>Date first appointed to our Board</p> <p>Membership of our Board Committees</p> <p>Working experience</p>	<p>36</p> <p>Male</p> <p>Malaysian</p> <p>International Financial Management Association International Financial Manager Program, Shanghai, China</p> <p>Executive Director</p> <p>25 October 2019</p> <p>Nil</p> <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-charge of all operational areas such as purchasing, production, delivery and ensuring the smooth running of daily operations and resolving issues while supervising and monitoring 50 employees in the 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>
<p>Occupation</p> <p>Any other directorships in public companies or listed issuers</p> <p>Any family relationships with our Directors and/or major shareholders</p> <p>Any conflict of interests with our Group</p> <p>Interest in securities</p> <p>Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any</p> <p>No. of Board meetings attended in the financial year</p>	<p>Assistant General Manager, PBA (China) Co. Ltd. by PBA Group Singapore Partner, China Economy Financial Holding Co. Ltd.</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Direct interest: 206,745,300 ordinary shares Indirect interest: 2,580,000 ordinary shares held through his direct family members</p> <p>Nil</p> <p>3 out of 5 (<i>prior to his resignation as Independent Non-Executive Director on 16 July 2019 and his appointment as Executive Director on 25 October 2019</i>)</p>

Board of Directors' Profile
(cont'd)

KENNETH HOOI CHI-KIN @ ZARIF KENNETH HOOI, CFA

<p>Age</p> <p>Gender</p> <p>Nationality</p> <p>Qualification</p> <p>Position on our Board</p> <p>Date first appointed to our Board</p> <p>Membership of our Board Committees</p> <p>Working experience</p> <p>Occupation</p> <p>Any other directorships in public companies or listed corporation</p> <p>Any family relationships with our Directors and/or major shareholders</p> <p>Any conflict of interests with our Group</p> <p>Interest in securities</p> <p>Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any</p> <p>No. of Board meetings attended in the financial year</p>	<p>47</p> <p>Male</p> <p>Malaysian</p> <p>Bachelor of Business (Accountancy) RMIT University, Melbourne, Australia Additional Specialisation in Economics & Finance CFA Charterholder, CFA Institute, USA Certified Practising Accountant, CPA Australia</p> <p>Executive Director</p> <p>25 October 2019</p> <p>Nil</p> <p>Mr. Hooi has more than two decades experience in the fields of Corporate Finance, Strategic Advisory Services and Mergers & Acquisitions. From 2004 to 2014, he was the Senior Partner and Associate Director respectively at Najadi & Partners Ltd. and AIAK Capital Ltd., focusing on cross-border investments and corporate fund-raising, advising mainly Middle Eastern clients. He also played a key role in advising and securing offshore investment and commercial banking licences for several clients.</p> <p>Prior to that, he was attached to the Corporate Finance Divisions of Arthur Andersen and Ernst & Young in Kuala Lumpur, Malaysia where he last served in the position of Senior Manager, Corporate Finance in 2004. During his time there, he was primarily involved in M&A, corporate and financial restructuring of numerous public listed companies, reverse takeovers, privatisation & corporatisation exercises, securities valuations, feasibility studies and other advisory work.</p> <p>Immediately prior to joining our Group, he was principal advisor to various private clients including a foreign commercial banking group and a water services concession company.</p> <p>Company Director and Principal Advisor</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>1 out of 1 (since his appointment as Executive Director on 25 October 2019)</p>
---	--

Board of Directors' Profile (cont'd)

LIM YONG LEE

Age	56
Gender	Male
Nationality	Malaysian
Qualification	Master of Business Administration Finance & International Business, University of Toledo, Ohio, USA
Position on our Board	Independent Non-Executive Director
Date first appointed to our Board	26 December 2019
Membership of our Board Committees	Chairman of Nomination Committee Member of Audit Committee
Working experience	Mr. Lim has more than 30 years management experience in corporate investments, corporate finance and private equity investing. From 1989 to 1994, he served as Corporate Planning Manager with UMW Corporation Sdn. Bhd. He then left and joined Malaysian Palm Oil Council from 1994 to 1997 as Marketing Officer. From 1997 to 2013, he served as Chief Investment Officer with Malaysian Ventures Management Inc Sdn. Bhd. (the Private Equity arm of AmBank Group) before he joined Mizuho Asia Partners Pte Ltd, where he still serves as Investment Director.
Occupation	Corporate Planning Manager, UMW Corporation Sdn. Bhd. Marketing Officer, Malaysian Palm Oil Council. Chief Investment Officer, Malaysian Ventures Management Inc Sdn Bhd. Investment Director, Mizuho Asia Partners Pte Ltd.
Any other directorships in public companies or listed issuers	Prolexus Berhad
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Interest in securities	Nil
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil
No. of Board meetings attended in the financial year	None attended since his appointment on 26 December 2019



KEY SENIOR
MANAGEMENT'S
PROFILES

KEY SENIOR MANAGEMENT'S PROFILES

Kindly refer to Board of Directors' Profile for the profiles of LengXingmin (冷醒民) (Managing Director cum Deputy Chairman), Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail (Executive Director), Wu Wai Kong (Executive Director) and Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi (Executive Director).

ZHAN XIUXIA (詹秀霞)

Age	46
Gender	Female
Nationality	Chinese (People's Republic of China)
Qualification	Bachelor of Business in Finance, South China Normal University
Position	Chief Financial Officer ("CFO")
Date first appointed to our Board	4 June 2019
Working experience	Upon graduation from South China Normal University in 1996, she joined Shenzhen Saiba Electronics Co., Ltd. as Finance Manager which she left in 1999. She then joined Shenzhen Nongerge Co., Ltd. as CFO and served with the company until 2007. She joined Shenzhen Jieboruihua Technology Co., Ltd. as its CFO from 2007 to 2012. In 2012, she joined our Group as CFO and was instrumental in assisting our Group listings process. She left in 2014 and joined Shen Xian Technology (Shenzhen) Co., Ltd. as CFO until 2018.
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil

Key Senior Management's Profile (cont'd)

SHEN SHANZI (沈珊子)

Age	42
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 to our Board	1 July 2010
Membership of our Board Committees	Nil
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 our Group in 2010.
Any other directorships in public companies	Nil
Any family relationships with our Directors and/or major shareholders	Nil
Any conflict of interests with our Group	Nil
Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil

CHAIRMAN'S STATEMENT

To Our Shareholders,

On behalf of our Board of Directors, it gives me great pleasure to present the Annual Report and Audited Financial Statements of Kanger International Berhad (“the Company”) and its subsidiaries (collectively “the Group”) for the financial year ended 31 December 2019 (“FYE 2019”).

PERFORMANCE OVERVIEW

FYE 2019 was a trying year. The challenges we faced were many, but fortunately, our achievements were no less so. In the face of rising US-China trade tensions, a softening Chinese economy and political upheaval in Hong Kong, I am pleased to report that the Group successfully returned to profitability on an after-tax basis, a significant accomplishment in itself. Net profit of RM9.39 million was recorded, compared to a net loss of RM1.71 million (including discontinued operations) in financial year ended 31 December 2018.

Despite China’s economic growth moderating further to 6.1% in 2019 from 6.6% in 2018, our Group remains resilient and delivered total revenues of RM65.0 million, an increase of 9.8% from RM59.2 million in the previous financial year. With the strategic relocation of our bamboo processing and manufacturing operations from Ganzhou to Jingzhou still ongoing, this commendable result can largely be attributed to our decision in 2018 to secure the exclusive distributorship in China for the “CLASSEN” brand of laminated hardwood flooring from Classen GmbH, Germany.

Had both revenue streams been up and running during FYE 2019 (in-house and third party products), our results would have been even more impressive. Nevertheless, this is something we can eagerly look forward to in the coming financial year, as manufacturing and sales of our own bamboo-based products, this time from an expanded new base in Jingzhou, will have re-commenced. The Jingzhou operations would be further bolstered by having our own fully matured bamboo plantation concession for the first time in our Group’s history.

NOTABLE ACHIEVEMENTS

Over the past year, the Group has continued to focus and expend great effort on putting itself on a much stronger financial footing. These efforts have culminated in the construction and recent completion of our two commercial buildings in the Ganzhou Economic & Technological Development Zone, Jiangxi Province, People’s Republic of China by our indirect wholly-owned subsidiary, Ganzhou Kanger Industrial Co. Ltd.

In Jingzhou City, Hubei Province we are also in the final stages of completing our new high-tech bamboo processing/manufacturing plant and R&D centre. The main factory buildings were completed in early-March 2020 and the relevant machinery are being installed and commissioned. Once production goes into full swing, bamboo flooring and intermediate products will once again be a major revenue and earnings contributor to our Group.



Chairman's Statement (cont'd)



In short, various business and operational milestones were achieved in FYE 2019 with regards to our main pillars of revenue, including the expansion of our sales network. Further details on our operations are given in the Management Discussion and Analysis section of this Annual Report. Here, I would just like to highlight several major achievements as at the date of this Annual Report:

1. We added the 107th sales outlet to our continuously growing dealer network, which now spans numerous key provinces in China such as Fujian, Guangdong, Sichuan, Hunan, Hebei, Jiangsu and Yunan, as well as major economic centres like Shanghai, Beijing and Hangzhou.
2. We completed and handed over our two newly-constructed commercial buildings in the Ganzhou Economic and Technological Development Zone, with a combined net lettable area of 683,777 sq. ft., to our tenants for final renovation and fit-out works, while signing separate 10-year lease agreements for each of the buildings. This marks a significant milestone in our quest to establish a stable and recurring income base for the Group. The initial combined rental income amounts to approximately RM11.1 million per annum based on current exchange rates. This will grow further in later years with the scheduled rent increases in the agreements.
3. We completed construction of the three main factory buildings at our Jingzhou bamboo processing and manufacturing plant and high-tech R&D centre. In the process, we also fulfilled the first key performance benchmark which entitled us to receive the equivalent of RM5.2 million from the Jingzhou local authority. This is only the first of a series of earn-outs provided for under a multi-year incentives programme agreed with the government. As at the date of this Annual Report, the relevant machinery for the factories is being installed for trial production targeted around mid-2020.

CORPORATE DEVELOPMENTS

In December 2019, shareholders of the Group approved the establishment of an employees' share option and share grant scheme as part of a share issuance scheme of up to 30% of the total number of issued shares of the Company (excluding treasury shares).

This is aimed at driving long term value enhancement for shareholders as it will motivate our talents towards achieving higher performance standards and greater levels of commitment for continued growth and profitability of the Group.



Chairman's Statement (cont'd)

CORPORATE GOVERNANCE

As an organization, we remain steadfast in carrying out the best practices of corporate governance throughout our business activities and operations in alignment with the Malaysian Code on Corporate Governance.

Our Board believes in upholding at all times high standards of transparency, ethical behavior, accountability and integrity as guided by the Group's Code of Ethics and Conduct.

We recognize the role good corporate governance plays to ensure sustainable growth and long-term shareholders' value.

For more details, the measures implemented across the Group to strengthen corporate governance are elaborated further in our Corporate Governance Overview Statement, Audit Committee Report and Statement on Risk Management and Internal Control.

MARKET OUTLOOK

Consumers are becoming more aware on the effects of climate change and the importance of protecting the environment. As bamboo is a renewable material, it is environmentally friendly and has similar functions as wood. Bamboo has tremendous potential as a replacement to wood in many industrial applications and thereby contributing to the saving and restoration of the world's forests.

With growing environmental awareness, we are confident that use of sustainable building materials such as bamboo will continue to grow.

While the uncertainties in the global economy are expected to continue into 2020, we remain focused on laying the right foundations for long-term business growth. In this regard, our strategic partnership with the Jingzhou local authority gives us a strong competitive advantage to enhance our position as a market leader in the bamboo industry, both in China and globally.

ACKNOWLEDGEMENT AND APPRECIATION

I wish to take this opportunity to welcome new members to our Board of Directors who were appointed during the year; Mr. Joseph Wu Wai Kong and Mr. Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi who were appointed as Executive Directors and Mr. Lim Yong Lee who was appointed as an Independent Non-Executive Director.

They bring with them a wealth of experience in the fields of business development, corporate finance, private equity and mergers and acquisitions. We look forward to their invaluable contributions in steering the Group to our next phase of growth.

I wish to extend my sincerest gratitude to our many partners who are on this journey with us – our business associates, distributors, financiers, customers and suppliers. Crucially, I would like to extend my utmost appreciation to our employees at all levels. Without their steadfast loyalty and dedication, we would not have achieved what we managed to accomplish through these difficult times. As we look forward to the year ahead, it is my belief in their commitment that reassures me we will continue to overcome all obstacles big and small whilst forging ahead successfully.

Last but not least, I would like to thank all our shareholders for your unwavering support as we put in place the right foundations to establish a strong and sustainable business that is well poised to capitalise on future opportunities while also weathering the challenges ahead.

Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan
Non-Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY PROFILE

Our Group specialises in the manufacturing and trading of bamboo flooring, bamboo furniture and related products for the residential and commercial markets, as well as an original equipment manufacturer (OEM) to meet customers' demand.

We are also the sole exclusive distributor in the People's Republic of China ("PRC") for the "CLASSEN" brand of high-end hardwood flooring products from Germany.

Our main bamboo processing plant is currently being relocated to a new location in Jingzhou, Hubei Province, China from the previous location in Ganzhou, Jiangxi Province, PRC and is targeted to be operational by May 2020.

There are three main sales offices located in Shenzhen and Hong Kong, PRC as well as a newly established one in Kuala Lumpur, Malaysia to serve non-Chinese speaking markets.

In addition to PRC, we also export our products globally, with exports constituting approximately 50% or more of annual revenue over the past five years. Our principal export markets include countries in North and South 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. Recently, we were presented with the Excellence Award for Best Supplier to the Chinese Bed & Breakfast Industry at the 2019 International B&B Industry Development Forum and the 2019-2020 "Illustrious Brand" award by the China Renovation & Construction Alliance for the "CLASSEN" brand.

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.

OPERATIONAL HIGHLIGHTS

New Jingzhou Bamboo Concession, Processing Plant and R&D Centre

With the relocation of our main bamboo processing and manufacturing plant out of Ganzhou, we entered into a Public Private Partnership arrangement on a 70:30 basis with the local authority of Jingzhou Prefecture, Hubei Province, PRC to develop a new high-tech bamboo processing plant and R&D centre. Construction works are nearing completion and trial production is expected to commence sometime in mid-2020.

As part of the partnership, the Jingzhou Government will inject surrounding land as part of a bamboo plantation concession totaling an estimated 125,000 mu (1mu = approx. 1/6 acre) over three phases. This enables us to venture upstream to secure our own steady source of raw material supply. With this, we no longer have to rely on external supply sources as in the past, which could have material effects on the profitability of the Group due to supply shortages and sudden price hikes.

Under Phase 1 of our Jingzhou concession development plan, a surrounding area of approximately 35,000 mu of fully matured bamboo has been injected into the project. This is estimated to be able to provide 18,200 metric tonnes of raw bamboo ready to be harvested in stages. This figure potentially translates to more than 435,000 m² of bamboo flooring upon further processing.

Expansion of dealers' store network

During the year, we continued to expand our distribution reach by supporting the scale-up of our dealers' store network. A total of 62 new stores were opened in 2019, bringing the total number to 107 sales outlets throughout key provinces in PRC as at end 2019.

This strategy of maintaining focus on dealer networks ensures maximum reach while keeping the Group's own capital expenditure and overheads low.

The management has set a target of an additional 100 store openings in 2020.

Management Discussion and Analysis (cont'd)

OPERATIONAL HIGHLIGHTS (CONT'D)

Secured stable and recurring income stream over next 10 years

The relocation of our bamboo processing and manufacturing operations from Ganzhou to Jingzhou freed up land for us to embark on commercial property development for long-term rental income. On the land where our bamboo processing plant was previously located, we constructed a purpose-built 6-storey "AutoCity" commercial building with a net lettable area ("NLA") of 45,807 square meter ("m²") / 493,062 square feet ("sq ft") and a 19-storey hotel building with 17,718 m² / 190,715 sq ft of NLA. Both buildings are owned by Kanger's indirect wholly-owned subsidiary, Ganzhou Kanger Industrial Co. Ltd and have a combined NLA of 63,525 m² / 683,777 sq ft.

On 9 March 2020, we signed 10-year lease agreements for both commercial buildings, representing a significant milestone achievement in our plan to forge a stable, recurring income stream for the Group. The initial rental income per year for both commercial buildings amounts to approximately RM11.1 million (equivalent to CNY18.3 million based on exchange rate of CNY1.00 to RM0.60), and is subject to scheduled rent increases.

Other than applicable property taxes and salaries for a few staff members, all other routine property management and maintenance expenses will be borne by the tenants. As such, a large proportion of the future lease income is expected to contribute directly to the Group's bottom line.

The Group's AutoCity Building will be rented to Ganzhou Jiache Automobile Trading Co. Ltd commencing 1 April 2020 for an initial RM8.0 million a year (equivalent to CNY13.2 million). AutoCity is slated to be an integrated complex enabling customers to view and buy cars, accessories and automotive parts from major brands. Car buyers will also be able to enjoy comprehensive after-sales, financing and auto insurance services there.

The hotel will be leased to Ganzhou Fuying Kaili Hotel Management Co. Ltd commencing 1 May 2020 for an initial RM3.1 million a year (equivalent to CNY5.1 million). Ganzhou Fuying Kaili Hotel Management Co. Ltd is the operator of Kyriad Marvelous Hotel, an international business hotel brand under the Louvre Hotel Group. With a total of 2,653 hotels across 54 countries worldwide, Louvre Hotel Group is the second largest hotel group in Europe and fifth largest in the world.

A summary of the salient terms of the lease agreements is shown below:-

Particulars		Hotel Building	AutoCity Building	Total
Contracted lease area (m ²) - per Agreements		17,718	45,807	63,525
Beginning monthly rental rate (CNY/m ²)		24	24	24
Initial monthly rental income	CNY	425,232	1,099,373	1,524,605
Months per year		12	12	12
Initial annual rental income	CNY	5,102,784	13,192,474	18,295,258
CNY: MYR Exchange rate @ 9 March 2020		0.6065	0.6065	0.6065
Initial annual rental income	MYR	3,094,838	8,001,235	11,096,074

Management Discussion and Analysis (cont'd)

OPERATIONAL HIGHLIGHTS (CONT'D)

Secured stable and recurring income stream over next 10 years (Cont'd)

A summary of the salient terms of the lease agreements is shown below:- (Cont'd)

Particulars	Hotel Building	AutoCity Building	Total
Lessee	Ganzhou Fuying Kaili Hotel Management Co. Ltd.	Ganzhou Jiache Automobile Trading Co. Ltd.	
Address	No. 148, West Jinling Road, Ganzhou Economic & Technological Development Zone, Jiangxi, P.R.C.	No. 148, West Jinling Road, Ganzhou Economic & Technological Development Zone, Jiangxi, P.R.C.	
Contracted lease tenure	10 Years	10 Years	
Contracted start date	1 May 2020	1 April 2020	
Contracted end date	30 April 2030	31 March 2030	
Rent increase (CNY/m ² /mth)	CNY3 every 2 years until CNY33	CNY26 from 1 April 2023	

Additional Rental Income Potential

On top of the 6 floors in the AutoCity Building, we have retained approximately 6,670m² / 71,795 sq ft of rooftop floor area for future use/rental. This area is flat, open and contiguous with no hindrances or obstructions and will be suitable for F&B or retail and auto accessory type operations. The management has not finalised any plans for this area yet, but it will be a potential source of additional income in the future.

Separately, the 4-storey existing office building situated behind the new commercial buildings, which is currently being utilised by the Group's bamboo manufacturing department as a temporary base of operations before the scheduled move to Jingzhou in May 2020, will also eventually be rented out as an administrative office and auto service centre. The terms of rental are currently being negotiated and will potentially represent an additional source of income for the Group.

Potential Future Capital Appreciation

Besides the revenue and income contributions described above, we are also cautiously optimistic that both commercial buildings will be able to provide significant capital gains to the Group in terms of market value appreciation in the years to come. With the Chinese Government's stated policy of developing inwards away from coastal cities and of transforming Ganzhou from an industrial zone into a commercial and technological hub in the likes of Shenzhen and Hangzhou, we expect more and more investments and developments to flow into this area.

We believe we are in a strong position to take full advantage of future price appreciation for commercial space in Ganzhou, particularly as we are strategically located along West Jinling Road, the heart of the Ganzhou Economic & Technological Development Zone.

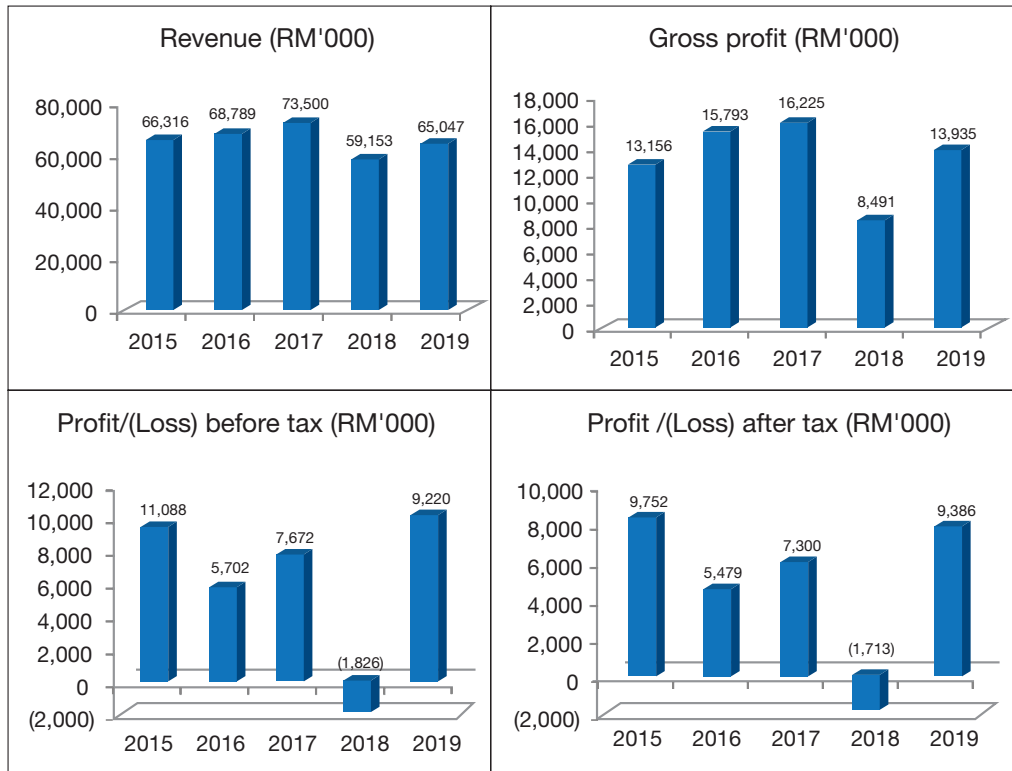
Jinling Road is the main road to the Ganzhou Economic and Technological Development Zone. It is 2 km from the Guangdong-Jiangxi Expressway entrance, 3 km from the Ganzhou airport and 1 km from the Ganzhou Southern Bus Terminal. The Jiangxi Science and Technology University and Ganzhou- Hong Kong Industrial Park are also located nearby.

In November 2019, the Nanchang-Ganzhou section of the Beijing-Hong Kong high-speed railway system successfully completed test operations, marking a further milestone in high-speed inter-connectivity to Ganzhou. Complementing the Ganzhou-Shenzhen line, with this new line, travel from Nanchang to Ganzhou will be shortened from 5 hours to 2 hours, while the journey from Nanchang to Shenzhen through Ganzhou will be reduced to under 4 hours from more than 8 hours 40 minutes.

Management Discussion and Analysis (cont'd)

REVIEW OF FINANCIAL PERFORMANCE

Five Years' Financial Highlights



Revenue

During the financial year ended 31 December 2019 ("FYE 2019"), our Group intensified its marketing efforts and participated in a series of sales and promotional campaigns. This led to an increase in demand of the Group's products; especially "CLASSEN" products. As a result, revenue in FYE 2019 increased by 9.8% to RM65.0 million from RM59.2 million (including discontinued operations) in the previous year ended 31 December 2018 ("FYE 2018").

The breakdown of the Group's revenue based on the geographical location of our customers is as follows:

	FYE 2019 RM'000	FYE 2018 RM'000	% change
PRC	25,018	30,636	-18%
Malaysia	11,004	8,407	31%
New Zealand	10,959	7,016	56%
Mexico	7,355	1,769	316%
United Arab Emirates	2,942	2,856	3%
Others*	7,769	8,469	-8%
Total	65,047	59,153	10%

* Includes countries in Europe, Asia, North America and Africa.

Export sales grew to 61.5% from 48.2% in the previous year.

In particular, we saw exponential sales increase to Mexico and, to a lesser extent, New Zealand, which represent exciting growth markets where we will continue to focus our marketing efforts in the future.

Management Discussion and Analysis (cont'd)

REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

Gross profit

In tandem with the revenue increase, gross profit grew by 63.5% to RM13.9 million in FYE 2019 as compared to RM8.5 million (including discontinued operations) in FYE 2018. Gross profit margin for continuing operations improved to 22.0% from 21.3% in the previous year.

Profit/(Loss) Before Tax

In FYE 2019, profit before tax rose to RM9.2 million from a loss of RM1.8 million previously due to higher revenues and slightly improved margins. The increase was also helped in part by a cash incentive amounting to RM5.2 million received from the local authority in Jingzhou, as part of an agreed comprehensive package of incentives tied to our Jingzhou high-technology bamboo processing plant and R&D centre project.

The above multi-year incentive programme encompasses various development, performance, export and labour employment metrics meant to spur local economic growth and provide job opportunities for local residents. Some of the prescribed metrics include percentage of plant construction, export volume, number of locals employed, achievement of various pioneer and other enterprise statuses, achievement of public listing, and others.

As the Group continues to build out and equip the Jingzhou centre and operate its businesses in the future, we expect to progressively earn out more components of the incentive programme going forward. This will speed up the recovery of our investment and contribute positively to our bottom line.

A comparison of the operating expenses (including discontinued operations) between FYE 2019 and FYE 2018 is as follows:-

	FYE 2019 RM'000	FYE 2018 RM'000
Administrative expenses	7,671	7,763
Selling and distribution expenses	1,477	2,181
Other operating expenses	-	6
Finance costs	1,872	934

Selling and distribution expenses decreased by RM0.70 million or 31.8% in FYE 2019 compared to FYE 2018. This can be attributed mainly due to our strategy of expanding distribution reach by scaling up our third party dealer store network. This strategy of focusing on dealer networks managed to keep the Group's overheads low.

Finance costs, however, increased by RM1 million in FYE 2019, mainly due to interest expenses incurred in relation to the redeemable convertible notes ("RCN") of the Company.

Profit After Tax

The Group reported a profit after tax of RM9.39 million and a profit after tax and minority interests of RM6.85 million. Income tax on our PRC operations is computed in accordance with the relevant laws and regulations in the PRC. The applicable income tax rate is 25% for the FYE 2019, except for our Group's subsidiary, Ganzhou Kanger Industrial Co., Ltd ("Ganzhou Kanger"), which currently enjoys a preferential tax rate of 15%. During FYE 2019, Ganzhou Kanger received tax refunds of RM0.16 million from the tax authorities. In addition, Kanger Trading (HK) Co. Limited ("Kanger HK"), a subsidiary incorporated in Hong Kong, currently enjoys 0% tax rate in Hong Kong as it is an export company and derives its income from overseas.

Property, Plant and Equipment

Property, plant and equipment increased by RM16.8 million to RM103.0 million as at 31 December 2019 mainly due to construction costs incurred for the commercial buildings in Ganzhou and for the Jingzhou project.

Trade and Other Receivables

Trade and other receivables increased by RM19.2 million or 27.5% to RM89.1 million as at 31 December 2019.

While our adoption of a third party dealer network strategy is less capital and overheads intensive, we do need to support each new outlet opened by supplying initial inventory on customary credit terms. Hence, the volume of stock supplied increased in tandem with the pace of new store openings. The management is constantly monitors the overall level of receivables and believes the risk of bad debts to be relatively low due to the application of strict dealer selection parameters and stringent credit worthiness evaluation.

Furthermore, the receivables are spread out over numerous dealers, none of whom individually owe significant amounts (in relation to total receivables), thus further mitigating single-party or large customer default risk.

Other receivables increased mainly due to prepayments to our contractors for construction of the commercial buildings in Ganzhou, as well as the deposits made to procure CLASSEN products arising from purchase orders received from our customers in FYE 2019.

Management Discussion and Analysis (cont'd)

REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

Trade and Other Payables

Trade and other payables increased by RM14.4 million or 208.7% to RM21.3 million due primarily to associated construction and development works for our commercial buildings in Ganzhou and the new bamboo processing plant in Jingzhou. Deposits received from customers who placed orders for CLASSEN products also contributed to an overall increase in this amount.

Capital Structure and Capital Resources

In FYE 2019, RCN holders of the Company converted RM12.1 million worth of RCN into approximately 202.5 million ordinary shares of the Company, resulting in an increase in the number of ordinary shares in issue to 1,093,826,084 as at 31 December 2019 from 891,356,949 a year ago.

During FYE 2019 and up to the date of this Annual Report, Kanger raised a total of RM22.0 million from the issuance of RCNs to fund the construction of the hotel building in Ganzhou.

Shareholders' equity (excluding non-controlling interest) increased to RM143.6 million as at 31 December 2019 from RM126.0 million in the previous year.

During the year, the Group generated a positive net operating cash flow of RM12.0 million, an improvement in comparison to the previous year's negative net operating cash flow of RM5.2 million.

Bank borrowings were pared down to RM50.9 million as at 31 December 2019 from RM61.4 million a year ago due to repayment. All of the Group's borrowings are denominated in Chinese Yuan ("CNY") and are used to finance the Group's operations in PRC. They are not hedged to Ringgit Malaysia and were translated into Ringgit Malaysia at the exchange rate of CNY1.00:RM0.59 as at 31 December 2019.

Gearing ratio stood at 0.4 times. Our balance sheet has the capability and flexibility to fund future investments, should opportunities arise.

As at 31 December 2019, cash and cash equivalents stood at RM10.3 million, marginally unchanged from RM10.9 million in the previous year.

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 2019.

Having said this, the unstable political conditions in Hong Kong during FYE 2019 did affect the performance of Kanger HK where there was notable decrease in revenue generated by the subsidiary.

Known Major Risks Affecting our Group

Disruption in supply and/or price fluctuation of bamboo materials

The main raw material for our Group is raw bamboo. Currently our bamboo materials are sourced from third party suppliers and we may be affected by supply shortages or sudden price hikes. The strategic move of our bamboo processing plant to Jingzhou with its own fully-matured bamboo concession will enable us to have better control over the supply of raw bamboo in the future.

Competition within our industry and from substitute flooring products

The bamboo flooring and furniture industry is highly fragmented with many bamboo manufacturers spread across PRC. Furthermore, bamboo flooring and furniture can be substituted with a variety of other materials. Their closest substitutes are other wood types, including solid wood, engineered solid wood, laminate wood and cork flooring.

Hence, it is important for us to compete effectively against these competitors in terms of product quality, product range and customer service. We are focused on improving the quality of our products and accelerate the development of new products through R&D. We are also constantly looking at ways to improve the processing technology of bamboo to develop products that meet the needs of today's consumers in terms of aesthetic and functional factors. Our new high-tech R&D centre in Jingzhou will be playing an integral role in this regard once it has been completed.

Management Discussion and Analysis (cont'd)

REVIEW OF FINANCIAL PERFORMANCE (CONT'D)

Foreign currency risk

All of our Group's purchases and sales within PRC are transacted in CNY. However, we are exposed to transactional currency risk primarily through our export sales that are denominated in United States Dollars ("USD").

Currently, there is no formal hedging policy with respect to foreign exchange exposure. Historically, there has been a relatively stable relationship between the USD and CNY due to central bank policies. In times of economic uncertainty, the USD which is typically deemed as a "safe haven" currency, tends to rise against most other currencies, including the CNY, which is advantageous to the Group as our export sales are in USD. Therefore, hedging activities during such times may actually limit our potential forex gains.

Nonetheless, exposure to foreign currency risks are closely monitored at all times and our Group may in future consider implementing appropriate hedging strategies to mitigate such risks if necessary.

Future Outlook

The Group is looking forward to the commencement of our new bamboo processing plant in Jingzhou, with trial production scheduled to commence mid-2020. The new plant will enable us to ramp up the production of our bamboo flooring products and bamboo furniture which had been scaled down at Ganzhou.

In addition, we will be also be expanding our Group's portfolio of products with the launching of new bamboo flooring and bamboo furniture products with an added focus on "green" strand woven products.

Furthermore, the expansion in Jingzhou will allow the Group to focus not only on manufacturing of bamboo products but also processing of bamboo related foodstuff and bamboo eco-tourism in the near future.

The growing affluence amongst the middle income populations in the PRC and around the world have led to a growing group of consumers who are willing to pay to enhance their individual lifestyles for greater comfort and pleasure. Bamboo flooring products are increasingly welcomed by the consumer due to merits like environmental friendliness and high price-to-performance ratio. This augurs well for the demand of bamboo flooring and furniture.

The Group continues to focus on expanding our presence by increasing the number of appointed dealers and number

of sales and marketing channels. In the PRC, we will pursue our strategy of growing our dealers' store network, which stood at 107 outlets as at end December 2019.

We are also actively seeking to develop new areas of business in high-growth sectors outside of our traditional manufacturing operations. Whilst the PRC will always be an important market for the Group due to its huge population, high growth rates and rapidly growing income levels, we recognise also the need to expand our income base as a means to achieve both geographic diversification, as well to tap into the sizeable opportunities we see in South East Asia, particularly in the ASEAN region.

With the opening of our new regional office in Mont' Kiara in 2020, a bustling commercial hub within Kuala Lumpur, Malaysia, we will be displaying our range of flooring and furniture products there. As a first step, we are actively identifying candidates to be our master agents / distributors in Malaysia, Australia and New Zealand. At the same time, we will also be actively doing the same for the European Union (EU) region, where environmental concerns and sustainability issues are foremost considerations.

At the time of preparing this Annual Report, the novel coronavirus or COVID-19 outbreak has turned into a global pandemic. Trade and capital market sentiments have been severely impacted in a negative way. The imposition of lockdowns in many countries, including the Movement Control Order in Malaysia has further led to fears of follow-on effects on economic performance and corporate earnings amid tightening credit conditions and diminished consumer confidence.

Nevertheless, we are of the opinion that the future prospects of our Group remain promising. The PRC, which was the original epicenter of the coronavirus outbreak, is well on the way to overcoming it, with economic activity already picking up once again. Being a participant in the global economy, our operations may be affected in the short-term. We have, however, been intensifying our efforts in the adoption and building out of a comprehensive omni-channel marketing strategy which is designed to cover all points of contact with existing and potential new customers. We are also cooperating closely with our dealers in implementing effective Online-to-Offline (O2O) marketing and delivery channels. The online platforms where we have a presence include JD.com, Alibaba's Taobao and various mini-programs offered by social media networks like WeChat. Based on the business strategies we have successfully executed and continue to implement, we remain cautiously optimistic that our Group will be able to mitigate some of the effects of the coronavirus pandemic and be well poised to post increasingly better performance in the future, once this pandemic has passed.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Our Group recognises that while we are committed to building a sustainable business, we must also be mindful of our corporate social responsibility (“CSR”) towards key stakeholders when carrying out our business activities. Therefore, we strive to maintain a balance between increasing shareholders’ wealth as well as being responsible towards our human capital, society, the environment and marketplace.

The key aspects of our CSR initiatives are as follows:-

Environment

As a ‘green’ building materials provider, we are committed to ‘green’ operating practices and have in place an environmental management system which has been accredited as being ISO 14001:2004 compliant. Our practice and control for environment management include:-

- (a) Preserving, conserving, minimising waste of resources and ensuring that our work environment is free from pollution and recognised hazards;
- (b) Complying with relevant environmental, health and safety laws for controlling hazardous chemical substances in products and materials;
- (c) Conducting periodic management review of our policy, objectives and targets to ensure suitability and effective implementation of our environmental management program;
- (d) Communicating to all employees to ensure adequacy in environmental awareness, skill, knowledge and competency; and
- (e) Communicating and promoting awareness to customers and suppliers and making the environmental policy available to the public upon request.

Dynamic and high performance workforce

We place great importance on hiring the right candidate for the right job. As we go forward and as part of our succession planning, we will continue to focus on attracting quality talents who best fit our job requirements and complement our work culture. We firmly believe that, by aligning our recruitment strategies, we will continue to attract the best talent to further enhance our values and achievements.

At our Group level, our male and female employees’ ratio shows a healthy distribution of 58:42 as at 31 December 2019. Our total staff strength stood at 90 as at 31 December 2019, a decrease of 27 as compared to the financial year ended 31 December 2018 mainly due to the lay-off of employees due to our closure of the factory in Yanshan.

We provide a safe and friendly factory for our employees under the requirements of ISO. Our safety policy outlines the safety measures to be observed by our employees. The employees are also provided with adjacent hostels attached with kitchens and toilets. 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. We provide induction training for new staff to familiarise themselves with the new environment. 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, performance and dedication.

Workforce diversity

Our Board is committed in recognising and utilising the contribution of diverse skills and talent from our directors, officers and employees as a mean of enhancing our Group’s performance. Diversity may result from wide range of factors which include age, gender, ethnicity or cultural background.

Our Board is actively managing our workforce diversity to ensure equal employment opportunity regardless of genders. We foster an environment where the ability to contribute and access employment opportunities is based on performance, skills and merits. These will include equal opportunity in respect to employment and employment conditions such as hiring, training for professional development and promotion for career advancement.

Training and development

We understand the importance and are committed to the training and development of our employees. We provide regular on-the-job training related to management skills and/or technical knowledge to provide them with opportunities to acquire new skills and/or knowledge.

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 2019 (“FYE 2019”):

- (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

Intended Outcome 1.0

- **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 its 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
- d) Share Issuance Scheme Committee (“SISC”)

The AC, NC and RC have their written TOR clearly outlining their objectives, duties and powers. The final decisions on all matters are determined by our Board as a whole.

The SISC operates in accordance with the By-Laws. The number and proportion of the Company’s shares to be issued shall be determined at the sole discretion of the SISC.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART 1 – BOARD RESPONSIBILITIES (CONT'D)

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, provides leadership and ensures 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) brief all the Directors in relation to issues arising at the meetings;
- (f) scheduling regular and effective evaluations of our Board's performance; and
- (g) promoting constructive and respectful relations between the 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 regularly 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 cum Deputy Chairman, in relation to the quantum of fees to be incurred.

The appointment and removal of Company Secretary are matters for the Board as a whole.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1.5 Meeting materials

Agendas and discussion papers are circulated at least seven (7) days prior to our Board and Board Committees meetings to allow the Directors and Board 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 the discussion 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 meetings.

Notices on the closed periods for trading in the Company's securities in accordance with Chapter 14 of the ACE Market Listing Requirements ("ACE LR") of Bursa Malaysia Securities Berhad ("Bursa Securities") are served to the Directors prior to the commencement of the closed periods.

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 Board Committees meetings. The Chairman of the respective Board Committees is responsible for informing our Board at the Directors' Meetings of any salient matters noted by the Board Committees and which may require our Board's direction.

Intended Outcome 2.0

- **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, business expansion, major capital expenditures and significant financial matters as well review of the financial and operating performances of our Group.

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

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART 1 – BOARD RESPONSIBILITIES (CONT'D)

Intended Outcome 3.0

- **The Board is committed to promote 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 website at www.krbamboo.com.

We recognise that any genuine commitment to detect and preventing actual or suspected unethical, unlawful, illegal, wrongful or other improper conducts 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 Whistle Blowing Policy

Our Board has also established a whistle blowing 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 whistle blowing policy is disclosed in our website at www.krbamboo.com.

PRINCIPLE A: PART 2 – BOARD COMPOSITION

Intended Outcome 4.0

- **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) Managing Director cum Deputy Chairman, one (1) Non-Independent Non-Executive Deputy Chairman, three (3) Executive Directors, one (1) Non-Independent Non-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, the Non-Independent Non-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 is 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 the 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.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

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 LR of 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 are 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 MCCG, 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.

Corporate Governance Overview Statement
(cont'd)**PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)****4.5 Board appointment****Appointment of the Board and re-election of Directors***Appointment of the Board*

Our Board believes that individuals who are nominated 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 serve the interests of the shareholders. In identifying candidates for appointment to our Board, our Board may rely on recommendations from existing Board members, major shareholders, the Management or independent sources.

The NC oversees the selection criteria and recruitment process and recommends to our Board, candidates for any directorships taking into consideration the candidates’:-

- age, gender and ethnicity;
- competencies, commitment, contribution and performance;
- professionalism;
- integrity; and
- 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 for the time being or if the number is not three (3) or multiple of three (3) then the number nearest to one-third shall retire from office at the AGM 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. The re-election of the retiring Directors who offered themselves for re-election are subject to the approval by shareholders at the AGM. In addition, any Director who is 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.

Y.Bhg. Dato’ Kuan Ah Hock, Mr. Chong Amita, Mr. Wu Wai Kong, Mr. Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi and Mr. Lim Yong Lee, who are retiring at the forthcoming Seventh (7th) AGM have offered themselves for re-election and recommended by the Board for shareholders’ approval.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

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 2019
Lim Yong Lee (Independent Non-Executive Director)	Chairman	None attended since his appointment on 26 December 2019
Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid (Independent Non-Executive Director)	Member	2/2
Y.Bhg. Dato' Haji Markiman Bin Kobiran (Independent Non-Executive Director)	Member	2/2
Wu Wai Kong (Independent Non-Executive Director)	<i>Chairman (he was formally the Chairman of NC prior to his resignation on 16 July 2019)</i>	1/1

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 individual Director and Board Committees of our Board as a whole.

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 2019:-

- (i) Facilitated the self and peers' assessment on AC Members;
- (ii) Reviewed the appointment of Mr. Wu Wai Kong and Mr. Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi as our Executive Directors, appointment of Mr. Lim Yong Lee as Independent Non-Executive Director and the redesignation of Mr. Chong Amita from Executive Director to Non-Independent Non-Executive Director;
- (iii) Reviewed performance evaluation sheet for our Board and Board Committees;
- (iv) Reviewed performance evaluation sheet for individual Director's and peer evaluation;
- (v) Reviewed the effectiveness of the AC as a whole;
- (vi) Assessed and evaluated the independence of the Independent Non-Executive Directors; and
- (vii) Reviewed and recommended to our Board, the re-election of the Directors who will be retiring at our forthcoming Seventh (7th) AGM.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

4.6 Nomination Committee (Cont'd)

2019 Directors' Training

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

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

During the FYE 2019, the Directors were briefed on the relevant changes arising from the amendments to the ACE LR of Bursa Securities and changes in the accounting standards at the Board and Board Committees meetings.

In addition, the Directors had also attended the training programs and seminars as listed below:-

Directors	List of Training/ Conference/ Seminar/ Workshop Attended/ Participated	No. of Days
Yang Mulia Dato' Paduka SharipahHishmah Binti Dato' Sayed Hassan	CG Advocacy Programme – Cyber Security	½ day
Y.Bhg. Dato' Kuan Ah Hock	Digital Transformation for Future Construction Industry	1 day
LengXingmin (冷醒民)	战略营销 Strategic Marketing 国际金融 International Finance 投资学 Theory of Investment 金融工程 Principle of Financial Engineering 金融市场 Financial Market 证券投资学 Negotiable Securities and Investment 企业价值评估 Business Valuation 债券市场与工具 Debt Instrument and Market 企业家与创新 Entrepreneur and Innovation	2 days 2 days 2 days 2 days 2 days 2 days 2 days 2 days
Wu Wai Kong	Mandatory Accreditation Program (MAP)	1½ days
Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail	Case Study Workshop for Independent Directors	1 day
Chong Amita	Financing The SDGS: Malaysian Private Sector Role in Bridging the Gap From Goals To Actions	½ day

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

4.6 Nomination Committee (Cont'd)

2019 Directors' Training (Cont'd)

In addition, the Directors had also attended the training programs and seminars as listed below:- (Cont'd)

Directors	List of Training/ Conference/ Seminar/ Workshop Attended/ Participated	No. of Days
Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid	Seminar on Sustainable Growth Strategies for SMEs – Beyond 2020, Jakarta, Indonesia, JCC, Indonesia	½ day
	Seminar on Stakeholder Analysis, Perbadanan Kemajuan Filem Malaysia (FINAS), Hotel Sri Petaling	1 day
	Seminar on Big Data and Data Analytics for Entrepreneurs and SMEs, Menara YTR, Kuala Lumpur	½ day
	Seminar on Doing Business in Malaysia and ASEAN, HEC Montreal, Montreal, Canada	½ day
	Seminar on Spirituality Management in Organisations, HEC Montreal, Montreal, Canada	½ day
	Seminar on Big Data and Data Analytics for Port Management, CBM Training Hall, Northport, Port Klang, Selangor	½ day
	Seminar on Roadmap for Industrial Revolution 4.0, PT QIMS Intrasindo, Medan, Indonesia	½ day
	Seminar on Big Data and its Impact on business landscape, Xiamen University, Bandar Sunsuria, Sepang, Selangor	½ day
	Seminar on Big Data Development & Prospects, CIDB, W Hotel, Kuala Lumpur	½ day
	Seminar on Construction 4.0: Bridging the Knowledge Gap, AIAC Auditorium, Kuala Lumpur,	½ day
	Seminar on 'Start-up Entrepreneur', KENMIS, Universiti Islam Antarabangsa, Gombak	1½ days
Seminar on 'Start-up Entrepreneur', University Sains Islam Malaysia, Nilai, Negeri Sembilan	1½ days	
Y.Bhg. Dato' Haji Markiman Bin Kobiran	CG Advocacy Programme – Cyber Security	½ day

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

4.6 Nomination Committee (Cont'd)

2019 Directors' Training (Cont'd)

In addition, the Directors had also attended the training programs and seminars as listed below:- (Cont'd)

Directors	List of Training/ Conference/ Seminar/ Workshop Attended/ Participated	No. of Days
Lim Yong Lee	Mandatory Accreditation Program (MAP)	1 ½ days
	Demystifying the Diversity Conundrum, Convergence of Digitisation & Sustainability	1 day
	Corporate Criminal Liability for Corruption (section 17A, MACC Act)	1 day
	Spotlight on Budget 2020	1 day
	Corporate Criminal Liability for Corruption (Section 17A of the MACC Act 2009)	½ day

Our Directors will continue to undergo relevant training programs to further enhance their skills and knowledge in the discharge of their stewardship role.

Mr. Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi has not attended any training during FYE 2019 due to his busy schedule. However, he has kept himself abreast on financial and business matters through readings and professional advice to enable him to contribute to the Board.

Upon review, our Board concluded that the 2019 Directors' Trainings were adequate.

2020 Training Needs

Upon review of the training needs of our Directors for the financial year ending 31 December 2020 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.

Intended Outcome 5.0

- **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 NC, conducted the following annual assessments for the FYE 2019 as disclosed in the above Item 4.6 of this Statement.

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

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

Intended Outcome 6.0

- 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 2019, 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 reviewed and recommended by the RC to the Board for deliberation which comprises the following:-

Directors' Fees	The Directors' Fees recommended to the shareholders for approval for FYE2019 amounts to RM220,000.
Meeting Allowance	This allowance is payable only to the Non-Executive Directors for attendance of our Board and Board Committees meetings. The meeting allowance, if any, will be recommended by our Board for shareholders' approval at the AGM.

6.2 Remuneration Committee

The RC comprises the following members:-

Name	Position	No. of RC Meetings attended/held for the FYE 2019
Y.Bhg. Dato' Haji Markiman Bin Kobiran (Independent Non-Executive Director)	Chairman	1/2
Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan (Non-Independent Non-Executive Chairman)	Member	2/2
Leng Xingmin (冷醒民) (Managing Director cum Deputy Chairman)	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 Seventh (7th) AGM to approve their own fees.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

6.3 Share Issuance Scheme Committee

The SISC was established by the Board on 20 November 2019 to administer and manage the Share Issuance Scheme comprising Share Option Scheme and Share Grant Scheme (collectively known as “Share Option Scheme”) in accordance with the By-Laws.

The SISC composition is as follows:-

Name	Position
Leng Xingmin (冷醒民) (Managing Director cum Deputy Chairman)	Chairman
Wu Wai Kong (Executive Director)	Member

The Share Option Scheme will allow the Company to grant the share options to all the eligible persons of the Company and its subsidiaries (“Group”), excluding subsidiaries which are dormant as a recognition of their performance and contribution to the Group.

Intended Outcome 7.0

- **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 2019 were as follows:-

	Directors’ fees (RM’000)	Salaries, other emoluments and benefits (RM’000)	Allowances (RM’000)	Total (RM’000)
Executive Directors				
(i) Leng Xingmin (冷醒民)	–	53	–	53
(ii) Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail	–	65	–	65
(iii) Chong Amita (prior to his redesignation to Non-Independent Non-Executive Director on 13 December 2019)	–	106	–	106
(iv) Wu Wai Kong	–	175	–	175
(v) Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi	–	135	–	135
Subtotal	–	534	–	534

Corporate Governance Overview Statement (cont'd)

PRINCIPLE A: PART 2 – BOARD COMPOSITION (CONT'D)

7.1 Details of the remuneration of Directors (Cont'd)

The details of the remuneration of Directors on named basis for the FYE 2019 were as follows:- (Cont'd)

	Directors' fees (RM'000)	Salaries, other emoluments and benefits (RM'000)	Allowances (RM'000)	Total (RM'000)
Non-Executive Directors				
(i) Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan	70	–	–	70
(ii) Y.Bhg. Dato' Kuan Ah Hock	48	–	–	48
(iii) Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid	42	–	–	42
(iv) Y.Bhg. Dato' Haji Markiman Bin Kobiran	42	–	–	42
(v) Wu Wai Kong (<i>prior to his resignation as Independent Non-Executive Director on 16 July 2019 and his appointment as Executive Director on 25 October 2019</i>)	18	–	–	18
(vi) Chong Amita	–	–	–	–
(vii) Lim Yong Lee (<i>appointed on 26 December 2019</i>)	–	–	–	–
Subtotal	220	–	–	220
Grand Total	220	534	–	754

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 salaries and ordinary contractual entitlements. The performance-linked component includes a discretionary bonus payment taking into consideration our Group and individual performances 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.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

PRINCIPLE B: PART 1 – Audit Committee

Intended Outcome 8.0

- 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.

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, reviews and monitors 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.

The AC will review, consider, and assess the suitability, objectivity, independence, credential and resources in performing the audit on the External Auditors annually before recommending to our Board for approval.

Upon review the performance of the Messrs. Ong & Wong, Chartered Accountants in performing the audit for FYE 2019, the AC recommended to our Board for the re-appointment of Messrs. Ong & Wong Chartered Accountants as our External Auditors for the financial year ending 31 December 2020. Our Board has in turn, recommended the same for shareholders' approval at our forthcoming Seventh (7th) AGM.

8.4 Qualification of the AC

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

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

- (1) changes in or implementation of major accounting policy to the financial statements;
- (2) key audit matters of the Auditors' Report;
- (3) significant and unusual events; and
- (4) compliance with accounting standards and other legal requirements.

Corporate Governance Overview Statement (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PRINCIPLE B: PART 1 – Audit Committee (Cont'd)

8.5 Composition of the Audit Committee

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

- Rule 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.

PRINCIPLE B: PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Intended Outcome 9.0

- 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 cum Deputy Chairman. However, our Board plans to formalise a Risk Management Committee with a comprehensive TOR in the near future to better manage our Group’s risk in order to continue to grow our Group.

Intended Outcome 10.0

- 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.

Corporate Governance Overview Statement (cont'd)

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

PRINCIPLE C: Part 1 – Communication with Stakeholders

Intended Outcome 11.0

- 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 enhance long term shareholders' value through regular communication with all 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 in order for them to make informed investment decisions.

PRINCIPLE C: Part 2: Conduct of General Meetings

Intended Outcome 12.0

- Shareholders are able to participate, engage the Board and Senior Management effectively and make informed voting decisions at General Meetings.

12.1 Notice of General Meetings

We had convened and held one (1) AGM and two (2) Extraordinary General Meetings ("EGM") during the FYE 2019 with sufficient notices served to the shareholders as detailed below:-

Date of General Meetings	Type of General Meetings	Notice Dates	Notice Periods
31 May 2019	AGM	30 April 2019	30 days
6 September 2019	EGM	21 August 2019	15 days
24 December 2019	EGM	9 December 2019	14 days

Corporate Governance Overview Statement (cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PRINCIPLE C: Part 2: Conduct of General Meetings (Cont'd)

12.2 Attendance in General Meetings

The attendance of Directors at the three (3) general meetings held during the FYE 2019 as mentioned in Item 12.1 above are as follows:-

Name of Directors	Attendance
Yang Mulia Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan	3/3
Y.Bhg. Dato' Kuan Ah Hock	2/3
Leng Xingmin (冷醒民)	3/3
Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail	3/3
Chong Amita	2/3
Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid	3/3
Y.Bhg. Dato' Haji Markiman Bin Kobiran	3/3
Wu Wai Kong	3/3
Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi (appointed on 25 October 2019)	1/1

Our management team was also present at the general meetings to respond to the queries raised by shareholders, proxies and corporate representatives present. The Chairman of the general meetings 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 voting at the general meetings shall be by way of poll in accordance with Rule 8.31A of the ACE LR of Bursa Securities.

The Company had conducted the manual poll voting for all resolutions as set out in the notices of general meetings.

CONCLUSION

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

This Statement has been approved by our Directors in accordance with a Resolution of our Board of Directors passed on 30 June 2020.

SUSTAINABILITY STATEMENT

About This Report

Kanger’s Sustainability Statement 2019 covers Kanger International Berhad (“Kanger”) and its subsidiaries’ (collectively “the Group”) major business operations for the financial year from 1 January 2019 – 31 December 2019 (“FYE 2019”) and marks our second year of annual reporting on topics that we have deemed material to our stakeholders and to our business.

The report expounds on progress we have made in managing our economic, environmental and social (“EES”) risks and opportunities alongside financial implications for a holistic approach to business. The report should be read along with our 2019 Annual Report, which provides more comprehensive disclosure on our financial and operational performance.

This report has been prepared in reference to the United Nations Sustainable Development Goals, guided by Bursa Malaysia Sustainability Reporting Guide (2nd Edition).

United Nations Sustainable Development Goals (“UN SDGs”)

All United Nations Member States in 2015 adopted the 2030 Agenda for Sustainable Development, providing a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its core are the 17 Sustainable Development Goals (SDGs). Kanger developed a sustainability policy that selected and encompasses the following Sustainable Development Goals.



Ensure healthy lives and promote well-being for all at all ages



Ensure sustainable consumption and production patterns



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Sustainability Statement (cont'd)

Bursa's Malaysia Sustainability Reporting Guide (2nd Edition)

We also employed “themes and indicators” recommended by Bursa’s Malaysia Sustainability Reporting Guide (2nd Edition) to expound and disclose on Kanger’s sustainability efforts within the pillars mentioned above.

Kanger's Sustainability Policy

Through these frameworks we have sought to communicate the impact of our EES performance of metrics and targets or material sustainability matters relevant to Kanger.

It has also allowed us to develop a policy or statement that clearly defines our commitment.

At Kanger we look to promote health and well-being, sustainable economic growth and industrialization, develop resilient infrastructure and innovation, practice responsible consumption and production while protecting our land and ecosystems. It is a consolidated effort to create long term value for our stakeholders including shareholders, employees, customers, for the benefit of our organisation and the local and global communities we operate in and impact.

Governance Structure

Our Board ensures accountability, oversight and review in the identification and management of sustainability matters.

Scope

The Sustainability Statement focuses on our Group’s major business operations for the FYE 2019.

Material Sustainability Matters

In comparison to our previous Sustainability Statement in FYE 2018, we have identified additional material sustainability matters deemed relevant based on Kanger’s operations for FYE 2019.

Areas	Key Material Sustainability Matters	
	FYE 2018	FYE 2019
Economic	–	<ul style="list-style-type: none"> • Economic Performance • Customers • Quality Product and Services • Procurement Practices • Indirect Economic Impact
Environmental	<ul style="list-style-type: none"> • Friendly environmental practices 	<ul style="list-style-type: none"> • Emissions • Materials • Product and Services Responsibility (Environmental) • Compliance (Environmental)
Social	<ul style="list-style-type: none"> • Learning and development • Talent attraction and retention • Employee safety, health and well-being • Promoting diversity 	<ul style="list-style-type: none"> • Human capital development (combining learning and development and talent attraction and retention) • Occupational Safety and Health • Diversity

Sustainability Statement (cont'd)

1. ECONOMIC

As Kanger looks at the organisation's impacts on the economic conditions of its stakeholders and on economic systems at local, national and global levels; we review our economic performance, methods of determining customer satisfaction, procurement and distribution practices, efforts at fostering product/services quality and innovation and sustainable industrialisation through our infrastructure development, forest management and job creation processes.

a. Economic performance

The economic matters of sustainability highlights the impact of our performance on the economic conditions of the Group's stakeholders, and this is explained in detail in the Management Discussion & Analysis section of this annual report.

Our focus matters in sustainability are the following:

b. Customer Satisfaction

Our customers are central to our sustainability efforts and we recognise the importance of customer satisfaction for business growth. We determine customer needs through our research and development ("R&D") efforts in order to identify the latest industry trends and demands. We also regularly engage with our customers for feedback on the quality of our products and their satisfaction levels with our service.

c. Quality products and services

We focus on providing quality products and services to customers, improving efficiency, generating capital and growing profitability.

In December 2019, Kanger was presented with the 2019-2020 "Illustrious Brand" award by the China Renovation & Construction Alliance for "CLASSEN". At the 2019 International B & B Industry Development Forum, the Group was also presented with an Excellence Award for Best Supplier to the Chinese Bed & Breakfast Industry, evidence of the Group's consistent product quality and high service delivery levels. We have also been certified with MS ISO 9001:2008 Quality Management System.

d. Fostering innovation

The People's Republic of China ("PRC"), is the global leader in research and utilization of bamboo with its industrial output valued at USD\$35 billion in 2017, according to the Journal of Bamboo Research published in 2017. At Kanger we believe we play a significant role in contributing to and complementing the PRC's efforts, by investing in the R&D of bamboo use and efficient processing methods. Our new Jingzhou processing plant and R&D centre is evidence of this commitment.

e. Strategic procurement and distribution practices

We continue to select suppliers who share our values and standards with regard to work ethics, consistency, and efficiency improvements.

These responsible practices also apply to our selection of distributors as we actively grew our sales network in PRC with 107 sales outlets as at end December 2019 and identify master agents/distributors in Malaysia, Australia and New Zealand.

Our strategy of maintaining focus on dealer networks ensures maximum reach while keeping the Group's own capital expenditure and overheads low, as an effort to mitigate our risk exposure.

Sustainability Statement (cont'd)

1. ECONOMIC (CONT'D)

f. Indirect economic impact

As part of our sustainability objectives, we aim to contribute to the economic growth of the communities that we operate in.

- **Job opportunities for local residents**

The commencement of our new high-tech bamboo processing plant and R&D centre in Jingzhou will spur local economic growth and raise the socio-economic levels of the local residents there via the creation of new job opportunities.

Our upstream and downstream business activities are expected to generate at least 200 direct new job opportunities as our processing and manufacturing plant becomes fully operational and scales up gradually.

Besides the above, there will also be indirect, as well as seasonal job opportunities for locals in activities such as bamboo harvesting and in carrying out periodic plantation maintenance and fertilisation works. Locals will also have the opportunity to derive additional income from small-scale downstream activities involving bamboo by-products and waste materials which Kanger does not normally utilise.

At Jingzhou, there is potential for us in the near term to also venture into the processing of bamboo related foodstuff and bamboo eco-tourism. These will have further cascading benefits to the local residents there.

- **Forest transformation for improved yields**

We will implement best practices in the area of bamboo forest management to maximize the natural productivity of the forest land. Our focus on strengthening soil, fertilizer and water management provides a good environment for the growth of the bamboo forest. As production yields at the bamboo forest increase, this will lead to higher income generated from the bamboo forest.

- **Local infrastructure development**

Kanger was one of the pioneering enterprise to heed the Government's call for the future upgrading of Ganzhou, making the early strategic decision to move our core bamboo processing and manufacturing facilities to Jingzhou in Hubei, PRC (where we have been granted a bamboo concession by the Jingzhou Government) and to develop the current Ganzhou land with the development and leasing of our two commercial buildings.

We believe our efforts will boost further investment and development in the area, as the Chinese Government looks to transform Ganzhou from an industrial zone into a commercial and technological hub in the likes of Shenzhen and Hangzhou.

Sustainability Statement
(cont'd)

2. ENVIRONMENT

In assessing Kanger's environmental risks and opportunities, we measured our efforts in comparison to last year, in ensuring healthy lives and promoting well-being, practicing responsible consumption and production while protecting our land and ecosystems.

a. Products and Services Responsibility (Environmental)

Kanger continues to observe friendly environmental practices in our daily operations to use energy and resources in a responsible manner. We continue to embrace fundamental aspects of environmental sustainability in terms of our design, material selection and manufacturing processes.

b. Emissions Control

As we reported in our previous statement, we adhered to directives issued by the local authorities in PRC to industrial plants to cut emissions that were affecting the air quality, by shutting down our plant in Yanshan in 2018. Construction of our new Jingzhou processing plant and R&D centre continues to progress successfully, following the completion of primary processing and production facilities. Trial production is expected to commence in mid-2020. This centre will be environmentally friendly adhering to governmental environmental policies with lower emissions and better energy efficiency.

c. Procurement of Materials

Kanger is also committed to sustainable sourcing of its materials used in the production of its goods. Phase 1 of the Jingzhou bamboo concession provides an estimated 18,200 metric tonnes standing stock of ready-to-harvest raw bamboo from the surrounding area (translating to an estimated 435,000 square metres of bamboo flooring). This will be a steady, continuous source of raw material supply and key factor in the re-upscaling of the Group's own bamboo products segment since the production move from Ganzhou.

As discussed in the previous year's sustainability statement, Kanger continues in its efforts to conduct R&D activities to develop new bamboo related products as a substitute for wood-based products. Bamboo is recognized given its versatility, resilience and ability to be replenished and harvested more sustainably than any other timber (growth period is approximately three times faster than timber). Bamboo is also being recognised as a sustainable building material source, widely used for low-carbon buildings.

d. Compliance (Environmental)

Our commitment to responsible environmental practices is evidenced by the ISO 14001:2004 certification for our environmental management system.

Sustainability Statement (cont'd)

3. SOCIAL

Kanger is committed to building and enhancing the Group's relationships with its employees, consumers, communities etc. In this section, we report on our ongoing efforts to create value for our employees.

a. Human Capital Development

We continue to provide induction training for new staff for easy acclimatization into Kanger and identify key talents to be trained as part of our succession planning. We also continue to acknowledge the value of our employees and acknowledge their contributions in driving the performance of our business with promotions and incentives.

In December of 2019, Group shareholders approved the establishment of a share option and share grant scheme as part of a share issuance scheme of up to 30% of the total number of issued shares of the Group (excluding treasury shares) for the directors and eligible employees, as part of an incentive to drive higher performance and greater commitment.

b. Occupational Safety and Health

We continue to comply with the internationally accepted standard and code of conduct to ensure a safe and clean work environment. Our safety policy outlines the safety measures to be observed by our employees. We also provide accommodation facilities for our factory workers that comprise of hostels equipped with the necessary living facilities.

c. Diversity

We remain committed to diversity and firmly support equality in treatment across all our employees from various ethnic, religious or socio-economic backgrounds to ensure a healthy working environment.

MOVING FORWARD

Having improved and expanded on our assessment measures in FYE 2019, we are committed to continue to enhance our sustainability policies and actions. As outlined in our 2018 Sustainability Statement, we have since included additional sustainability matters and indicators, and consequent action plans to manage the identified sustainability matters.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Malaysia Securities Berhad 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 systems, our Board will continuously reviews these systems 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 systems 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 systems 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:-

(1) Strategic Risks – Our Board and Managing Director cum Deputy Chairman

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 cum Deputy Chairman. 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.

Statement on Risk Management and Internal Control (cont'd)

RISK MANAGEMENT (CONT'D)

(2) 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 Group/subsidiaries structure and the manner in which the subsidiaries report to corporate headquarter. 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. The Audit Committee also reviews 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 Managing Director cum Deputy Chairman, 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.

Statement on Risk Management and Internal Control (cont'd)

INTERNAL CONTROL (CONT'D)

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 cum Deputy Chairman 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 systems 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 the Statement on Risk Management and Internal Control for inclusion in the Annual Report of our Group for the financial year ended 31 December 2019 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 systems.

This statement was made in accordance with a resolution of our Board of Directors dated 19 June 2020.

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 (Independent Non-Executive Director)	Chairman
Y.Bhg. Dato' Haji Markiman Bin Kobiran (Independent Non-Executive Director)	Member
Wu Wai Kong (Independent Non-Executive Director) (Resigned on 16 July 2019)	Member
Lim Yong Lee (Independent Non-Executive Director) (Appointed on 26 December 2019)	Member

Our Audit Committee is pleased to present the Audit Committee Report for the financial year ended 31 December 2019.

1. ATTENDANCE OF MEETING

The attendance of Audit Committee members for meetings held in the financial year ended 31 December 2019 can be summarised as follows:-

Name	Total Meetings Attended by Committee Members
Y.Bhg. Datuk Seri Dr. Md. Zabid Bin Haji Abdul Rashid	7/7
Y.Bhg. Dato' Haji Markiman Bin Kobiran	7/7
Wu Wai Kong (prior to his resignation as Independent Non-Executive Director and member of Audit Committee on 16 July 2019)	4/5
Lim Yong Lee	None attended since his appointment on 26 December 2019

2. TERMS OF REFERENCE

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

3. 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 cum Deputy Chairman 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 Standards ("MFRSs") and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements");

Audit Committee Report
(cont'd)**3. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)**

The main activities carried out by the Audit Committee during the year were as follows:- (Cont'd)

- (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 MFRSs and the provisions of the Companies Act 2016;
- (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, MFRS adopted in 2019 and the audit timeline;
- (iv) Reviewed with the External Auditors, the results of the audited financial statements and the Auditors' Report;
- (v) Reviewed the Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control to be included in the Annual Report 2019 and submitted the said documents to our Board for consideration and approval. 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 the Management in relation to the financial statements of our Group; and
- (ix) Recommended the re-appointment of Messrs Ong & Wong, Chartered Accountants as the External Auditors of the Company and Group after accessing their job scopes, engagement team, competency, objectivity and independence.

4. 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 internal audit plan that has been tabled to the Audit Committee for its review and approval and selected ad-hoc audits on the 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.

Audit Committee Report (cont'd)

4. INTERNAL AUDIT FUNCTION (CONT'D)

During the financial year ended 31 December 2019, the Internal Auditors carried out the following:-

- (i) review of control environment of our subsidiary, Jingzhou Kanger Holdings Co. Ltd. The report was tabled at our Audit Committee meeting on 28 February 2020; and
- (ii) follow-up audit review of sales and collection functions of Shenzhen Kanger Holdings Co., Ltd. (formerly known as Shenzhen Kanger Bamboo Wood Co., Ltd.). The report was tabled at our Audit Committee meeting on 22 April 2019.

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 Internal Audit Plan for 2019.

The Audit Committee had reviewed and assessed our internal audit function and was of the view that the scope, functions (including independence), objectivity, competency, resources, authorities granted to the outsourced internal audit function as well as internal audit program and processes were adequate to provide the Audit Committee with reasonable assurance that governance, risk and control structures and processes of our Group is adequate and effective. The results of the internal audit program, processes or investigation undertaken was 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 2019 was approximately RM15,000.

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

Utilisation of Proceeds from Corporate Proposals

Redeemable Convertible Notes ("RCNs")

During FYE 2019 and up to the date of this Annual Report, Kanger raised a total of RM22.0 million from the issuance of RCNs.

The funds raised were used to settle the expenses and finance cost incurred for the RCNs issued and also to fund the ongoing construction of the hotel building in Ganzhou. All the funds raised were fully utilised as at the date of this Annual Report.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving the interests of directors, chief executive who is not a director or major shareholders either still subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year.

Audit And Non-Audit Fees

The statutory audit fees and non-audit fees paid or payable by the Company and the Group to the External Auditors for the financial year ended 31 December 2019 were as follows:-

Audit Services	2019	
	Group	Company
Statutory audit fees	104,215	35,000
Non-audit fees	5,000	5,000
TOTAL	109,215	40,000

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 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 2019, the Directors have ensured that:

- (a) the Group and the Company have adopted appropriate accounting policies and these are consistently applied;
- (b) appropriate judgements and estimates that are reasonable have been used;
- (c) all applicable Malaysian Financial Reporting Standards in Malaysia and International Financial Reporting Standards have been complied with;
- (d) the accounting and other records required by the Companies Act 2016 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 Companies Act 2016; and
- (e) the financial statements have been prepared on the going concern basis.

The Directors have 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.

Directors' Report	64
Statement by Directors	71
Statutory Declaration	71
Independent Auditors' Report to the Members	72
Statements of Financial Position	78
Statements of Profit or Loss and Other Comprehensive Income	80
Statement of Changes In Equity	83
Statements of Cash Flows	88
Notes to the Financial Statements	90



FINANCIAL REPORT

DIRECTORS' REPORT

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 2019.

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

	<i>Group</i> RM	<i>Company</i> RM
Profit/(loss) after taxation from continuing operation	9,419,841	(2,768,594)
Loss after taxation from discontinued operation	(34,198)	-
Profit/(loss) for the financial year	<u>9,385,643</u>	<u>(2,768,594)</u>
Profit/(loss) for the financial year attributable to:		
Owners of the Company :		
- Continuing operation	6,880,424	(2,768,594)
- Discontinued operation	(34,198)	-
Non-controlling interests	2,539,417	-
	<u>9,385,643</u>	<u>(2,768,594)</u>

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 202,469,135 new ordinary shares arising from conversion of redeemable convertible notes at stipulated exercise prices 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 were 238,935,400 Warrants remained unexercised as at the financial year end. The remaining unexercised 238,935,400 Warrants expired on 13 April 2020 and ceased to be valid upon the expiry date.

OPTIONS GRANTED OVER UNISSUED SHARES

On 27 December 2019, the Company has implemented a Share Issuance Scheme of up to 30% of the total number of issued shares of the Company, excluding treasury shares, at any period in time, comprising a Share Option Scheme and a Share Grant Scheme.

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

Directors' Report (cont'd)

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 Bin Haji Abdul Rashid
 Dato' Haji Markiman Bin Kobiran
 Wu Wai Kong (Appointed on 25 October 2019)
 Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi (Appointed on 25 October 2019)
 Lim Yong Lee (Appointed on 26 December 2019)

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 31.12.2019
	Balance 01.01.2019	Bought	Sold	
<i>Direct interest</i>				
Leng Xingmin	195,253,091	-	(79,011,000)	116,242,091
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	200,000	-	1,218,190
Wu Wai Kong	-	203,795,300	-	203,795,300
<i>Indirect interest</i>				
Dato' Paduka Sharipah Hishmah Binti Dato' Sayed Hassan ^a	16,640,000	-	-	16,640,000
Chong Amita ^b	600,000	-	-	600,000
Dato' Kuan Ah Hock ^c	52,393,400	-	-	52,393,400
Wu Wai Kong ^d	-	2,580,000	-	2,580,000

Directors' Report
(cont'd)

DIRECTORS' INTERESTS (CONT'D)

	----- No. of Warrants -----			Balance 31.12.2019
	Balance 01.01.2019	Bought	Sold	
<i>Direct interest</i>				
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	200,000	-	709,095
Wu Wai Kong	-	800,000	-	800,000
<i>Indirect interest</i>				
Dato' Paduka Sharipah Hishmah Binti Sayed Hassan ^a	8,120,000	-	-	8,120,000
Chong Amita ^b	300,000	-	-	300,000
Wu Wai Kong ^d	-	4,728,100	-	4,728,100

^aIndirect interests by virtue of shares and Warrants held by her spouse.

^bIndirect interests by virtue of shares and Warrants held by his spouse.

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

^dDeemed interests by virtue of shares and Warrants held by his direct family members.

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 31 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' Report
(cont'd)

DIRECTORS' REMUNERATION

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
Executive Directors' remuneration				
- other emoluments	534,276	255,628	379,313	78,000
Non-executive Directors' remuneration				
- fees	<u>220,000</u>	<u>207,000</u>	<u>220,000</u>	<u>207,000</u>
Total directors' remuneration	<u>754,276</u>	<u>462,628</u>	<u>599,313</u>	<u>285,000</u>

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 adequate allowance had been made for doubtful debts; 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 further 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.

OTHER STATUTORY INFORMATION (CONT'D)

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 38* to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial year are disclosed in *Note 39* to the financial statements.

AUDITORS' REMUNERATION

The amount paid or payable to the auditors as remuneration for their service is disclosed in *Note 27* of the financial statements.

Directors' Report
(cont'd)

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors.

DATO' PADUKA SHARIPAH HISHMAH
BINTI DATO' SAYED HASSAN
Director

Date: 16 June 2020
Kuala Lumpur, Malaysia

LENG XINGMIN
Director

Date: 16 June 2020
Nanshan District, Guangdong Province, People's Republic of China

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, state that, in the opinion of the directors, the financial statements set out on pages 78 to 169 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 2019 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date.

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

DATO' PADUKA SHARIPAH HISHMAH
BINTI DATO' SAYED HASSAN
Director

Date: 16 June 2020
Kuala Lumpur

LENG XINGMIN
Director

Date: 16 June 2020
Nanshan District, Guangdong Province, People's Republic of China

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 78 to 169 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the prevailing laws governing declaration for oaths in People's Republic of China.

Subscribed and solemnly declared by)
the abovenamed at Nanshan District,)
Guangdong Province, People's Republic of)
China on 19 June 2020)

LENG XINGMIN

Before me,
Li Na, Guangdong Huashang Law Firm

INDEPENDENT AUDITORS' REPORT

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 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 78 to 169.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Independent Auditors' Report
 (cont'd)

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	Our response
<p>Property, plant and equipment (Note 5 to the financial statements)</p> <p>As at 31 December 2019, the Group's carrying amount of property, plant and equipment is amounting to RM103.0 million (2018: RM86.2 million), which represented 43% (2018: 42%) of the Group's total assets, there was an increase by 19% if compared with last financial year due to purchase of property, plant and equipment amounting to RM19.9 million.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> - checked the source documents of the additions to property, plant and equipment; - enquired the management in respect of the purchase of property, plant and equipment and its future plans; - assessed the reasonableness of current year additions, disposals and depreciation policy in light of its operations; - discussed with the management of the probability of impairment losses on property, plant and equipment due to volatile business environment; and - reviewed the property, plant and equipment register and checked its classification and depreciation rate.

Independent Auditors' Report (cont'd)

Key Audit Matters (cont'd)

Risk area and rationale	Our response
<p>Trade receivables (Note 11 to the financial statements)</p> <p>Receivables are subject to credit risk exposure.</p> <p>As at 31 December 2019, the Group's trade receivables stood at approximately RM27.9 million (2018: RM36.8 million).</p> <p>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.</p>	<p>Our audit procedures included, amongst others:-</p> <ul style="list-style-type: none"> - 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 Directors' 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.

Independent Auditors' Report
(cont'd)**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.

Independent Auditors' Report (cont'd)

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

- * Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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.

Independent Auditors' Report
(cont'd)**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
00494/06/2022 J
Chartered Accountant

Dated : 19 June 2020
Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

As At 31 December 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	103,025,577	86,233,870	-	-
Right-of-use assets	6	3,224,876	-	-	-
Intangible assets	7	16,266,716	17,514,703	-	-
Investment in subsidiary companies	8	-	-	34,999,996	34,999,996
Amount owing by subsidiary companies	9	-	-	44,325,576	45,508,793
		<u>122,517,169</u>	<u>103,748,573</u>	<u>79,325,572</u>	<u>80,508,789</u>
CURRENT ASSETS					
Inventories	10	17,272,300	19,816,251	-	-
Trade receivables	11	27,862,192	36,812,274	-	-
Other receivables, deposits and prepayments	12	61,281,008	33,134,089	627,288	1,000
Current tax assets		7,968	88,806	-	-
Fixed deposits with licenced banks	13	1,541,485	7,661,475	-	-
Cash and bank balances	14	8,722,067	3,255,752	338,738	88,153
		<u>116,687,020</u>	<u>100,768,647</u>	<u>966,026</u>	<u>89,153</u>
TOTAL ASSETS		<u><u>239,204,189</u></u>	<u><u>204,517,220</u></u>	<u><u>80,291,598</u></u>	<u><u>80,597,942</u></u>
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	104,326,460	92,226,460	104,326,460	92,226,460
Redeemable convertible notes	16	590,833	218,400	590,833	218,400
Reserves	17	38,702,630	33,539,278	(34,356,061)	(15,516,342)
Total equity attributable to owners of the Company		143,619,923	125,984,138	70,561,232	76,928,518
Non-controlling interests		9,484,315	6,429,630	-	-
TOTAL EQUITY		<u><u>153,104,238</u></u>	<u><u>132,413,768</u></u>	<u><u>70,561,232</u></u>	<u><u>76,928,518</u></u>

Statements of Financial Position
As At 31 December 2019 (cont'd)

	<i>Note</i>	<i>Group</i>		<i>Company</i>	
		2019 RM	2018 RM	2019 RM	2018 RM
LIABILITIES					
NON-CURRENT LIABILITIES					
Lease liabilities	18	3,233,592	-	-	-
Term loans	19	33,436,200	34,251,300	-	-
Redeemable convertible notes	16	9,122,588	2,712,632	9,122,588	2,712,632
Deferred tax liabilities	20	399,007	286,575	186,579	68,968
		<u>46,191,387</u>	<u>37,250,507</u>	<u>9,309,167</u>	<u>2,781,600</u>
CURRENT LIABILITIES					
Trade payables	21	876,240	1,110,247	-	-
Other payables, accruals and deposit received	22	20,383,016	5,763,046	421,199	513,000
Amount owing to a director	23	970,008	588,372	-	374,824
Lease liabilities	18	117,223	-	-	-
Short term borrowings	24	17,476,474	27,166,640	-	-
Current tax liabilities		85,603	224,640	-	-
		<u>39,908,564</u>	<u>34,852,945</u>	<u>421,199</u>	<u>887,824</u>
TOTAL LIABILITIES		<u>86,099,951</u>	<u>72,103,452</u>	<u>9,730,366</u>	<u>3,669,424</u>
TOTAL EQUITY AND LIABILITIES		<u>239,204,189</u>	<u>204,517,220</u>	<u>80,291,598</u>	<u>80,597,942</u>

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2019

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
CONTINUING OPERATIONS:					
REVENUE	25	65,046,562	57,130,066	-	-
COST OF SALES		<u>(50,718,997)</u>	<u>(44,937,062)</u>	-	-
GROSS PROFIT		14,327,565	12,193,004	-	-
OTHER OPERATING INCOME		5,665,319	566,844	1,980	3,128,151
ADMINISTRATIVE EXPENSES		(7,523,418)	(6,436,872)	(2,154,681)	(1,591,359)
SALES AND DISTRIBUTION COSTS		(1,476,816)	(1,863,301)	-	-
OTHER OPERATING EXPENSES		<u>(83)</u>	<u>(5,754)</u>	-	-
PROFIT/(LOSS) FROM OPERATIONS		10,992,567	4,453,921	(2,152,701)	1,536,792
FINANCE COSTS	26	<u>(1,728,511)</u>	<u>(769,353)</u>	<u>(615,893)</u>	<u>(40,414)</u>
PROFIT/(LOSS) BEFORE TAXATION	27	9,264,056	3,684,568	(2,768,594)	1,496,378
TAXATION	28	<u>155,785</u>	<u>123,314</u>	-	-
PROFIT/(LOSS) AFTER TAXATION FROM CONTINUING OPERATIONS		9,419,841	3,807,882	(2,768,594)	1,496,378
DISCONTINUED OPERATIONS:					
LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS	29	<u>(34,198)</u>	<u>(5,520,670)</u>	-	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u>9,385,643</u>	<u>(1,712,788)</u>	<u>(2,768,594)</u>	<u>1,496,378</u>

Statements of Profit or Loss and Other Comprehensive Income
For The Financial Year Ended 31 December 2019 (cont'd)

Note	<i>Group</i>		<i>Company</i>	
	2019	2018	2019	2018
	RM	RM	RM	RM
OTHER COMPREHENSIVE INCOME				
<u>Items that are or may be reclassified</u>				
<u>subsequently to profit or loss</u>				
- exchange differences on translation of the financial statements of foreign subsidiary companies	(1,848,608)	(2,918,931)	-	-
TOTAL COMPREHENSIVE INCOME	7,537,035	(4,631,719)	(2,768,594)	1,496,378
/(LOSS) FOR THE FINANCIAL YEAR	<u>7,537,035</u>	<u>(4,631,719)</u>	<u>(2,768,594)</u>	<u>1,496,378</u>
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Owners of the Company				
- Continuing operations	6,880,424	3,807,882	(2,768,594)	1,496,378
- Discontinued operations	(34,198)	(5,520,670)	-	-
Non-controlling interests	<u>2,539,417</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,385,643</u>	<u>(1,712,788)</u>	<u>(2,768,594)</u>	<u>1,496,378</u>
TOTAL COMPREHENSIVE INCOME/(LOSS)				
ATTRIBUTABLE TO:				
Owners of the Company				
- Continuing operations	5,263,692	1,009,646	(2,768,594)	1,496,378
- Discontinued operations	(52,702)	(5,641,365)	-	-
Non-controlling interests	<u>2,326,045</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>7,537,035</u>	<u>(4,631,719)</u>	<u>(2,768,594)</u>	<u>1,496,378</u>
EARNINGS/(LOSS) PER SHARE (Sen)				
Basic				
	<i>30</i>			
- Continuing operations	0.73	0.45		
- Discontinued operations	<u>(0.00)</u>	<u>(0.66)</u>		
Diluted				
	<i>30</i>			
- Continuing operations	0.58	0.35		
- Discontinued operations	<u>(0.00)</u>	<u>N/A</u>		

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

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2019

Group	Attributable to owners of the Company		Distributable		Shareholders' equity	Non-controlling interests	Total equity	
	Share capital	Share premium	Shareholders' equity	Retained earnings				Shareholders' equity
Note	RM	RM	RM	RM	RM	RM	RM	
At 1 January 2018	79,846,055	4,380,405	(12,805,422)	1,226,554	6,835,761	-	42,914,104	122,397,457
Transactions with owners:								
Non-controlling interest acquired in subsidiary companies	-	-	-	-	-	-	-	6,429,630
Transition to no par value regime*	4,380,405	(4,380,405)	-	-	-	-	-	-
Issuance of shares pursuant to conversion of redeemable convertible notes	8,000,000	-	-	-	-	218,400	-	8,218,400
Total transactions with owners	12,380,405	(4,380,405)	-	-	-	218,400	-	14,648,030

Transactions with owners:

Non-controlling interest acquired in subsidiary companies

Transition to no par value regime*

Issuance of shares pursuant to conversion of redeemable convertible notes

Total transactions with owners

Statements of Changes In Equity
 For The Financial Year Ended 31 December 2019 (cont'd)

	Attributable to owners of the Company		Distributable		Non-controlling interests		Total equity			
	Share capital	Share premium	Merger deficit	Revaluation reserve	Foreign currency translation reserve	Redeemable convertible notes	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Profit/(loss) after taxation:	-	-	-	-	-	-	3,807,882	3,807,882	-	3,807,882
- continuing operations	-	-	-	-	-	-	(5,520,670)	(5,520,670)	-	(5,520,670)
- discontinued operations	-	-	-	-	-	-	-	-	-	-
Other comprehensive income:	-	-	-	-	(2,798,236)	-	-	(2,798,236)	-	(2,798,236)
Foreign currency translation reserve	-	-	-	-	(120,695)	-	-	(120,695)	-	(120,695)
- continuing operations	-	-	-	-	-	-	-	-	-	-
- discontinued operations	-	-	-	-	-	-	-	-	-	-
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

Statements of Changes In Equity
 For The Financial Year Ended 31 December 2019 (cont'd)

Group	Share capital	Share premium	Merger deficit	Revaluation reserve	Foreign currency translation reserve	Redeemable convertible notes	Distributable		Non-controlling interests	Total equity
							Retained earnings	Shareholders' equity		
Note	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2019	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
As previously reported										
Adjustments on initial application of MFRS 16	-	-	-	-	-	-	(47,638)	(47,638)	-	(47,638)
At 1 January 2019, restated	92,226,460	-	(12,805,422)	1,226,554	3,916,830	218,400	41,153,678	125,936,500	6,429,630	132,366,130
Transactions with owners:										
Non-controlling interest acquired in subsidiary companies	-	-	-	-	-	-	-	-	728,640	728,640
Issuance of shares pursuant to conversion of redeemable convertible notes	12,100,000	-	-	-	-	372,433	-	12,472,433	-	12,472,433
Total transactions with owners	12,100,000	-	-	-	-	372,433	-	12,472,433	728,640	13,201,073

Statements of Changes In Equity For The Financial Year Ended 31 December 2019 (cont'd)

<-----Attributable to owners of the Company----->			Distributable									
<-----Non-distributable----->			>									
Share capital	Share premium	Merger deficit	Revaluation reserve	Foreign currency translation reserve	Redeemable convertible notes	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity			
RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
-	-	-	-	-	-	6,880,424	6,880,424	2,539,417	9,419,841			
-	-	-	-	-	-	(34,198)	(34,198)	-	(34,198)			
-	-	-	-	(1,616,732)	-	-	(1,616,732)	(213,372)	(1,830,104)			
-	-	-	-	(18,504)	-	-	(18,504)	-	(18,504)			
-	-	-	-	(1,635,236)	-	6,846,226	5,210,990	2,326,045	7,537,035			
104,326,460	-	(12,805,422)	1,226,554	2,281,594	590,833	47,999,904	143,619,923	9,484,315	153,104,238			

Profit/(loss) after taxation:
 - continuing operations
 - discontinued operations

Other comprehensive income:
Foreign currency translation reserve
 - continuing operations
 - discontinued operations

Total comprehensive income for the financial year
 At 31 December 2019

Statements of Changes In Equity
 For The Financial Year Ended 31 December 2019 (cont'd)

Company	Note	<-----Non-distributable----->					Total equity
		Share capital	Share premium	Foreign currency translation reserve	Redeemable convertible note	Accumulated losses	
		RM	RM	RM	RM	RM	RM
At 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

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

Statements of Changes In Equity
 For The Financial Year Ended 31 December 2019 (cont'd)

Company	<-----Non-distributable----->					Total equity
	Share capital	Share premium	Foreign currency translation reserve	Redeemable convertible note	Accumulated losses	
Note	RM	RM	RM	RM	RM	RM
At 1 January 2019	92,226,460	-	(1,408,179)	218,400	(14,108,163)	76,928,518
Transactions with owners:						
Issuance of shares pursuant to conversion of redeemable convertible notes	12,100,000	-	-	372,433	-	12,472,433
Total transactions with owners	12,100,000	-	-	372,433	-	12,472,433
Loss after taxation	-	-	-	-	(2,768,594)	(2,768,594)
Other comprehensive income:						
Foreign currency translation reserve	-	-	(16,071,125)	-	-	(16,071,125)
Total comprehensive loss for the financial year	-	-	(16,071,125)	-	(2,768,594)	(18,839,719)
At 31 December 2019	104,326,460	-	(17,479,304)	590,833	(16,876,757)	70,561,232

* 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.

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

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 December 2019

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before taxation				
- continuing operations	9,264,056	3,684,568	(2,768,594)	1,496,378
- discontinued operations	(44,140)	(5,510,579)	-	-
<i>Adjustments for:</i>				
Amortisation of intangible assets	915,094	924,328	-	-
Depreciation of right-of-use assets	775,777	-	-	-
Bad debts written off	-	126,167	-	-
Depreciation of property, plant and equipment	1,129,038	1,657,455	-	-
Impairment loss on other receivables	336,511	-	-	-
Interest expense	1,871,819	934,249	615,893	40,414
Interest income	(115,525)	(132,529)	(1,980)	(24)
Property, plant and equipment written off	-	1,101,804	-	-
Reversal of impairment loss on investment in a subsidiary company	-	-	-	(3,128,127)
<i>Operating profit/(loss) before working capital changes</i>	14,132,630	2,785,463	(2,154,681)	(1,591,359)
Decrease in inventories	2,543,951	7,726,397	-	-
(Increase)/decrease in receivables	(19,533,348)	(16,939,745)	556,929	(9,773,403)
Increase/(decrease) in payables	14,767,599	1,430,009	(466,625)	59,324
<i>Cash generated from/(used in) operations</i>	11,910,832	(4,997,876)	(2,064,377)	(11,305,438)
Tax paid	(226,611)	(212,142)	-	-
Tax refund	336,093	-	-	-
<i>Net cash generated from/(used in) operating activities</i>	12,020,314	(5,210,018)	(2,064,377)	(11,305,438)

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

Statements Of Cash Flows
For The Financial Year Ended 31 December 2019 (cont'd)

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of intangible assets	(55,809)	(1,314,570)	-	-
Interest received	115,525	132,529	1,980	24
Proceeds from issuance of shares to non-controlling interest	728,640	6,429,630	-	-
Purchase of property, plant and equipment	<u>(19,947,776)</u>	<u>(15,840,776)</u>	<u>-</u>	<u>-</u>
<i>Net cash (used in)/generated from investing activities</i>	<u>(19,159,420)</u>	<u>(10,593,187)</u>	<u>1,980</u>	<u>24</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of term loans	11,350,734	20,197,756	-	-
Drawdown of bill payables	1,696,957	-	-	-
Proceeds from issuance of RCN	19,000,000	11,000,000	19,000,000	11,000,000
Interest paid on bank borrowings	(1,681,783)	(934,249)	(615,893)	(40,414)
Interest on lease liabilities paid	(190,036)	-	-	-
Repayment of lease liabilities	(694,515)	-	-	-
Repayment of term loans	(9,427,391)	(11,548,536)	-	-
Repayment of bill payables	(12,871,966)	-	-	-
Withdrawal of fixed deposits	<u>6,119,990</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net cash generated from financing activities</i>	<u>13,301,990</u>	<u>18,714,971</u>	<u>18,384,107</u>	<u>10,959,586</u>
<i>Net increase /(decrease) in cash and cash equivalents</i>	6,162,884	2,911,766	16,321,710	(345,828)
<i>Cash and cash equivalents at the beginning of the financial year</i>	3,255,752	1,860,662	88,153	(229,372)
<i>Effect of exchange differences</i>	<u>(696,569)</u>	<u>(1,516,676)</u>	<u>(16,071,125)</u>	<u>663,353</u>
<i>Cash and cash equivalents at the end of the financial year</i>	<u>8,722,067</u>	<u>3,255,752</u>	<u>338,738</u>	<u>88,153</u>
Cash and cash equivalents comprise:				
Fixed deposits with licenced banks	1,541,485	7,661,475	-	-
Cash and bank balances	<u>8,722,067</u>	<u>3,255,752</u>	<u>338,738</u>	<u>88,153</u>
	10,263,552	10,917,227	338,738	88,153
<i>Less: Fixed deposits pledged as securities</i>	<u>(1,541,485)</u>	<u>(7,661,475)</u>	<u>-</u>	<u>-</u>
	<u>8,722,067</u>	<u>3,255,752</u>	<u>338,738</u>	<u>88,153</u>

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

NOTES TO THE FINANCIAL STATEMENTS

– 31 DECEMBER 2019

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is a public limited liability 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. 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 2019, the Group and the Company have adopted the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations issued by the Malaysian Accounting Standards Board, effective for the annual periods beginning on or after 1 January 2019:

MFRS 16 – Leases

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

Amendments to MFRS 119 Employee Benefits - Plan Amendment, Curtailment or Settlement

Amendments to MFRS 9 Financial Instruments - Prepayment Features with Negative Compensation

IC Interpretation 23 Uncertainty over Income Tax Treatments

Notes to the Financial Statements
– 31 December 2019 (cont'd)**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**

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 except as discussed below:

MFRS 16

MFRS 16 supersedes MFRS 117 Leases and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on statement of financial position) or operating leases (off statement of financial position). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset can be subsequently measured by applying a cost model or a revaluation model as required under MFRS 116 Property, Plant and Equipment. If a lessee applies the fair value model in MFRS 140 Investment Property to its investment property, the lessee shall also apply that fair value model to the right-of-use asset that meets the definition of investment property in MFRS 140.

The lease liability shall be measured subsequently by:

- a) increasing the carrying amount to reflect interest on the lease liability;
- b) reducing the carrying amount to reflect the lease payments made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications as specified in MFRS 16.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

MFRS 16 (cont'd)

The Group and the Company adopted MFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under MFRS 117. The Group has recognised lease liabilities and right-of-use assets amounting to RM458,828 and RM411,190 in the statements of financial position as at 31 December 2018 by applying the practical expedient in MFRS 16 on the initial application for leases previously classified as an operating lease applying MFRS 117. The practical expedient allows a lessee to measure the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and recognise the right-of-use assets at the date of initial application for a lease previously classified as an operating lease under MFRS 117.

The Group and the Company chose to measure the right-of-use assets at amounts equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the statement of financial position immediately before the date of initial application. This will result in front-loaded total lease expenses in the earlier years of the lease contracts. The Group and the Company have also elected not to apply the standard to leases for which the lease term ends within 12 months of the date of initial application. The effect of adopting MFRS 16 during the current financial year ended are as disclosed in Notes 36 to the financial statements.

a) **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
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

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)
a) MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but are not yet effective (cont'd)

MFRSs/Amendments to MFRSs/IC Interpretations	Effective for annual periods beginning on or after
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
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures	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

Notes to the Financial Statements
– 31 December 2019 (cont'd)

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

a) MFRSs, Amendments to MFRSs and IC Interpretations that have been issued but are not yet effective (cont'd)

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.

3. 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

a) Basis of Consolidation (cont'd)

i) Acquisition Method of Accounting for Non-Common Control Business Combinations (cont'd)

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of Consolidation (cont'd)

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 of 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 its subsidiaries 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.

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.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value determined.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

b) Functional And Foreign Currency (cont'd)

i) Foreign Currency (cont'd)

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.

Notes to the Financial Statements – 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

c) Property, Plant and Equipment

Property, plant and equipment (other than leasehold land) are stated at historical cost less accumulated depreciation and impairment losses where applicable.

Leasehold land is measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on leasehold land and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the leasehold land and building does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is estimated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. If an assets' carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings in full when the asset is derecognised.

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 to 70 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

c) Property, Plant and Equipment (cont'd)

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Intangible Assets - Research and Development Expenditures (cont'd)

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

f) Impairment of Non-financial Assets (cont'd)

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Financial Assets (cont'd)

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 ('FVOCI'):

- 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

h) Financial Assets (cont'd)

ii) Amortised Cost and Effective Interest Method (cont'd)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVOCI. 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

i) Financial Liabilities (cont'd)

c) 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) Leases

The Group and the Company have applied MFRS 16 using the modified retrospective approach. The impact of the changes is disclosed in Note 6 and 18.

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- i) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- ii) the Group and the Company have the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and

Notes to the Financial Statements
– 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Leases (cont'd)

- iii) the Group and the Company have the right to direct the use of the asset. The Group and the Company have this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used are predetermined, the Group and the Company have the right to direct the use the asset if either
- a) the Group and the Company have the right to operate the asset; or
 - b) the Group and the Company have designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessee

The Group and the Company recognise a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The depreciation period for the current and comparative periods are as follows:

Properties	5 years
------------	---------

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's incremental borrowing rate as the discount rate.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

j) Leases (cont'd)

Lease payments included in the measurement of the lease liability comprise:

- i) fixed payments, including in-substance fixed payments;
- ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- iii) amounts expected to be payable under a residual value guarantee; and
- iv) the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise, lease payments in an option renewal period of the Group and of the Company are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and the Company are reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

k) Revenue Recognition (cont'd)

i) Recognition and Measurement (cont'd)

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Revenue Recognition (cont'd)

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 an accrued basis.

l) Employee Benefits

i) Short Term Employee Benefits

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

m) 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Related Parties

A party is related to an entity if:-

- i) directly, or indirectly through one or more intermediaries, the party:-
 - a) controls, is controlled by, or is under common control with, the entity (this includes holding company, subsidiary companies and fellow subsidiary companies);
 - b) has an interest in the entity that gives it significant influence over the entity; or
 - c) 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

o) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, cash in hand, deposits with licensed financial institutions with original maturities not exceeding 3 months and other short-term highly liquid investments which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

p) 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.

q) 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r) 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.

s) 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.

t) 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

u) 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.

v) 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.

w) 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.

x) 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

x) Fair Value Measurements (cont'd)

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.

4. 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.

a) 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

b) Amortisation of Intangible Assets

The changes in the expected useful lives or the expected pattern embodied in the asset are accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates.

c) 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.

d) 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 35* to the financial statements.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	At Valuation		At Cost							Capital work-in-progress	Total
	Leasehold land	Leasehold land	Buildings	Plant and machinery	Tools and equipment	Motor vehicles	Office equipment	Renovation			
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>Accumulated depreciation</i>											
At 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/ 1 January 2019	763,230	-	1,392,381	4,104,273	1,793,950	236,987	212,763	1,933,218	-	10,436,802	
Charge for the financial year	134,344	-	160,212	91,958	12,265	12,451	8,546	709,262	-	1,129,038	
Written off	-	-	-	-	-	-	(109,024)	-	-	(109,024)	
Translation differences	(21,184)	-	(36,737)	(99,739)	(42,968)	(5,920)	(4,909)	(61,952)	-	(273,409)	
At 31 December 2019	876,390	-	1,515,856	4,096,492	1,763,247	243,518	107,376	2,580,528	-	11,183,407	
<i>Net carrying amount</i>											
At 31 December 2019	3,380,854	9,266,770	1,734,993	1,486,851	1,519	47,405	31,742	5,891,015	81,184,428	103,025,577	
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	

Notes to the Financial Statements
– 31 December 2019 (cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 RM2,335,552 (2018: RM2,455,448).

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 19* are:

	<i>Group</i>	
	2019	2018
	RM	RM
At valuation		
Leasehold land	3,380,854	3,597,796
At cost		
Buildings	<u>1,730,682</u>	<u>1,613,728</u>
	<u><u>5,111,536</u></u>	<u><u>5,211,524</u></u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

6. RIGHT-OF-USE ASSETS

	<u>Building</u>
	RM
<i>Group</i>	
<i>Cost</i>	
As at beginning of year	3,884,057
Additions	3,664,227
Translation differences	<u>(174,862)</u>
As at end of year	<u>7,373,422</u>
<i>Less: Accumulated depreciation</i>	
As at beginning of year	3,472,867
Charge for the financial year	775,777
Translation differences	<u>(100,098)</u>
As at end of year	<u>4,148,546</u>
<i>Net carrying amount</i>	
As at end of year	<u><u>3,224,876</u></u>
As at beginning of year	<u><u>411,190</u></u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

7. INTANGIBLE ASSETS

<i>Group</i>	Development	Intellectual	Total
	costs	property rights	
<i>Cost</i>	RM	RM	RM
At 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
Additions	55,809	-	55,809
Translation differences	(176,232)	(264,550)	(440,782)
At 31 December 2019	8,785,037	10,852,100	19,637,137
<i>Less: Accumulated amortisation</i>			
At 1 January 2018	600,000	1,026,300	1,626,300
Charge for the financial year	300,000	624,328	924,328
Translation differences	-	(43,221)	(43,221)
At 31 December 2018	900,000	1,607,407	2,507,407
Charge for the financial year	300,000	615,094	915,094
Translation differences	-	(52,080)	(52,080)
At 31 December 2019	1,200,000	2,170,421	3,370,421
<i>Net carrying amount</i>			
At 31 December 2019	7,585,037	8,681,679	16,266,716
At 31 December 2018	8,005,460	9,509,243	17,514,703

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.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

8. INVESTMENT IN SUBSIDIARY COMPANIES

	<i>Company</i>	
	2019 RM	2018 RM
<i>Unquoted shares, at cost</i>		
In Malaysia		
At 1 January/31 December	2	2
Outside Malaysia		
At 1 January/31 December	<u>34,999,996</u>	<u>34,999,996</u>
	34,999,998	34,999,998
<i>Less: Accumulated impairment losses</i>		
At 1 January	(2)	(3,128,129)
Additions	-	-
Reversal	-	3,128,127
At 31 December	<u>(2)</u>	<u>(2)</u>
	<u><u>34,999,996</u></u>	<u><u>34,999,996</u></u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation/ place of business	Effective equity interest		Principal activities
		2019 %	2018 %	
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 bamboo flooring and related products.
Kanger Trading (HK) Co. Ltd.*	Hong Kong	100	100	Trading of bamboo flooring and related products.
Subsidiary companies of Ganzhou Kanger:				
Shenzhen Kanger Holding Co. Ltd. (formerly known as 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.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of subsidiary companies	Country of incorporation/ place of business	Effective equity interest		Principal activities
		2019 %	2018 %	
Subsidiary company of Shenzhen Kanger:				
Shenzhen Juner Development Co. Ltd. (“Shenzhen Juner”)# *	The People’s Republic of China	70	70	Investment holding and consultancy
Subsidiary company of Shenzhen Juner:				
Jingzhou Kanger Holdings Co. Ltd. (“Jingzhou Kanger”)# *	The People’s Republic of China	49	49	Investment holding, manufacturing and trading of bamboo products and flooring, provides renovation business, investment property and commercial services.
Jingzhou Kanger Bamboo Manufacturing Co. Ltd. (“Jingzhou Bamboo”)# *	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 during the financial year as disclosed in *Note 38*.

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Incorporation of subsidiary companies

- a) On 23 January 2019, Jingzhou Kanger, a subsidiary company of Shenzhen Juner, had subscribed for 25,187,852 ordinary shares in the share capital of Jingzhou Bamboo, representing 100% equity interest of Jingzhou Bamboo for a total consideration of RMB25,187,852. Consequently, Jingzhou Bamboo became the subsidiary company of Jingzhou Kanger.

9. AMOUNT OWING BY SUBSIDIARY COMPANIES

	<i>Company</i>	
	2019 RM	2018 RM
Amount owing by subsidiary companies	48,173,129	49,356,346
<i>Less:</i> Accumulated impairment losses	<u>(3,847,553)</u>	<u>(3,847,553)</u>
	<u><u>44,325,576</u></u>	<u><u>45,508,793</u></u>

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

Movements of the accumulated impairment losses (individually impaired):

	<i>Company</i>	
	2019 RM	2018 RM
At 1 January	3,847,533	3,847,533
Additions	<u>-</u>	<u>-</u>
At 31 December	<u><u>3,847,533</u></u>	<u><u>3,847,533</u></u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

10. INVENTORIES

	2019 RM	2018 RM
At cost:		
Raw materials	968,352	4,583,183
Work-in-progress	177,923	-
Finished goods	<u>16,126,025</u>	<u>15,233,068</u>
	<u>17,272,300</u>	<u>19,816,251</u>
Recognised in profit or loss		
Inventories recognised as cost of sales	<u>20,310,121</u>	<u>25,353,378</u>

11. TRADE RECEIVABLES
Group

The Group's normal trade credit terms ranged from 30 to 90 days (2018: 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:

	<i>Group</i>	
	2019 RM	2018 RM
USD	20,299,017	27,572,469
RMB	<u>7,563,175</u>	<u>9,239,805</u>
	<u>27,862,192</u>	<u>36,812,274</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables	18,054,025	12,240,707	400,000	-
Less: impairment loss	<u>(336,511)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	17,717,514	12,240,707	400,000	-
Deposits	573,196	560,216	27,288	1,000
Prepayments	42,891,534	9,409,946	200,000	-
Advances to suppliers	<u>98,764</u>	<u>10,923,220</u>	<u>-</u>	<u>-</u>
	<u>61,281,008</u>	<u>33,134,089</u>	<u>627,288</u>	<u>1,000</u>

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

	<i>Group</i>	
	2019 RM	2018 RM
RM	627,288	1,000
RMB	45,770,186	33,133,089
USD	<u>14,883,534</u>	<u>-</u>
	<u>61,281,008</u>	<u>33,134,089</u>

Movements in allowance for impairment losses of other receivables are as follows:

	<i>Group</i>	
	2019 RM	2018 RM
At 1 January	-	-
Additions	<u>336,511</u>	<u>-</u>
At 31 December	<u>336,511</u>	<u>-</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

13. FIXED DEPOSITS WITH LICENSED BANKS
Group

The fixed deposits with licenced banks earn effective interest at 1.95% (2018: 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 24*.

The fixed deposits with licenced banks of the Group has maturity period of 12 months (2018: 12 months).

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

	<i>Group</i>	
	2019 RM	2018 RM
RMB	<u>1,541,485</u>	<u>7,661,475</u>

14. CASH AND BANK BALANCES

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

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
RM	339,446	88,906	338,738	88,153
USD	1,200,519	1,385,395	-	-
RMB	<u>7,182,102</u>	<u>1,781,451</u>	<u>-</u>	<u>-</u>
	<u>8,722,067</u>	<u>3,255,752</u>	<u>338,738</u>	<u>88,153</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

15. SHARE CAPITAL

	<i>Group and Company</i>			
	2019	2018	2019	2018
	Number of ordinary shares		RM	RM
Issued share capital				
At 1 January	891,356,949	798,460,550	92,226,460	79,846,055
Transition to no par value regime *	-	-	-	4,380,405
Issuance of shares pursuant to conversion of redeemable convertible notes	<u>202,469,135</u>	<u>92,896,399</u>	<u>12,100,000</u>	<u>8,000,000</u>
At 31 December	<u><u>1,093,826,084</u></u>	<u><u>891,356,949</u></u>	<u><u>104,326,460</u></u>	<u><u>92,226,460</u></u>

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.

During the financial year, the Company issued 202,469,135 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**15. SHARE CAPITAL (CONT'D)**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 were 238,935,400 (2018: 238,935,400) Warrants remained unexercised as at the financial year end.

The remaining unexercised 238,935,400 Warrants expired on 13 April 2020 and ceased to be valid upon the expiry date.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

16. REDEEMABLE CONVERTIBLE NOTES

	<i>Group and Company</i>	
	2019	2018
	RM	RM
Equity		
At 1 January	218,400	-
Arising from issuance of redeemable convertible notes during the financial year	<u>372,433</u>	<u>218,400</u>
At 31 December	<u><u>590,833</u></u>	<u><u>218,400</u></u>
Non-Current Liabilities		
At 1 January	2,712,632	-
Arising from issuance of redeemable convertible notes during the financial year	19,000,000	11,000,000
Converted during the financial year	(12,100,000)	(8,000,000)
Redeemable convertible note - Equity	(372,433)	(218,400)
Deferred tax liability (<i>Note 20</i>)	<u>(117,611)</u>	<u>(68,968)</u>
At 31 December	<u><u>9,122,588</u></u>	<u><u>2,712,632</u></u>

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 202,469,135 new ordinary shares arising from the conversion of redeemable convertible notes (“RCN”), details of which are as follows:

- a) Conversion of RCN into 2,469,135 new ordinary shares at issue price of RM0.0405 per share on 14 January 2019
- b) Conversion of RCN into 200,000,000 new ordinary shares at issue price of RM0.0600 per share on 4 October 2019

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

17. RESERVES

		<i>Group</i>		<i>Company</i>	
		2019 RM	2018 RM	2019 RM	2018 RM
Merger deficit	a)	(12,805,422)	(12,805,422)	-	-
Revaluation reserve	b)	1,226,554	1,226,554	-	-
Foreign currency translation reserve	c)	2,281,594	3,916,830	(17,479,304)	(1,408,179)
Retained earnings/ (Accumulated losses)		<u>47,999,904</u>	<u>41,201,316</u>	<u>(16,876,757)</u>	<u>(14,108,163)</u>
		<u>38,702,630</u>	<u>33,539,278</u>	<u>(34,356,061)</u>	<u>(15,516,342)</u>

a) Merger deficit

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

b) Revaluation reserve

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

c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

18. LEASE LIABILITIES

	<i>Group</i>	
	2019	2018
	RM	RM
As at beginning of year	458,828	-
Addition	3,664,227	-
Interest expenses (Note 26)	190,036	-
Less: repayment	(884,551)	-
Translation differences	<u>(77,725)</u>	<u>-</u>
As at end of year	<u><u>3,350,815</u></u>	<u><u>-</u></u>
Current	117,223	-
Non-current	<u>3,233,592</u>	<u>-</u>
	<u><u>3,350,815</u></u>	<u><u>-</u></u>

19. TERM LOANS

The term loans are repayable as follows:

	<i>Group</i>	
	2019	2018
	RM	RM
<i>Shown under current liabilities</i>		
Within 1 year (Note 24)		
- secured	15,934,989	14,397,515
<i>Shown under non-current liabilities</i>		
Between 2 to 5 years		
- secured	<u>33,436,200</u>	<u>34,251,300</u>
	<u><u>49,371,189</u></u>	<u><u>48,648,815</u></u>

Notes to the Financial Statements
– 31 December 2019 (cont'd)

19. TERM LOANS (CONT'D)

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

- a) Legal charge over the leasehold land and building as disclosed in *Note 5*; and
- b) Jointly and severally guaranteed by a third party guarantor.

The term loans bear interest at rates ranging from 3.50% to 8.55% (2018: 4.75% to 7.60%) per annum.

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

	<i>Group</i>	
	2019 RM	2018 RM
RMB	<u>49,371,189</u>	<u>48,648,815</u>

20. DEFERRED TAX LIABILITIES

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 January	286,575	225,248	68,968	-
Issuance of redeemable convertible notes (Note 16)	117,611	68,968	117,611	68,968
Translation differences	<u>(5,179)</u>	<u>(7,641)</u>	<u>-</u>	<u>-</u>
At 31 December	<u>399,007</u>	<u>286,575</u>	<u>186,579</u>	<u>68,968</u>

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

21. TRADE PAYABLES

Group

The normal trade credit terms granted to the Group is 90 days (2018: 90 days).

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

	<i>Group</i>	
	2019 RM	2018 RM
USD	-	702,809
RMB	<u>876,240</u>	<u>407,438</u>

22. OTHER PAYABLES, ACCRUALS AND DEPOSIT RECEIVED

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables	16,969,975	4,441,040	204,278	100,000
Accruals	542,238	1,100,646	216,921	413,000
Deposit received	<u>2,870,803</u>	<u>221,360</u>	<u>-</u>	<u>-</u>
	<u>20,383,016</u>	<u>5,763,046</u>	<u>421,199</u>	<u>513,000</u>

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

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
RM	579,869	621,282	421,199	513,000
USD	1,291,573	28,771	-	-
RMB	<u>18,511,574</u>	<u>5,112,993</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

23. AMOUNT OWING TO A DIRECTOR
Group and Company

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

24. SHORT TERM BORROWINGS

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
Term loans (<i>Note 19</i>)	15,934,989	14,397,515	-	-
Bill payables	<u>1,541,485</u>	<u>12,769,125</u>	<u>-</u>	<u>-</u>
	<u><u>17,476,474</u></u>	<u><u>27,166,640</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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

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

	<i>Group</i>	
	2019 RM	2018 RM
RMB	<u><u>17,476,474</u></u>	<u><u>27,166,640</u></u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

25. REVENUE

	<i>Group</i>	
	2019 RM	2018 RM
Sale of goods		
- continuing operation	65,046,562	57,130,066
- discontinued operation	<u>-</u>	<u>2,023,171</u>
	<u><u>65,046,562</u></u>	<u><u>59,153,237</u></u>

Disaggregation of revenue

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

	<i>Continuing operation</i>		<i>Discontinued operation</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
Major product				
- Furniture	340,885	16,095,336	-	-
- Flooring	64,705,677	26,595,835	-	2,023,171
- Others	<u>-</u>	<u>14,438,895</u>	<u>-</u>	<u>-</u>
	<u><u>65,046,562</u></u>	<u><u>57,130,066</u></u>	<u><u>-</u></u>	<u><u>2,023,171</u></u>
Timing and recognition				
- At a point in time	<u><u>65,046,562</u></u>	<u><u>57,130,066</u></u>	<u><u>-</u></u>	<u><u>2,023,171</u></u>
Sales channels				
- Direct customer	65,046,562	46,396,800	-	2,023,171
- Intermediaries	<u>-</u>	<u>10,733,266</u>	<u>-</u>	<u>-</u>
	<u><u>65,046,562</u></u>	<u><u>57,130,066</u></u>	<u><u>-</u></u>	<u><u>2,023,171</u></u>

The revenue information based on the geographical location of customers is disclosed in *Note 33*.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

25. REVENUE (CONT'D)
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.

26. FINANCE COSTS

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
CONTINUING OPERATIONS				
Bank overdraft interest	151,931	12,827	-	1,630
Bill payables interest	53,496	72,402	-	-
Redeemable convertible notes interest	615,893	38,784	615,893	38,784
Term loans interest	717,155	645,340	-	-
Lease liabilities interest (Note 18)	190,036	-	-	-
	<u>1,728,511</u>	<u>769,353</u>	<u>615,893</u>	<u>40,414</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

27. PROFIT/(LOSS) BEFORE TAXATION

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
CONTINUING OPERATIONS:				
Profit/(loss) before taxation is stated <i>after charging</i> :				
Auditors' remuneration				
- statutory audits	104,215	109,797	35,000	33,500
- under provision in respect of prior year	18,578	-	1,500	-
- other services	5,000	5,000	5,000	5,000
Amortisation of intangible assets	915,094	924,328	-	-
Depreciation of right-of-use assets	775,777	-	-	-
Bad debts written off	-	126,167	-	-
Depreciation of property, plant and equipment	1,128,419	1,473,328	-	-
Impairment loss on other receivables	336,511	-	-	-
Property, plant and equipment written off	-	36,164	-	-
Rental of premises	8,300	964,872	8,300	-
Employee benefit expenses (Note 31)	<u>3,099,621</u>	<u>3,874,508</u>	<u>599,313</u>	<u>285,000</u>
<i>and crediting:</i>				
Interest income	115,502	132,447	1,980	24
Rental income	336,272	345,041	-	-
Reversal of impairment loss on investment in a subsidiary company	-	-	-	3,128,127
Realised gain on foreign exchange	<u>1,120</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

28. TAXATION

	<i>Group</i>	
	2019	2018
	RM	RM
Income tax:		
CONTINUING OPERATIONS:		
- current year's provision	36,161	228,650
- over provision in respect of prior year	<u>(191,946)</u>	<u>(351,964)</u>
	(155,785)	(123,314)
DISCONTINUED OPERATIONS:		
- current year's provision	-	10,091
- over provision in respect of prior year	<u>(9,942)</u>	<u>-</u>
	<u><u>(165,727)</u></u>	<u><u>(113,223)</u></u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 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%.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

28. TAXATION (CONT'D)

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:

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit/(loss) before taxation				
- continuing operations	9,264,056	3,684,568	(2,768,594)	1,496,378
- discontinued operations	(44,140)	(5,510,579)	-	-
	<u>9,219,916</u>	<u>(1,826,011)</u>	<u>(2,768,594)</u>	<u>1,496,378</u>
Income tax expense at Malaysian statutory tax rate of 24% (2018: 24%)	2,212,780	(438,243)	(664,463)	359,131
• Adjustments for the following tax effects:				
- expenses not deductible for tax purposes	900,768	1,819,797	664,463	391,625
- different tax rates in overseas subsidiary companies	(440,063)	886,897	-	-
- income not subject to tax	(2,574,671)	(1,994,023)	-	(750,756)
- utilisation of deferred tax assets not recognised in prior year	(62,653)	(35,687)	-	-
	(2,176,619)	676,984	664,463	(359,131)
• Over provision of taxation in respect of prior year	(201,888)	(351,964)	-	-
	<u>(165,727)</u>	<u>(113,223)</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

28. TAXATION (CONT'D)

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

	<i>Group</i>		<i>Company</i>	
	2019	2018	2019	2018
	RM	RM	RM	RM
Unabsorbed business losses	<u>439,122</u>	<u>698,094</u>	<u>-</u>	<u>-</u>

29. 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.

Results of Discontinued Operations

	<i>Group</i> 2019 RM	<i>Group</i> 2018 RM
Revenue	-	2,023,171
Cost of sales	<u>(392,452)</u>	<u>(5,725,257)</u>
Gross loss	(392,452)	(3,702,086)
Other operating income	639,545	82
Administrative expenses	(147,925)	(1,326,392)
Distribution costs	-	(317,287)
Finance cost	<u>(143,308)</u>	<u>(164,896)</u>
Loss before taxation	(44,140)	(5,510,579)
Taxation	<u>9,942</u>	<u>(10,091)</u>
Loss after taxation	<u>(34,198)</u>	<u>(5,520,670)</u>

Notes to the Financial Statements
– 31 December 2019 (cont'd)

29. DISCONTINUED OPERATIONS (CONT'D)

Results of Discontinued Operations

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

	<i>Group</i>	
	2019 RM	2018 RM
Loss before taxation is stated after <i>charging</i> :		
Auditors' remuneration	3,600	2,436
Depreciation of property, plant and equipment	619	184,127
Property, plant and equipment written off	-	1,065,640
Rental of equipment	10,727	10,888
Rental of premises	23,599	23,953
Employee benefit expenses (<i>Note 31</i>)	62,960	195,657
Finance costs		
- Term loan interest	<u>143,308</u>	<u>164,896</u>
and <i>crediting</i> :		
Interest income	<u>23</u>	<u>82</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

30. EARNINGS/(LOSS) PER SHARE
Basic Earnings/(Loss) Per Share

The basic earnings/(loss) per ordinary share as at 31 December 2019 is arrived at by dividing the Group's profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	<i>Group</i>	
	2019	2018
Profit/(loss) attributable to owners of the Company (RM)		
- Continuing operations (RM)	6,880,424	3,807,882
- Discontinued operations (RM)	<u>(34,198)</u>	<u>(5,520,670)</u>
	<u><u>6,846,226</u></u>	<u><u>(1,712,788)</u></u>
Weighted average number of ordinary shares (units):		
Ordinary shares as at 31 December	940,854,665	839,843,093
Basic earnings/(loss) per share (Sen)		
- Continuing operations	0.73	0.45
- Discontinued operations	<u>(0.00)</u>	<u>(0.66)</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

30. EARNINGS/(LOSS) PER SHARE (CONT'D)
Diluted Earnings/(Loss) Per Share

The diluted earnings/(loss) per ordinary share as at 31 December 2019 is arrived at by dividing the Group's profit/(loss) 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:

	<i>Group</i>	
	2019	2018
Profit/(loss) attributable to owners of the Company (RM)		
- Continuing operations (RM)	6,880,424	3,807,882
- Discontinued operations (RM)	<u>(34,198)</u>	<u>(5,520,670)</u>
	<u>6,846,226</u>	<u>(1,712,788)</u>
Weighted average ordinary shares issued as at 31 December	940,854,665	839,843,093
Effects of exercise of Warrants	<u>238,935,400</u>	<u>238,935,400</u>
	<u>1,179,790,065</u>	<u>1,078,778,493</u>
Diluted earnings per share (Sen)		
- Continuing operations	0.58	0.35
- Discontinued operations	<u>(0.00)</u>	<u>N/A</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

31. EMPLOYEE BENEFIT EXPENSES

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
CONTINUING OPERATIONS:				
Salaries and wages	2,920,030	3,628,054	599,313	285,000
Defined contribution plan	<u>179,591</u>	<u>246,454</u>	<u>-</u>	<u>-</u>
	<u>3,099,621</u>	<u>3,874,508</u>	<u>599,313</u>	<u>285,000</u>
DISCONTINUED OPERATIONS:				
Salaries and wages	61,210	184,858	-	-
Defined contribution plan	<u>1,750</u>	<u>10,799</u>	<u>-</u>	<u>-</u>
	<u>62,960</u>	<u>195,657</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
CONTINUING OPERATIONS:				
Directors' remuneration				
- fees	220,000	207,000	220,000	207,000
- other emoluments	<u>534,276</u>	<u>255,628</u>	<u>379,313</u>	<u>78,000</u>

Notes to the Financial Statements
– 31 December 2019 (cont'd)

32. 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 01.01.2019	Net Cash Flows	Non-cash Changes	At 31.12.2019
	RM	RM	RM	RM
<i>Group</i>				
Term loans	48,648,815	1,923,343	(1,200,969)	49,371,189
Bill payables	12,769,125	(11,175,009)	(52,631)	1,541,485
Lease liabilities	458,828	(694,515)	3,586,502	3,350,815
	<u>61,876,768</u>	<u>(9,946,181)</u>	<u>2,332,902</u>	<u>54,263,489</u>
	At 01.01.2018	Net Cash Flows	Non-cash Changes	At 31.12.2018
	RM	RM	RM	RM
<i>Group</i>				
Term loans	41,524,720	8,649,220	(1,525,125)	48,648,815
Bill payables	13,217,500	-	(448,375)	12,769,125
	<u>54,742,220</u>	<u>8,649,220</u>	<u>(1,973,500)</u>	<u>61,417,940</u>

Non-cash changes represent translation differences.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**33. 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.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

33. OPERATING SEGMENTS (CONT'D)

Business Segments

Group 2019	←-----Continuing operations-----→				←-----Discontinued operations-----→			Grand Total RM
	Investment Holding RM	Manufacturing and Trading RM	Research and Development RM	Elimination RM	Total RM	Manufacturing and Trading RM	Elimination RM	
Revenue								
External revenue	-	65,046,562	-	-	65,046,562	-	-	65,046,562
Inter-segment revenue	-	3,980,760	-	(3,980,760)	-	510,827	(510,827)	-
Total revenue	-	69,027,322	-	(3,980,760)	65,046,562	510,827	(510,827)	65,046,562
Results								
Segment results	(3,407,680)	8,582,376	(342,939)	-	4,831,757	(188,044)	-	4,643,713
Interest income	(2,101)	(113,396)	(5)	-	(115,502)	(23)	-	(115,525)
Finance costs	617,053	1,111,458	-	-	1,728,511	143,308	-	1,871,819
Amortisation of intangible assets	-	615,094	300,000	-	915,094	-	-	915,094
Depreciation of property, plant and equipment	-	1,128,394	25	-	1,128,419	619	-	1,129,038
Depreciation of right-of-use assets	-	775,777	-	-	775,777	-	-	775,777
Profit/(loss) before taxation	(2,792,728)	12,099,703	(42,919)	-	9,264,056	(44,140)	-	9,219,916
Taxation	-	155,785	-	-	155,785	9,942	-	165,727
Profit/(loss) after taxation	(2,792,728)	12,255,488	(42,919)	-	9,419,841	(34,198)	-	9,385,643
Assets								
Segment assets	4,111,310	233,507,231	300,783	-	237,919,324	1,284,865	-	239,204,189
Liabilities								
Segment liabilities	10,528,113	74,639,646	158,671	-	85,326,430	773,521	-	86,099,951

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

33. OPERATING SEGMENTS (CONT'D)
Business Segments (Cont'd)

Group 2018	Continuing operations				Discontinued operations			Grand Total RM
	Investment Holding RM	Manufacturing and Trading RM	Research and Development RM	Elimination RM	Total RM	Manufacturing and Trading RM	Elimination RM	
Revenue								
External revenue	-	57,130,066	-	-	57,130,066	2,023,171	-	2,023,171
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
Results								
Segment results	1,445,156	218,622	(462,869)	(550,903)	650,006	(5,495,101)	(364,419)	(5,859,520)
Interest income	(24)	(132,417)	(6)	-	(132,447)	(82)	-	(82)
Finance costs	40,414	728,939	-	-	769,353	164,896	-	164,896
Amortisation of intangible assets	-	624,328	300,000	-	924,328	-	-	-
Depreciation of property, plant and equipment	-	1,473,303	25	-	1,473,328	184,127	-	184,127
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)
Taxation	-	123,314	-	-	123,314	(10,091)	-	(10,091)
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)
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
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

Notes to the Financial Statements
– 31 December 2019 (cont'd)

33. OPERATING SEGMENTS (CONT'D)

Geographical information

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

<i>Group</i>	<i>Revenue</i>	
	2019 RM	2018 RM
People's Republic of China	25,017,787	30,635,575
Malaysia	11,004,102	8,407,403
New Zealand	10,959,211	7,015,753
Mexico	7,354,599	1,769,422
United Arab Emirates	2,941,972	2,856,370
Bangladesh	-	800,980
Canada	-	148,806
India	794,712	2,257,577
United States of America	2,498,060	606,414
South Africa	-	524,042
Serbia	-	800,556
Spain	2,465,547	1,035,547
Hong Kong	-	105,693
Croatia	-	1,150,630
Korea	1,181,006	1,038,469
Kenya	829,566	-
	<u>65,046,562</u>	<u>59,153,237</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

34. 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:

	<i>Group</i>		<i>Company</i>	
	2019	2018	2019	2018
	RM	RM	RM	RM
<u>Short-term employee benefit expenses</u>				
Executive Directors:-				
- other emoluments	<u>534,276</u>	<u>255,628</u>	<u>379,313</u>	<u>78,000</u>
Non-executive Directors:-				
- fees	<u>220,000</u>	<u>207,000</u>	<u>220,000</u>	<u>207,000</u>

Notes to the Financial Statements
– 31 December 2019 (cont'd)

35. 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.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

a) Financial Risk Management Policies (cont'd)

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:-

	<i>Group</i>		<i>Company</i>	
	2019 Increase/ (decrease) RM	2018 Increase/ (decrease) RM	2019 Increase/ (decrease) RM	2018 Increase/ (decrease) RM
Effects on profit after taxation/equity				
Increase of 100 basis points	(509,127)	(614,179)	-	-
Decrease of 100 basis points	<u>509,127</u>	<u>614,179</u>	<u>-</u>	<u>-</u>

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

a) Financial Risk Management Policies (cont'd)

ii) Credit Risk (cont'd)

- 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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**35. FINANCIAL INSTRUMENTS (CONT'D)**

a) Financial Risk Management Policies (cont'd)

ii) Credit Risk (cont'd)

- Trade and other receivables (cont'd)

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.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

a) Financial Risk Management Policies (cont'd)

ii) Credit Risk (cont'd)

- Trade and other receivables (cont'd)

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

	<i>Group</i>	
	2019 RM	2018 RM
Not past due	7,015,914	8,602,221
Past due but not impaired:		
- 1 to 30 days	20,320,269	27,573,821
- 31 to 60 days	526,009	50,202
- more than 60 days	-	586,030
	<u>20,846,278</u>	<u>28,210,053</u>
	<u>27,862,192</u>	<u>36,812,274</u>

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

a) Financial Risk Management Policies (cont'd)

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	
	2019 RM	2018 RM
<i>Group</i>		
Trade receivables	7,563,175	9,239,805
Other receivables, deposits and prepayments	45,770,186	33,133,089
Fixed deposits with licenced banks	1,541,485	7,661,475
Cash and bank balances	7,182,102	1,781,451
Trade payables	(876,240)	(407,438)
Other payables, accruals and deposit received	(18,511,574)	(5,112,993)
Term loans	(49,371,189)	(48,648,815)
Bill payables	(1,541,485)	(12,769,125)
Currency exposure	<u>(8,243,540)</u>	<u>(15,122,551)</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

a) Financial Risk Management Policies (cont'd)

iii) Foreign Currency Risk (cont'd)

	USD	
	2019	2018
	RM	RM
<i>Group</i>		
Trade receivables	20,299,017	27,572,469
Other receivables, deposits and prepayments	14,883,534	-
Cash and bank balances	1,200,519	1,385,395
Trade payables	-	(702,809)
Other payables, accruals and deposit received	(1,291,573)	(28,771)
Currency exposure	<u>35,091,497</u>	<u>28,226,284</u>

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:

	<i>Group</i>	
	2019	2018
	RM	RM
	Increase/ (Decrease)	Increase/ (Decrease)
Effects on profit after taxation/equity		
Strengthened by 10%		
- RMB	(824,354)	(1,512,255)
- USD	3,509,150	2,822,628
Weakened by 10%		
- RMB	824,354	1,512,255
- USD	<u>(3,509,150)</u>	<u>(2,822,628)</u>

Notes to the Financial Statements
– 31 December 2019 (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

a) Financial Risk Management Policies (cont'd)

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):

<i>Group</i>	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM	1 - 5 Years RM
2019				
Trade payables	876,240	876,240	876,240	-
Other payables, accruals and deposit received	20,383,016	20,387,015	20,387,015	-
Amount owing to a director	970,008	970,008	970,008	-
Bill payables	1,541,485	1,541,485	1,541,485	-
Lease liabilities	3,350,815	3,674,971	864,653	2,810,318
Term loans	49,371,189	49,371,189	15,934,989	33,436,200
	<u>76,492,753</u>	<u>76,820,908</u>	<u>40,574,390</u>	<u>36,246,518</u>
2018				
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
	<u>68,879,605</u>	<u>68,879,605</u>	<u>34,628,305</u>	<u>34,251,300</u>

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

a) Financial Risk Management Policies (cont'd)

iv) Liquidity and Cash Flow Risks

<i>Company</i>	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	On Demand Or Within 1 Year RM
2019			
Other payables, accruals and deposit received	421,199	421,199	421,199
Amount owing to a director	-	-	-
	<u>421,199</u>	<u>421,199</u>	<u>421,199</u>
2018			
Other payables, accruals and deposit received	513,000	513,000	513,000
Amount owing to a director	374,824	374,824	374,824
	<u>887,824</u>	<u>887,824</u>	<u>887,824</u>

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.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

b) Capital Risk Management (cont'd)

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

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
Term loans	49,371,189	48,648,815	-	-
Bill payables	<u>1,541,485</u>	<u>12,769,125</u>	<u>-</u>	<u>-</u>
	50,912,674	61,417,940	-	-
<i>Less:</i> Fixed deposits with licenced banks	(1,541,485)	(7,661,475)	-	-
<i>Less:</i> Cash and bank balances	<u>(8,722,067)</u>	<u>(3,255,752)</u>	<u>(338,738)</u>	<u>(88,153)</u>
	<u>40,649,122</u>	<u>50,500,713</u>	<u>(338,738)</u>	<u>(88,153)</u>
Total equity	<u>153,104,238</u>	<u>132,413,768</u>	<u>70,561,232</u>	<u>76,928,518</u>
Debt-to-equity ratio	<u>0.27</u>	<u>0.38</u>	<u>N/A</u>	<u>N/A</u>

Note:

N/A: The gearing ratio is not applicable as there is no borrowing obligation to the Company as at the financial year end.

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

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

c) Classification of Financial Instruments

	<i>Group</i>		<i>Company</i>	
	2019 RM	2018 RM	2019 RM	2018 RM
Financial Assets				
<u>Measured at amortised cost</u>				
Trade receivables	27,862,192	36,812,274	-	-
Other receivables and deposits	18,389,474	23,724,143	427,288	1,000
Amount owing by subsidiary companies	-	-	44,325,576	45,508,793
Fixed deposits with licenced banks	1,541,485	7,661,475	-	-
Cash and bank balances	8,722,067	3,255,752	338,738	88,153
	<u>56,515,218</u>	<u>71,453,644</u>	<u>45,091,602</u>	<u>45,597,946</u>
Financial Liabilities				
<u>Measured at amortised cost</u>				
Trade payables	876,240	1,110,247	-	-
Other payables, accruals and deposit received	20,383,016	5,763,046	421,199	513,000
Amount owing to a director	970,008	588,372	-	374,824
Lease liabilities	3,350,815	-	-	-
Bill payables	1,541,485	12,769,125	-	-
Term loans	49,371,189	48,648,815	-	-
	<u>76,492,753</u>	<u>68,879,605</u>	<u>421,199</u>	<u>887,824</u>

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.

Notes to the Financial Statements
 – 31 December 2019 (cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)

e) Fair Value Hierarchy

The Company measures fair values using the following fair value hierarchy that reflects the significant of the impacts used in making the measurements:

Level 1

Quoted prices (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Non-financial asset that is measured at fair value:

	Fair value level 3 RM
<i>Group</i>	
As at 31 December 2019 Property, plant and equipment (<i>Note 5</i>)	3,380,854
As at 31 December 2018 Property, plant and equipment (<i>Note 5</i>)	3,597,796

Notes to the Financial Statements
– 31 December 2019 (cont'd)

36. IMPACT OF ADOPTION OF PRONOUNCEMENTS

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there is no adjustments made to the prior year presented.

a) Impact of the adoption of MFRS 16 Leases

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	RM
<i>Group</i>	
Operating leases commitments at 31 December 2018 as disclosed in the financial statements	<u>474,012</u>
Discounted using the incremental borrowing rate at 1 January 2019	<u>458,828</u>
Lease liabilities recognised at 1 January 2019 (Note 18)	<u>458,828</u>
	<i>Adjustments at 1 January 2019</i>
	RM
<i>Group</i>	
Increase in right-of-use assets	411,190
Decrease in equity	(47,638)
Increase in lease liabilities	<u>458,828</u>

Notes to the Financial Statements
– 31 December 2019 (cont'd)

37. CAPITAL COMMITMENT

	<i>Group</i>	
	2019	2018
	RM	RM
Approved and contracted but not provided for - Capital work-in-progress	<u>16,446,000</u>	<u>14,035,966</u>

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- a) 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:-

- i) YanShan Government will compensate YanShan Kanger RMB1,000,000 for the closure of the factory;
 - ii) YanShan Government will compensate YanShan Kanger RMB70,000 for the demolition of chimney in the plant area; and
 - iii) The compensation schedule of payment is as follows:-
 - a) YanShan Government will pay YanShan Kanger RMB300,000 upon the signing of the compensation agreement;
 - b) YanShan Government will pay YanShan Kanger RMB270,000 upon the demolition of chimney in the plant area;
 - c) YanShan Government will pay YanShan Kanger RMB400,000 upon settlement of government loan by YanShan Kanger; and
 - d) 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.
- b) On 27 December 2019, the Company has implemented a Share Issuance Scheme of up to 30% of the total number of issued shares of the Company, excluding treasury shares, at any point in time comprising a Share Option Scheme and a Share Grant Scheme.

Notes to the Financial Statements
– 31 December 2019 (cont'd)

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

- a) On 9 January 2020, the Company announced on the conversion of redeemable convertible notes into 141,428,571 ordinary shares of the Company at issue price of RM0.07 per share.
- b) On 13 January 2020, pursuant to Share Options under the Share Issuance Scheme, the Company has offered a total of 90,000,000 units of Share Options to three (3) directors, namely Leng Xingmin 30,000,000 units, Wu Wai Kong 20,000,000 units and Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi 40,000,000 units, with exercise price of RM0.065 per Share Option. These Share Options are vested immediately after the acceptance of the offer.

On 20 February 2020, pursuant to Share Options under the Share Issuance Scheme, the Company has offered two (2) directors, namely Leng Xingmin and Wu Wai Kong 20,000,000 units of Share Options each with exercise price of RM0.070 per Share Option. These Share Options have a vesting period of twelve (12) and twenty four (24) calendar months from the acceptance of the offer.

- c) On 9 March 2020, the Company announced that Ganzhou Kanger, a wholly-owned subsidiary of HK Kanger, had entered into a two separate lease agreements with Ganzhou Jiache Automobile Trading Co. Ltd. (“Ganzhou Jiache”) and Ganzhou Fuying Kaili Hotel Management Co. Ltd. (“Ganzhou Fuying”) for the lease of six-storey commercial building (“AutoCity Building”) and a nineteen-storey commercial building (“Hotel Commercial Building”), respectively, to the said parties. Ganzhou Kanger owns the two buildings and the leases are subject to scheduled rent increases.

Notes to the Financial Statements
– 31 December 2019 (cont'd)**39. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR (CONT'D)**

- d) On 16 March 2020, the government of Malaysia had announced Movement Control Order (“MCO”) as a preventive measure to contain the spread of Coronavirus pandemic (COVID-19), it was implemented throughout the country and to be enforced on 18 March 2020 until 31 March 2020, on 25 March 2020, the MCO was extended until 14 April 2020 by the government of Malaysia, subsequently, pursuant to announcement by government of Malaysia on 10 April 2020 and 23 April 2020, the MCO was extended until 28 April 2020 and 12 May 2020 respectively.

The effect of COVID-19 outbreak on public life and the industry in Malaysia and the broader region has disrupted the Group’s business activities. While this is expected to have a negative impact on the Group’s performance for the coming reporting periods, the Group is unable to quantify the magnitude and duration of such impact at this juncture as the outbreak continues to progress and the conditions are unpredictable.

The COVID-19 outbreak has turned into a worldwide pandemic. Global trade and capital market sentiments have been severely impacted in a negative way. The imposition of lockdowns in many countries and the MCO in Malaysia has led to fears of follow-on effects on economic performance and corporate earnings amid tightening credit conditions and diminished consumer confidence. This may adversely impact our Group’s revenue and earnings in the near term. The Management has been proactively modifying its business strategies and implementing necessary steps to mitigate the potential shortfall and to boost the financial performance of the Group. China, which was the original epicentre of the COVID-19 outbreak, is well on the way to overcoming it, and recent statistics show that Chinese economic activity has been briskly picking up again. The Management believes that the strategies put in place will enable the Group to post increasingly better performance in the near future once this pandemic has passed.

40. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 19 June 2020.

LIST OF PROPERTIES

As At 31 December 2019

Location	Description/ Existing use	Existing Use	Tenure	(i) (ii)	Land area Built-up area (square metres)	Approximate age of building (years)	Carrying amounts at 31 December 2019 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) (ii)	19,662 8,577	9	3,381 (land) 1,735 (buildings)	16 February 2009
In Gantai Industrial Park, Pingyuan Village, Gantang Town, Jingzhou County, Huaihua City, Hunan Province, China	Industrial land with 1 storey detached building	Manufacturing facility	50 years ending on 9 January 2069	(i) (ii)	58,318 58,318	0	7,026 (land)	09 January 2019
In Gantai Industrial Park, Pingyuan Village, Gantang Town, Jingzhou County, Huaihua City, Hunan Province, China	Industrial land with 4 storey detached building annexed with a 6 storey detached building	Office and staff quarter	70 years ending on 31 March 2089	(i) (ii)	7,657 7,657	0	2,241 (land)	31 March 2019

ANALYSIS OF SHAREHOLDINGS

As At 29 May 2020

SHARE CAPITAL

Issued and Fully Paid-up Capital	: 1,235,254,655
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
26	Less than 100	863	*
98	100 to 1,000	43,302	*
383	1,001 to 10,000	2,478,860	0.20
839	10,001 to 100,000	38,825,120	3.14
392	100,001 to less than 5% of issued shares	739,639,344	59.88
4	5% and above of the issued shares	454,267,166	36.78
1,742	TOTAL	1,235,254,655	100.00

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

No.	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Pacific Trustees Berhad - For Wu Wai Kong	200,000,000	16.19
2.	Kenanga Nominees (Asing) Sdn Bhd - Leng Xingmin (Account 1)	114,342,091	9.26
3.	Kenanga Nominees (Asing) Sdn Bhd - Liu Zhenyu	71,428,000	5.78
4.	Lim Lai Choy @ Lim Aun Nee	68,497,075	5.55
5.	Setiakon Builders Sdn Bhd	52,393,400	4.24
6.	Kenanga Nominees (Asing) Sdn Bhd - Hongkong Huanshiqiu Finance Investment Limited	35,037,037	2.84
7.	Kenanga Nominees (Asing) Sdn Bhd - Nie Hui	29,428,000	2.38
8.	Tan Lik Houe	25,000,000	2.02
9.	Li Chunming	22,939,700	1.86
10.	Pacific Trustees Berhad - For Tan Lik Houe	20,000,000	1.62
11.	Hongkong Jiutian Asset Management Limited	19,794,900	1.60
12.	Syed Sirajuddin Putra Jamalullail	18,000,070	1.46
13.	Dahua Holding (HK) Co Limited	17,802,500	1.44
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd	17,510,000	1.42

Analysis of Shareholdings (cont'd)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS) (CONT'D)

No.	Name of Shareholders	No. of Shares Held	Percentage (%)
15.	Syed Razlan Ibni Syed Putra	16,640,000	1.35
16.	Ng Kim Keong	15,320,300	1.24
17.	Wong Wai Lum	15,297,100	1.24
18.	Huam Hong Ping	15,000,000	1.21
19.	Chen Shenghuai	14,870,200	1.20
20.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Doh Tee Leong (E-TAI/STW)	14,300,000	1.16
21.	Lim Kam Seng	11,929,900	0.97
22.	Kenanga Nominees (Asing) Sdn Bhd - Advance Opportunities Fund	10,168,000	0.82
23.	Affin Hwang Nominees (Asing) Sdn Bhd - Exempt An for Phillip Securities (Hong Kong) LTD (Clients' Account)	10,008,100	0.81
24.	Maybank Securities Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tan Wye Chuan	9,785,000	0.79
25.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Phua Wee Seng (E-TMI)	9,707,860	0.79
26.	Tan Lee Kock	9,500,000	0.77
27.	Ho Kee Lian	9,400,000	0.76
28.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Ng Hui Kheng (E-TMI)	8,003,600	0.65
29.	Lim Keh Yoong	7,827,600	0.63
30.	Public Nominees (Asing) Sdn Bhd - Pledged Securities Account for Phua Lam Huat (E-TMI)	7,100,000	0.57
		897,030,433	72.62

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	NAME OF SHAREHOLDERS	NO. OF SHARES HELD			
		DIRECT	%	INDIRECT	%
1.	Wu Wai Kong	206,745,300	16.74	2,580,000^^	0.21
2.	Leng Xingmin	116,242,091	9.41	-	-
3.	Liu Zhenyu	71,428,000	5.78	-	-
4.	Lim Lai Choy @ Lim Aun Nee	68,497,075	5.55	-	-

Analysis of Shareholdings (cont'd)

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#	1.35
2.	Dato' Kuan Ah Hock	–	–	52,393,400**	4.24
3.	Leng Xingmin	116,242,091	9.41	–	–
4.	Syed Hazrain bin Syed Razlan Jamalullail	1,318,190	0.11	–	–
5.	Chong Amita	1,200,024	0.10	600,000^	0.05
6.	Datuk Seri Dr. Md Zabid bin Haji Abdul Rashid	–	–	–	–
7.	Dato' Haji Markiman Bin Kobiran	125,000	0.01	–	–
8.	Wu Wai Kong	206,745,300	16.74	2,580,000^^	0.21
9.	Kenneth Hooi Chi-Kin @ Zarif Kenneth Hooi	–	–	–	–
10.	Lim Yong Lee	–	–	–	–

Notes:

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.

^^ Indirect interest by virtue of the shares held by his direct family members.



www.krbamboo.com